

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN  
SOUTHERN DIVISION**

In re:	)	
	)	Chapter 11
BLUE WATER AUTOMOTIVE	)	
SYSTEMS, INC., et al. <sup>1</sup>	)	Case No. 08-43196 (mbm)
	)	
Debtors.	)	(Jointly Administered)
	)	

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**FINAL ORDER (I) AUTHORIZING DEBTORS IN POSSESSION TO (A) OBTAIN  
POSTPETITION FINANCING PURSUANT TO 11 U.S.C. §§ 105, 361, 362 AND 364 OF  
THE BANKRUPTCY CODE (B) TO UTILIZE CASH COLLATERAL PURSUANT TO  
11 U.S.C. § 363, AND (II) GRANTING ADEQUATE PROTECTION TO PREPETITION  
SECURED LENDERS PURSUANT TO 11 U.S.C. §§ 361, 362, 363 AND 364**

This matter having come on to be considered upon the Debtors’ Emergency Motion For Entry Of Interim And Final Orders (I) Authorizing Debtors In Possession To (A) Obtain Postpetition Financing Pursuant To 11 U.S.C. §§ 105, 361, 362 And 364 Of The Bankruptcy Code (B) To Utilize Cash Collateral Pursuant To 11 U.S.C. § 363, (II) Granting Adequate Protection To Prepetition Secured Lenders Pursuant To 11 U.S.C. §§ 361, 362, 363 And 364; And (III) Scheduling Final Hearing Pursuant To Federal Rule Of Bankruptcy Procedure 4001(b) And (c) (as amended, supplemented and otherwise modified, the “Motion”) filed by Blue Water Automotive Systems, Inc. (“BWASI”), BWAS Holdings, Inc. (“BWAS Holdings”), Blue Water Plastics Mexico, Ltd. (“Blue Water Plastics”), BWAS Mexico, LLC (“BWAS Mexico”), and Blue Water Automotive Systems Properties, LLC (“Blue Water Properties” and, collectively with BWASI, BWAS Holdings, Blue Water Plastics and BWAS Mexico, the “Debtors”), the Court having reviewed the Motion and the Affidavit of Michael Lord, and having heard the statements of counsel in support of the relief requested therein and any evidence offered and

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<sup>1</sup> The Debtors in the jointly administered cases include: Blue Water Automotive Systems, Inc., Blue Water Automotive Systems Properties, LLC, Case Number 08-43198; Blue Water Plastics Mexico, Ltd., Case Number 08-43199; BWAS Holdings, Inc., Case Number 08-43200; BWAS Mexico, LLC, Case Number 08-43201.

testimony given in connection therewith, as well as any objections (which have been overruled), and otherwise upon the record made by the Debtors at and in connection with the interim hearing on the Motion (the “Interim Hearing”) and the final hearing on the Motion (the “Final Hearing”), and the Court being fully advised in the premises and after due deliberation and consideration and sufficient cause appearing therefor;

THE COURT FINDS THAT:

A. Debtors filed petitions for relief under Chapter 11 of the United States Bankruptcy Code (the “Code”) on February 12, 2008 (the “Petition Date”).

B. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

C. Under the circumstances, the notice given by the Debtors of the Motion, the Interim Hearing and the Final Hearing constitutes due and sufficient notice thereof under §§ 102, 363, and 364 of the Code, FED. R. BANKR. P. 2002, 4001, 6004, 6007, and 9006 and all applicable local rules.

D. BWASI manufactures automotive component parts for sale to a number of customers, including the Major Customers (as defined below). Pursuant to purchase orders and supply contracts with its customers (as amended from time to time, the “Purchase Orders”), BWASI is obligated to manufacture component parts (“Component Parts”) which are either used in the manufacture of motor vehicles, or incorporated into components sold to motor vehicle manufacturers or other suppliers to the automotive industry.

E. BWASI is the only operating company Debtor. Each Debtor other than BWASI (collectively, the “Non-Operating Entity Debtors”) serves the following respective functions with respect to the business of BWASI: (i) BWAS Holdings is a holding company that owns

100% of the issued and outstanding equity interests in BWASI; (ii) Blue Water Plastics is a holding company that owns certain equity interests in BWAS Mexico and Blue Water Automotive Systems Mexico, S. de R.L. de C.V.; (iii) BWAS Mexico is a holding company that owns certain equity interests in Blue Water Automotive Systems Mexico, S. de R.L. de C.V., and (iv) Blue Water Properties is a real estate holding company that owns certain real property.

F. Should BWASI fail to meet its obligations to its customers to timely deliver Component Parts as called for by the Purchase Orders, such customers may suffer significant damages and may have claims against BWASI for such damages.

G. Before the commencement of its bankruptcy case, BWASI was party to an Amended and Restated Loan and Security Agreement dated as of July 18, 2006 (as amended to date, the “Revolving Loan Agreement”) by and among BWASI, as borrower, the financial institutions from time to time party thereto, as lenders (the “Lenders”), The CIT Group/Business Credit, Inc., as Agent and Sole Lead Arranger (in its capacity as agent, the “Agent”), and LaSalle Bank Midwest National Association, as Documentation Agent (“LaSalle”). Pursuant to the Revolving Loan Agreement, BWASI granted to the Agent, for the benefit of the Lenders, for the purpose of securing the Obligations (i) a first priority security interest in and lien on all or substantially all of the following (collectively, the “Revolving Loan First Lien Collateral”): Accounts; Chattel Paper, including electronic chattel paper; Commercial Tort Claims; Deposit Accounts; Documents; General Intangibles, including Payment Intangibles, Software and Intellectual Property; Equipment; Goods, including Inventory; Instruments; Investment Property; Letter-of-Credit Rights; Supporting Obligations; monies, whether or not in the possession or under the control of Agent, a Lender, or a bailee or Affiliate of Agent or a Lender, including any Cash Collateral; accessions to, substitutions for, and replacements, products, and cash and non-cash proceeds of the foregoing, including proceeds of and unearned premiums with respect to

insurance policies, and claims against any Person for loss, damage or destruction of any Collateral; and all books and records (including customer lists, files, correspondence, tapes, computer programs, print-outs and computer records) pertaining to the foregoing; and (ii) a second priority security interest in all Lease Agreement First Lien Collateral (as hereinafter defined). Except as otherwise indicated, capitalized terms used in this paragraph are used as defined in the Revolving Loan Agreement.

H. As a condition of the Revolving Loan Agreement, BWASI entered into various agreements in favor of the Agent, including (i) an Intellectual Property Security Agreement securing the Obligations (as defined in the Revolving Loan Agreement); (ii) certain mortgages and assignments of leases and rents securing the obligations of BWASI under the Revolving Loan Agreement and related agreements, the Lease Agreement and related agreements, and the CIT Capital Loan and related agreements; and (iii) a Pledge Agreement pledging all of BWASI's equity interests in Blue Water Plastics and Blue Water Properties as collateral for the Secured Obligations (as defined therein).

I. As a further condition of the Revolving Loan Agreement, each of the Non-Operating Entity Debtors entered into various agreements in favor of the Agent, including (i) Subsidiary Guarantee Agreements of each of BWAS Mexico and Blue Water Plastics; (ii) Subsidiary Pledge Agreements of each of BWAS Mexico and Blue Water Plastics, pledging 65% of their respective equity interests in Blue Water Automotive Systems Mexico, S. de R.L. de C.V. and all of the equity interests of Blue Water Plastics in BWAS Mexico as security for the Guaranteed Obligations (as defined therein); (iii) Subsidiary Security Agreements of each of BWAS Mexico and Blue Water Plastics granting the Agent security interests and liens on all or substantially all of their respective personal property as security for the Guaranteed Obligations (as defined therein); and (iv) Pledge Agreement of BWAS Holdings pledging 25,850 shares of

Class A Common Stock of BWASI and 220,251 shares of Class B Common Stock of BWASI as security for the Guaranteed Obligations (as defined therein).

J. Additionally, BWASI was party to a Master Lease Agreement dated as of May 17, 2006 (as amended to date, the "Lease Agreement") between The CIT Group/Equipment Financing, Inc., as Lessor (the "Lessor") and BWASI, as lessee, pursuant to which the Lessor provided financing or financing leases for the benefit of BWASI. Pursuant to the Lease Agreement, BWASI granting to the Lessor, as security for the Obligations (as defined therein) (i) a first priority security interest in and lien on all of the following (collectively, the "Lease Agreement First Lien Collateral"): (a) all plastic injection and blow molding machinery and related support equipment such as resin drying, blending loading and granulating equipment, (b) all parts, replacements, accessions, additions, alterations, replacements and modifications to any of the foregoing; (c) all rights, interests, choses in action, causes of action, claims and all other intangible property of any kind or nature related to the foregoing personal property; (d) all payments under any insurance, or any indemnity, warranty or guaranty payable by reason of loss or damage to or otherwise with respect to any of the foregoing; and (e) all proceeds and products of any of the foregoing; and (ii) a second security interest in and lien on the Revolving Loan First Lien Collateral.

K. As a condition of the Lease Agreement, BWASI entered into various security documents in favor of the Lessor, including (i) an Intellectual Property Security Agreement securing the Obligations (as defined in the Lease Agreement); (ii) certain mortgages and assignments of leases and rents securing the obligations of BWASI under the Revolving Loan Agreement, the Lease Agreement and related agreements, and the CIT Capital Loan and related agreements; and (iii) a Pledge Agreement pledging all of BWASI's equity interests in Blue

Water Plastics and Blue Water Properties as collateral for the Secured Obligations (as defined therein).

L. As a further condition of the Lease Agreement, each of the Non-Operating Entity Debtors entered into various security documents in favor of the Lessor, including (i) Subsidiary Guarantee Agreements of each of BWAS Mexico and Blue Water Plastics; (ii) Subsidiary Pledge Agreements of each of BWAS Mexico and Blue Water Plastics, pledging 65% of their respective equity interests in Blue Water Automotive Systems Mexico, S. de R.L. de C.V. and all of the equity interests of Blue Water Plastics in BWAS Mexico as collateral for the Guaranteed Obligations (as defined therein); (iii) Subsidiary Security Agreements of each of BWAS Mexico and Blue Water Plastics granting the Agent security interests and liens on all or substantially all of their respective personal property as collateral for the Guaranteed Obligations (as defined therein); and (iv) Pledge Agreement of BWAS Holdings pledging 25,850 shares of Class A Common Stock of BWASI and 220,251 shares of Class B Common Stock of BWASI as collateral for the Guaranteed Obligations (as defined therein).

M. Additionally, Blue Water Properties obtained a loan (the "CIT Capital Loan") from CIT Capital USA, Inc. (the "Real Estate Lender") for the purpose of refinancing certain existing indebtedness and acquiring certain assets, secured by mortgages and assignments of leases and rents with respect to certain real property owned by BWASI and Blue Water Properties.

N. Additionally, BWASI entered into a Term Loan Agreement dated as of July 9, 2007 (the "Term Loan Agreement") by and among BWASI, KPS Special Situations Fund II, L.P. and KPS Special Situation Fund II (A), L.P. (collectively, the "Term Loan Lenders").

O. As a condition of the Term Loan Agreement, BWASI entered into various security documents in favor of the Term Loan Lenders, including (i) a Security Agreement granting a first-priority security interest in and lien on specified equipment to the Term Loan Lenders (the “KPS First Lien Collateral”) as security for the Obligations (as defined therein) and (ii) a mortgage with respect to certain real property of BWASI as security for the Term Loan Obligations (as defined therein).

P. In connection with the Term Loan, the Agent, the Lessor, the Real Estate Lender (collectively, with LaSalle, the “CIT Group Lenders” and, collectively with the Term Loan Lenders, the “Prepetition Lenders”) and the Term Loan Lenders entered into a Subordination Agreement pursuant to which the parties agreed that, as between the parties, (i) the security interest of the Term Loan Lenders in the KPS First Lien Collateral would be senior to any security interest of the CIT Group Lenders in such collateral; and (ii) the parties would share priority in certain common real estate collateral.

Q. Finally, certain purchase money lenders (collectively, the “PMSI Creditors”) may assert purchase money security interests against a variety of miscellaneous equipment used by the Debtors and certain tooling vendors assert moldbuilder's and other liens (“Tool Vendors”) pursuant to, *inter alia*, MCL 445.619 et. seq. in certain tooling. Nothing in this Order is intended to validate or invalidate (i) any liens or security interests granted to any CIT Group Lender (other than with respect to the liens of the CIT Group Lenders as to the Revolving Loan First Lien Collateral, and proceeds thereof and other than the escrow established pursuant to paragraph 22.b of the Interim Order), the Term Loan Lenders, the PMSI Creditors or any Tool Vendors pursuant to the above or other documents or (ii) any setoffs, recoupments, or other deductions taken or to be taken by any party, including Debtors' customers.

R. Other than the Prepetition Lenders, no entities are known to assert an interest in the Debtors' prepetition accounts, inventory and general intangibles (such assets are hereinafter referred to as the "Current Assets") and Current Asset collateral is hereinafter referred to herein as the "Prepetition Current Asset Collateral").

S. Insufficient funds exist with which to meet payroll, purchase raw materials and other necessary supplies to produce the Component Parts and, therefore, absent postpetition financing, BWASI will not be able to satisfy its obligations under the Purchase Orders. Therefore, BWASI has requested that Citizens Bank ("Citizens Bank") provide the postpetition financing set forth in this Order and that the Accommodating Customers (as hereinafter defined) facilitate such financing by providing certain credit enhancements.

T. The Debtors urgently require financing and credit under § 364 of the Code to fund day-to-day operations and to maintain production for the Accommodating Customers and their other customers. Continuing production is necessary to preserve the Debtors' operations and is integral to the successful reorganization or sale of Debtors pursuant to the provisions of Chapter 11 of the Code. Debtors believe that inability to fund these activities in a timely manner may result in a long term negative impact on their business, to the prejudice and detriment of Debtors' creditors, customers and employees.

U. Despite good faith efforts, Debtors are unable to obtain (1) adequate unsecured credit allowable under §§ 503(b)(1) or 364(c)(i) of the Code as an ordinary administrative expense, (2) unsecured credit allowable under § 364(a) or (b) of the Code or (3) secured credit under § 364(c)(1) of the Code from any source sufficient to enable Debtors to continue their business operations.



V. Debtors are also unable to obtain financing without (1) granting Citizens Bank's claims priority under 11 U.S.C. § 364(c)(1) and also priority over all administrative expenses of the kind specified in §§ 503(b) and 507(b) of the Code (subject to provisions of paragraphs 6 and 31 below), and (2) securing the postpetition obligations with liens on substantially all of Debtors' assets in accordance with § 364(c)(2) of the Code, and (3) securing the Postpetition Indebtedness with junior liens on Debtor's prepetition assets in accordance with § 364(c)(3) of the Bankruptcy Code.

W. Citizens Bank is willing to provide Debtors with a \$35,000,000 revolving credit facility, including up to \$24,000,000 of Overformula Advances (as defined below) (the "Credit Facility"), pursuant to the terms of this Order (the "Postpetition Loans"). As detailed below, all of the Postpetition Loans made to BWASI will be guaranteed by the other Debtors, but each such guaranty will be limited to the amount of postpetition advances made by BWASI to each respective other Debtor.

X. To induce Citizens Bank to provide financing hereunder, and subject to the terms of this Order, Ford and certain of its subsidiaries and affiliates ("Ford") (1) agreed to provide a guaranty of all Overformula Advances (as defined below) (the "Ford Guaranty"), (2) conditioned use of the proceeds of the financing on the Production Contingencies (as defined in the Interim Order), and (3) granted certain other accommodations to the Debtors pursuant to an accommodation agreement dated as of March 3, 2008, which has been amended pursuant to an Amendment to Accommodation Agreement dated as of March 18, 2008, and a Second Amendment to Accommodation Agreement dated as of March 28, 2008 (as amended, the "Ford Accommodation Agreement"), which Ford Accommodation Agreement is attached hereto as **Exhibit A**.

Y. On March 3, this Court entered its Interim Order Granting Debtors' Emergency Motion For Entry Of Interim And Final Orders (I) Authorizing Debtors In Possession To (A) Obtain Postpetition Financing Pursuant To 11 U.S.C. §§ 105, 361, 362 And 364 Of The Bankruptcy Code (B) To Utilize Cash Collateral Pursuant To 11 U.S.C. § 363, (II) Granting Adequate Protection To Prepetition Secured Lenders Pursuant To 11 U.S.C. §§ 361, 362, 363 And 364; And (III) Scheduling Final Hearing Pursuant To Federal Rule Of Bankruptcy Procedure 4001(b) And (c) (the "Interim Order").

Z. As additional inducement for Citizens Bank to provide financing hereunder, pursuant to the terms of the Ford Accommodation Agreement and the Interim Order, General Motors Corporation and certain of its affiliates ("General Motors") and Chrysler, LLC and certain of its subsidiaries and affiliates ("Chrysler") granted certain accommodations to the Debtors pursuant to an Accommodation Agreement dated as of March 18, 2008 (the "GM/Chrysler Accommodation Agreement"), which GM/Chrysler Accommodation Agreement is attached hereto as **Exhibit B** (Ford, GM and Chrysler are sometimes collectively referred to as the "Major Customers" and the Ford Accommodation Agreement and the GM/Chrysler Accommodation Agreement are sometimes collectively referred to as the "Accommodation Agreements").

AA. In addition to the Accommodation Agreements, the Major Customers, pursuant to the terms of the Interim Order, agreed to provide certain credit enhancements pursuant to the terms of a Credit Enhancement Agreement effective as of March 3, 2008 (the "Credit Enhancement Agreement"), which Credit Enhancement Agreement is attached hereto as **Exhibit**

**C**. Pursuant to the Accommodation Agreements and the Credit Enhancement Agreements, the Major Customers became "Accommodating Customers" as that term was defined in the Interim Order.

BB. Pursuant to the terms of the Interim Order, each of the Non-Operating Entity Debtors was authorized to provide secured guaranties of the Postpetition Loans on the terms of the Interim Order and to incur obligations to BWASI in the form of intercompany loans of the proceeds of Postpetition Loans not to exceed \$3,000,000 in the aggregate, and such secured guaranties have been provided pursuant to the terms of a Guaranty dated as of March 7, 2008 (the "Guaranty Agreement"), which Guaranty Agreement is attached hereto as **Exhibit D**.

CC. Pursuant to the terms of the Interim Order, BWASI was authorized to borrow up to \$27,500,000 from Citizens Bank on an interim basis in accordance with the terms of the Interim Order prior to the time the Court has held a final hearing on the Interim Order. In connection with entry of this Order, BWASI seeks authority to borrow up to a maximum amount of \$35,000,000 from Citizens Bank.

DD. Pursuant to paragraph 22 of the Interim Order, the Debtors paid \$2,500,000 into escrow pursuant to paragraph 22.b. of the Interim Order and transferred all of the liens of the CIT Group Lenders (other than the Real Estate Lender) in the Revolving Loan First Lien Collateral (the "Escrow Amount") to such escrowed funds, which provisions of the Interim Order shall not be deemed superseded by the terms of this Order.

EE. Pursuant to paragraphs 24 and 25 of the Interim Order, the Debtors and certain of the Prepetition Lenders granted limited releases to each other, which releases were approved by this Court by the Interim Order. Such releases are in full force and effect and the provisions of the Interim Order granting same shall not be deemed superseded by the terms of this Order. Nothing in this Order supersedes or affects the rights and protections given to any of the CIT Group Lenders under the Interim Order.

FF. Debtors, the Major Customers, the CIT Group Lenders and Citizens Bank have exchanged fair consideration for the rights each obtained in this Order and each acted in good faith in its negotiations over the terms of this Order.

GG. The terms and conditions of this Order are fair and reasonable, reflect the Debtors' exercise of prudent business judgment consistent with their fiduciary duties, are supported by reasonably equivalent value and fair consideration, were negotiated by the parties at arms' length and entered into by the parties in good faith, and are the best available to Debtors under the present market conditions and financial circumstances of Debtors. Citizens Bank's extensions of credit to BWASI under the Interim Order and this Order have been, are and will be made in good faith. Any credit extended to BWASI by Citizens Bank pursuant to the Interim Order and this Order, have been extended and made, and will be deemed to have been extended and made, in good faith as that term is used in § 364(e) of the Code.

HH. It is in the best interests of BWASI and the other Debtors, their estates, and creditors that BWASI be immediately authorized to incur secured indebtedness under this Order and to execute, deliver, perform and consummate this Order and all documents and instruments referred to herein or contemplated hereby.

II. All provisions of this Order shall become effective immediately.

BASED ON THE FOREGOING FINDINGS, no further notice being required and the Court being otherwise duly advised in the premises,

IT IS ORDERED THAT:

1. The Motion is granted on the terms provided in this Order and any objections to the Motion not resolved in this Order are overruled.

2. BWASI is authorized to receive financing from Citizens Bank on the terms of this Order, to incur obligations to Citizens Bank in the form of the Postpetition Loans secured and with the priorities as provided in this Order, and to make intercompany loans to the Non-Operating Entity Debtors with the proceeds of such Postpetition Loans; provided, however, that the aggregate principal amount of the Postpetition Loans shall not exceed \$35,000,000 and the aggregate amount of intercompany loans to the Non-Operating Entity Debtors shall not exceed \$3,000,000.

3. The terms of the Accommodation Agreements and the Credit Enhancement Agreement are ratified, confirmed and approved in all respects, and BWASI is authorized to perform its obligations thereunder and to enter into similar agreements with other customers of BWASI, in form and substance satisfactory to Citizens Bank, to permit such customers to become Accommodating Customers (as defined below) pursuant to this Order.

4. The terms of the Guaranty Agreement are ratified, confirmed and approved in all respects, and the Non-Operating Entity Debtors are authorized to perform their obligations thereunder.

### **THE POSTPETITION LOANS**

5. Citizens Bank is authorized to make the Postpetition Loans on the terms provided in this Order. The Postpetition Loans will be made on the following terms:

- a. Citizens Bank, in its reasonable discretion, will make loans based on the following borrowing base formula (the “In-formula Loans“ and the “Borrowing Base”):
  - i. up to ninety percent (90%) of Accommodating Customer Eligible Accounts (as defined below); plus
  - ii. up to eighty-five percent (85%) of Eligible Accounts (as defined below) other than Accommodating Customer Eligible Accounts; plus

- iii. up to seventy-five percent (75%) of the cost of Accommodating Customer Inventory (as defined below); plus
- iv. up to thirty-five percent (35%) of the cost of Eligible Inventory (as defined below) other than Accommodating Customer Eligible Inventory; minus
- v. the Reserves (as defined below).

In addition to the In-Formula Loans, if any, Citizens Bank will lend up to an amount equal to the difference between \$35,000,000 and the outstanding amount of In-Formula Loans made according to the Borrowing Base (the “Overformula Advances”), not to exceed \$24,000,000 of Overformula Advances. Citizens Bank may also make Overformula Advances in the form of advances under credit cards or purchase cards issued to BWASI, which BWASI may use to pay ordinary course expenses (“Card Advances”). The total amount of Card Advances outstanding from time to time, when added to the other Overformula Advances outstanding from time to time, shall not exceed \$24,000,000.

- b. Overformula Advances will only be made if they are fully guaranteed by Ford and/or other Accommodating Customers acceptable to Citizens Bank pursuant to a guaranty in form and substance acceptable to Citizens Bank in its reasonable discretion (or fully cash secured according to documents in form and substance acceptable to Citizens Bank in its reasonable discretion). As between all other Postpetition Indebtedness, the Overformula Advances shall be subordinate in all respects.
- c. “Accommodating Customer” means each of the Major Customers and any other customer of BWASI who provides credit accommodations by executing a credit enhancement agreement in form and substance satisfactory to Citizens Bank in its reasonable discretion.
- d. “Accommodating Customer Eligible Accounts” means Eligible Accounts owing by an Accommodating Customer that are subject to a limitation of setoffs against postpetition accounts in form and substance satisfactory to Citizens Bank in its reasonable discretion.
- e. “Accommodating Customer Eligible Inventory” means Eligible Inventory that is subject to an agreement to purchase inventory if certain events occur from an Eligible Customer pursuant to a credit enhancement agreement in form and substance satisfactory to Citizens Bank in its reasonable discretion.
- f. “Eligible Accounts” means *bona-fide* postpetition accounts receivable (and, until April 18, 2008, prepetition accounts receivable owing by customers other than the Accommodating Customers) owing by a customer that satisfies Citizens Bank’s reasonable credit standards which are (i) less than ninety (90) days old (based on the earlier of the shipment

or invoice date), (ii) arise in the ordinary course of business, (iii) the product of arm's length final sale transactions, (iv) not payable in respect of tooling with respect to any customer ("Tooling"), and (v) otherwise acceptable to Citizens Bank in its reasonable discretion (applying reasonable commercial asset based lending criteria).

- g. "Eligible Inventory" means raw materials, work-in-process (only to the extent such inventory is Accommodating Customer Eligible Inventory, but excluding Tooling), and finished goods (but excluding Tooling), as the case may be, that is (i) of merchantable quality and not obsolete (ii) in a quantity that does not exceed thirty (30) days of the applicable customer's historical usage (or ninety (90) days if such inventory is Accommodating Customer Eligible Inventory), and (iii) otherwise acceptable to Citizens Bank in its reasonable discretion (applying reasonable commercial asset based lending criteria). Citizens Bank will have the right to impose reasonable Borrowing Base reserves to address any inventory reporting or quality deficiencies; provided that Citizens Bank will confer with BWASI before imposing such reserves.
- h. "Reserves" means Borrowing Base reserves imposed from time-to-time by Citizens Bank, in its reasonable discretion after conferring with BWASI, including reserves for the Carve-Out in an amount not to exceed \$1,000,000 plus the then current monthly, unpaid budgeted amount for professional fees in the DIP Budget, reserves for Permitted Liens on accounts or inventory that are senior to the liens of Citizens Bank, and reserves in respect of any adequate protection payments to the Agent made after the date hereof on which the parties agree and/or the Court otherwise orders.
- i. The Postpetition Loans shall bear interest at the following rates:
  - i. all Postpetition Loans that are not Overformula Advances shall bear interest at a rate equal to the "Prime Rate" (as set by Citizens Bank from time-to-time) plus one and one-quarter percent (1.25%) per annum on the outstanding day-to-day principal balance;
  - ii. the Overformula Advance shall bear interest at a rate equal to the Prime Rate per annum plus one-half percent (0.50%) per annum on the outstanding day-to-day principal balance;
  - iii. from and after an Event of Default (defined below), the Loans will accrue interest at two percent (2.0%) per annum above the otherwise applicable interest rates; and
  - iv. interest on the Postpetition Loans shall be due and payable on the first business day of each month in arrears and all interest will be calculated based on a 360 day year.

- j. BWASI has paid Citizens Bank a non-refundable facility fee of \$250,000 (the "Closing Fee").
- k. Beginning with the month of March 2008, BWASI shall pay Citizens Bank a collateral monitoring fee of \$5,000 per month or portion thereof due and payable on the first business day of each month in arrears until the Postpetition Loans are paid in full (the "Collateral Monitoring Fee").
- l. For periods on and after March 3, 2008, BWASI shall pay Citizens Bank on the first day of each month in arrears a fee of one-quarter of one percent (0.25%) times the average daily unused portion of the Credit Facility ("Unused Line Fee" and together with the Closing Fee and the Collateral Monitoring Fees, the "Loan Fees").
- m. BWASI shall pay Citizens Bank, upon demand, all reasonable fees and out-of-pocket costs and expenses incurred by Citizens Bank in monitoring, administering or providing financing or enforcing its rights and remedies hereunder, or in enforcing rights against any guarantors, including without limitation, attorneys' fees and costs, costs and fees associated with Bankruptcy Court appearances, all liquidation costs (including a reasonable allocation of internal costs and expenses arising as a result of any liquidation), appraisal fees, recording fees, field audit fees (at a rate of \$1,000 per man/day plus out-of-pocket expenses), expert witness fees, together with all expenses and fees (including attorneys' fees and costs) incurred in connection with any litigation arising under or in connection with this Order or in connection with or related to the financing being provided hereunder, including the costs of defending any litigation with or involving any Accommodating Customer or any account debtor, except that, notwithstanding the foregoing, BWASI shall not be responsible for any such fees, costs and expenses caused by Lender's gross negligence, willful misconduct, breach of an enforceable contractual obligation, or breach of a court order (collectively, the "Lender Expenses"). Citizens Bank has applied the \$50,000 expense deposit received from certain affiliates of KPS Funds on February 12, 2008 toward payment of the Lender Expenses.
- n. None of the Postpetition Loans may be used to object to, contest or raise any defense to the validity, perfection, priority, extent or enforceability of the Postpetition Loans, the liens securing the Postpetition Loans, or any claims, liens and/or security interests in favor of Citizens Bank with respect to the Postpetition Loans, nor to assert any claims, counterclaims, defenses or causes of action against Citizens Bank.
- o. The Non-Operating Entity Debtors have guaranteed the obligations of BWASI in respect of the Postpetition Indebtedness pursuant to the Guaranty Agreement. However, notwithstanding anything to the contrary in this Order or the Guaranty Agreement, each Non-Operating Entity



Debtor's obligations under the Guaranty Agreement shall be limited to the amount of postpetition advances made by BWASI to such Debtor.

6. To assure payment of court-appointed professionals in these cases necessary to the reorganization, the superpriority administrative claims granted to Citizens Bank pursuant to this Order, and the liens securing the same, shall be subject to the Carve-Out. For purposes hereof, the "Carve-Out" means (a) the budgeted amount per month, whether or not paid (for all months prior to the occurrence of an Event of Default in which Citizens Bank is providing postpetition financing, but not thereafter which is covered by the other provisions of this paragraph 6), for Debtors' court-appointed professionals plus the budgeted amount per month for those court-appointed professionals, if any, retained by any unsecured creditors committee (the "Committee") in Debtors' Chapter 11 cases to ensure that the referenced amount is available for borrowing by BWASI, and (b) the Additional Carve-Out, as defined below. The initial DIP budget with respect to this Order is attached as Exhibit E (as updated by the Debtors from time to time, with the consent of the Major Customers, the "DIP Budget"). Without limiting other necessary amounts of such budget, the amounts so budgeted shall include post-petition retainers in the amounts of \$100,000 to be paid each to Foley & Lardner LLP and Huron Consulting Group. In addition, the amount of \$800,000, held in a client trust account by Foley & Lardner LLP, shall be paid as additional retainers to the respective professionals' trust accounts (and in the case of the Committee, to Schafer & Weiner's trust account), 2/3 for the Debtors' professionals, to be allocated as they deem appropriate, and 1/3 to the Committee of which shall be allocated 2/3 for Schafer & Weiner and 1/3 for Stout Risius Ross, which retainers are hereby allowed. The "Additional Carve-Out" shall mean an additional \$850,000 for the benefit of Debtors' court-appointed professionals and an additional \$150,000 for the court-appointed professionals of the Committee after the occurrence of an Event of Default, it being understood and agreed that any retainers held by the professionals from time to time shall not be deemed to

reduce such amount. The Carve-Out may be modified prospectively by agreement among Debtors, Citizens Bank, the Major Customers and the involved professionals, and no prospective modification of the Carve-Out shall be enforceable against an involved professional who did not approve such modification in writing. Upon request by BWASI, but in all events at the expiration of funding under this Order or any subsequent order that governs the Postpetition Loans, or upon conversion of BWASI's Chapter 11 case to a Chapter 7 case, Citizens Bank shall fund the unused amount of the Carve-Out directly to Debtors' counsel to be held in trust solely for purposes of paying allowed fees and costs of Debtors' professionals and professionals for the Committee and no other expenses or obligations of Debtors. Any portion of the Carve-Out not used to pay allowed fees and costs of the Debtors' professionals and professionals for the Committee shall be returned to Citizens Bank for application to the Postpetition Indebtedness. Except for the Carve-Out and as provided below in paragraph 32 for United States Trustee fees, Citizens Bank shall not be responsible to fund any other professional fees or costs, and Citizens Bank's collateral shall not otherwise be subject to surcharge for any professional fees or costs.

7. Absent further order of this Court or a written agreement among Debtors, Citizens Bank, the Committee, and the Major Customers, the Postpetition Loans shall be due and payable on the earliest of: (a) September 30, 2008; (b) the occurrence of an Event of Default; (c) the closing of a sale pursuant to an order authorizing a sale of all or substantially all of the Debtors' assets; or (d) the effective date of any confirmed plan of reorganization.

8. To secure Debtors' respective obligations on account of the Postpetition Loans, including principal, interest, the Loan Fees and Lender Expenses (collectively, "Postpetition Indebtedness"), and in all cases subject to the limitation in paragraph 5.o above in respect of the Non-Operating Entity Debtors, Citizens Bank is hereby granted a perfected lien on and security interest in the following:

- a. Pursuant to § 364(c)(2) of the Code, a lien and security interest in any and all property of each Debtor's estate arising, created or acquired subsequent to the filing of the bankruptcy petition, including, without limitation, (i) all accounts, accounts receivable, and general intangibles (including patents, trademarks, patent applications, copyrights and other intellectual property of whatever description, commercial tort claims, royalty payments such as under patent, trademark or other licensing arrangements, proceeds of condemnation awards, proceeds of judgments (other than proceeds of fire and other property insurance such as business interruption insurance); (ii) all inventory including, but not limited to, raw materials, work in process, finished goods and materials used or usable in the manufacturing, processing, packaging or shipping of inventory; (iii) all returned goods and merchandise relating to accounts and accounts receivable; (iv) all equipment including, but not limited to, machinery, fixtures, furniture and all accessories (excluding Tooling), fittings and parts therefor; (v) all documents, instruments and chattel paper; (vi) all fixtures; (vii) all books and records of each Debtor including books and records evidencing, securing or relating to accounts and accounts receivable; (viii) all securities, stocks, options, and warrants, whether certificated or uncertificated and whether in bearer or registered form, if any (provided, however, that the security interest in and lien on the equity interests owned by a Debtor in any entity organized outside of the United States shall be limited to 65% of the Debtor's equity interests in such entity); (ix) all tax refunds arising from taxes incurred and paid on or after the Petition Date; (x) all real estate or interests in real estate, if any; and (xi) all proceeds, products, profits and rents of any of the foregoing arising, created or acquired subsequent to the Petition Date (collectively, the "Postpetition Collateral"). Notwithstanding the foregoing, the Postpetition Collateral does not include any causes of action or judgments or proceeds of such causes of action against any person or entity arising under Chapter 5 of the Code ("Chapter 5 Causes of Action").
- b. Pursuant to § 364(c)(3) of the Code, a lien and security interest, junior in priority and right of payment only to the Existing Liens (defined below), in any and all property of each Debtor arising, created, acquired or existing prior to the Petition Date, including, but not limited to (i) all accounts, accounts receivable, contract rights and general intangibles (including, without limitation, patents, trademarks, patent applications, copyrights and other intellectual property of whatever description, royalty payments such as under patent, trademark or other licensing arrangements, proceeds of condemnation awards, proceeds of judgments and proceeds of fire and other property insurance such as business interruption insurance, goodwill and going concern value, but excluding claims of any Debtor against (a) Ford, or (b) against Sarna Automotive, in each case arising, created, acquired or existing prior to the Petition Date; (ii) all inventory including, but not limited to, raw materials, work in process or finished goods, materials used or usable in the manufacturing, processing, packaging or shipping of inventory; (iii) all returned goods and

merchandise relating to accounts and accounts receivable; (iv) all equipment including, but not limited to, machinery, furniture, fixtures and all accessories, fittings and parts therefore (excluding Tooling); (v) all documents, instruments and chattel paper; (vi) all fixtures; (vii) all books and records evidencing, securing or relating to accounts, accounts receivable or general intangibles or other prepetition assets; (viii) all real estate and rights in real estate owned by each Debtor; (ix) all securities, stocks, options, and warrants, whether certificated or uncertificated and whether in bearer or registered form, if any (provided, however, that the security interest in and lien on the equity interests owned by a Debtor in any entity organized outside of the United States shall be limited to 65% of the Debtor's equity interests in such entity); (x) all real estate and interests in real estate, if any; (xi) all tax refunds arising from taxes paid before the Petition Date; and (xii) all products, proceeds, profits or rents thereof (collectively, the "Prepetition Collateral" or together with the Postpetition Collateral, the "Collateral"). For purposes of this Order, the term "Existing Liens" means any prepetition liens or security interests. Notwithstanding the foregoing, the Postpetition Collateral does not include any Chapter 5 Causes of Action. For certainty, to the extent any prepetition liens and security interests are not valid and enforceable or are avoided, to the extent provided in §551 of the Code, such liens and security interests shall be preserved for the benefit of the applicable estate.

9. Subject to paragraph 8, the security interests and liens granted by this Order to Citizens Bank shall be:

- a. a lien and security interest in the Prepetition Collateral junior in priority only to the Existing Liens pursuant to § 364(c)(3) of the Code;
- b. a first priority lien and security interest in the Postpetition Collateral; and
- c. a first priority lien and security interest in any of the Collateral that is not otherwise subject to a lien under § 364(c)(2) of the Code.

For clarification, nothing in this Order shall be deemed to grant Citizens Bank, any of the Accommodating Customers or any other customers of any of the Debtors, or any other party a lien, security interest, or right in any Collateral (including any Prepetition Collateral or Postpetition Collateral to the extent permitted by § 552 of the Code) that "primes" or is superior to any enforceable, unavoidable, prepetition lien or security interest and nothing in this Order shall be deemed to affect, diminish, or prejudice in any way the extent or enforceability of any such lien or security interest in any Collateral to the extent otherwise valid and enforceable,

including under § 552 of the Code. Nothing contained in this Order or in any of the Exhibits to this Order shall be deemed to diminish, invalidate or otherwise impair any property rights of any person or entity other than the Debtors if any with respect to any property defined in the Accommodation Agreements as Customer Owned Tooling and/or Tooling. In addition, nothing contained in this Order shall be deemed to diminish, invalidate or otherwise impair any setoff rights of Gates Canada with respect to postpetition goods sold.

10. Except as otherwise provided in the following paragraph of this Order, no other claim or lien having a priority superior or pari passu with those granted by the Interim Order or by this Order to Citizens Bank or the Prepetition Lenders shall be granted while any portion of the obligations arising under the Credit Facility remains outstanding. Except as set forth in this Order, none of Citizens Bank's liens, mortgages or security interests shall be subject or subordinate to (a) any lien or claim under §§ 363 or 364 of the Code or otherwise, or (b) any liens arising after the Petition Date (other than Permitted Liens, as hereinafter defined). For purposes of this paragraph 10, "Permitted Liens" shall mean: (a) liens in favor of Citizens Bank and the Prepetition Lenders not released by this Order; (b) purchase money liens securing purchase money debt; (c) liens on Tooling; (d) liens for taxes not yet due or being properly contested; (e) statutory liens (other than liens for taxes or imposed under the Employee Retirement Income Security Act of 1974) arising in the ordinary course of business, but only if (i) payment of the obligations secured thereby is not yet due or is being properly contested, and (ii) such liens do not materially impair the value or use of the property or materially impair operation of the business of the Debtors; (f) liens incurred or deposits made in the ordinary course of business to secure performance of tenders, bids, leases, contracts, statutory obligations, setoffs, recoupments and other similar obligations, or arising as a result of progress payments under government contracts, as long as such liens are junior to the liens of Citizens Bank; (g)

liens arising by virtue of a judgment or judicial order against a Debtor or a subsidiary of a Debtor or any property of a Debtor or a subsidiary of a Debtor provided that such liens are (i) in existence for less than 20 days or are being properly contested and (ii) are at all times junior to the liens of Citizens Bank; (h) liens on Tooling granted by a Debtor in the ordinary course of business; (i) normal and customary rights of setoff upon deposits in favor of depository institutions and securities intermediaries, and liens of a collecting bank on payment items in the course of collection; (j) liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security; and (k) licenses and sublicenses of intellectual property in the ordinary course of business.

11. Except for the Carve-Out and the statutory fees of the United States Trustee as provided for in paragraph 32 and in the last sentence of this paragraph, the Postpetition Indebtedness shall (a) have priority pursuant to § 364(c)(1) of the Code with respect to the In-formula Loan portion of the Postpetition Indebtedness, (b) shall also be deemed to be an allowed administrative expense claim with respect to the In-formula Loan portion of the Postpetition Indebtedness having priority over any and all costs and expenses of administration or other priority claims in this Chapter 11 case or any subsequent Chapter 7 case, including those described in §§ 503(b) and 507(b) of the Code, and (c) not be subordinated to any other claim, security interest or lien granted under §§ 364 or 105 of the Code or otherwise.

12. Notwithstanding anything to the contrary in this Order, the superpriority administrative claims and Section 364(c)(1) claims that are being granted by this Order to Citizens Bank are limited to the deficiency, if any, in the amount collected by Citizens Bank with respect to its In-Formula Advances

13. BWASI is hereby authorized to enter into an accommodation agreement and credit enhancement agreement with one or more of its other customers that are not Major Customers, in form and substance substantially similar to the GM/Chrysler Accommodation Agreement and the Credit Enhancement Agreement, and pursuant thereto BWASI is hereby authorized to provide to such customer (who will then, subject to the approval of Citizens Bank in its reasonable discretion, become an Accommodating Customer) all of the accommodations and protections set forth in the Accommodation Agreements.

14. After all In-formula Loans (and current but unpaid interest and expenses for which the Debtors are obligated to pay pursuant to the terms of this Order as measured on the due date set forth in paragraph 7 above) are paid in full, Citizens Bank shall create an escrow (the "Citizens Bank Escrow") and shall deposit therein all proceeds of the Collateral in which Citizens Bank enjoys a first priority lien up to the aggregate amount GM and Chrysler provided the Debtors as financial accommodations under the prior Cash Collateral Orders in this case, \$1.72 million. Citizens Bank shall not create or take a reserve of any kind against availability under the DIP loan in connection with the Citizens Bank Escrow. The amounts deposited in the Citizens Bank Escrow shall be subject to a first priority lien in favor of Citizens Bank. GM and Chrysler shall maintain a second priority lien in the Citizens Bank Escrow only behind Citizens Bank, subject to the terms of this Order. The obligations of Ford under the Ford Guaranty shall not be reduced by the amount in the Citizens Bank Escrow. The Ford Guaranty shall be due and payable by Ford in accordance with the terms thereof. Upon demand for payment on the Ford Guaranty by Citizens Bank, any open issues with regard to the Ford Guaranty shall be resolved within sixty (60) days after demand. If, within that 60-day period, the Ford Guaranty is not paid in full by Ford and/or the amount in the Citizens Bank Escrow is not released to GM and Chrysler, GM and/or Chrysler will have the right and standing to file pleadings with the Court to

compel performance of the Ford Guaranty by Ford and payment of the Citizens Bank Escrow to GM and Chrysler. The Court shall retain jurisdiction to hear such matters. In addition, and for the avoidance of doubt, the provisions of this paragraph shall take precedent over any provisions in the GM/Chrysler Accommodation Agreement to the contrary. Notwithstanding the foregoing, this paragraph is not intended in any way to constitute a waiver of any claim any of the Major Customers may have against the Debtors.

15. No security agreements, mortgages or financing statements shall be necessary to evidence or perfect the security interests, liens and mortgages provided under this Order; provided, however, that Debtors shall execute any documents reasonably requested at any time by Citizens Bank to memorialize or evidence the liens, security interests and mortgages granted by this Order. Citizens Bank shall have all the rights and remedies of a secured creditor and mortgagee in connection with the security interests, liens and mortgages granted by this Order, except to the extent that such rights and remedies may be affected by the Code.

16. Debtors shall furnish to Citizens Bank, the Agent and the Accommodating Customers:

- a. By the 10th day of each month beginning on April 10, 2008, as of the last day of the preceding month, aging and summary reports of accounts (the "Accounts"), accounts payable and a reconciliation of Accounts, inventory and accounts payable to Debtor's general ledger(s).
- b. On a weekly basis, an inventory report identifying inventory used for the production of Accommodating Customers and production for other customers, including raw material, work-in-process and finished goods.
- c. With each request for a Postpetition Loan (which must be received by 11:00 a.m. on the business day an advance is requested), a borrowing request (each, a "Borrowing Request") in a form acceptable to Citizens Bank along with (i) the proposed uses of such borrowing, (ii) a certification that such borrowing does not breach the terms of the Accommodation Agreements, and (iii) a sale, credits and collections



report as of the close of business on the immediately preceding business day.

- d. Within thirty (30) calendar days after the end of each month of each fiscal year, a balance sheet of Debtors as of the close of each such month and of the comparable month in the preceding fiscal year, and statements of income and surplus of Debtors for each month and for that part of the fiscal year ending with each such month and for the corresponding period of the preceding fiscal year, all in reasonable detail.
- e. Immediately, copies of all pleadings and reports filed by Debtors or provided to the Office of the U.S. Trustee.
- f. An updated DIP Budget at least once monthly.
- g. All other reports, documents and information that Citizens Bank may reasonably request.

17. Unless otherwise directed by Citizens Bank, all proceeds of Postpetition Collateral in which Citizens Bank enjoys a first-priority lien including insurance proceeds and proceeds of postpetition accounts receivable shall be remitted in the form received to a lockbox maintained by Citizens Bank or deposited into a so-called “blocked deposit account” designated by Citizens Bank (the “Lockbox”) and will be used by Citizens Bank to reduce the Postpetition Loans. All cash, checks, or funds of any type which come into the possession of the Agent, any of the CIT Group Lenders or the Debtors with respect to the Postpetition Collateral (including payments of insurance proceeds and proceeds of sales of Prepetition Collateral under § 363 of the Code) must be segregated and accounted for, held in trust for the benefit of Citizens Bank and delivered to Citizens Bank in the form received with any necessary endorsements promptly after the weekly reconciliation period set forth herein. All cash, checks, or funds of any type which come into the possession of Citizens Bank or Debtors with respect to the Prepetition Collateral or Postpetition Collateral in which Agent or any CIT Group Lender then holds a first-priority lien (including payments of insurance proceeds with respect to Prepetition Collateral and proceeds of sales of Postpetition Collateral under § 363 of the Code but excluding the liens in the

Revolving Loan First Lien Collateral being released hereby) must be segregated and accounted for, held in trust for the benefit of the Prepetition Lenders and delivered to the Prepetition Lenders in the form received with any necessary endorsements promptly after the weekly reconciliation period set forth herein. Each of the Prepetition Lenders and Citizens Bank agree to remit promptly to the other any proceeds or property in which the other has a first-priority security interest.

18. The Postpetition Loans shall be subject to the following additional terms and conditions:

- a. For the purpose of calculating borrowing availability for Postpetition Loans, the receipt by Citizens Bank of any wire transfer or electronic funds transfer of funds, check or other item of payment shall be applied immediately to provisionally reduce the Postpetition Indebtedness, but such receipt shall not be considered a payment on account unless such wire transfer or electronic funds transfer is of immediately available federal funds and is made to the appropriate deposit account of Citizens Bank or unless and until such check or other item of payment is honored when presented for payment. For the purpose of calculating interest, the receipt by Citizens Bank of any wire transfer or electronic funds transfer shall be deemed to have been received by Citizens Bank on the day of receipt if received by 4:00 p.m. Eastern (if received after 4:00 p.m. Eastern, the funds will be treated as having been received the next day). Any check or other item of payment other than wire transfer or electronic funds transfer of funds shall be deemed to have been received by Citizens Bank as of the opening of business on the second business day following receipt if received by 4:00 p.m. Eastern (if received after 4:00 p.m. Eastern, the funds will be treated as having been received the third business day following receipt). In the event any check or other item of payment is not honored when presented for payment, Debtors shall be deemed not to have made or received such payment.
- b. To ensure the timely payment of amounts owing by Debtors to Citizens Bank under this Order, Citizens Bank will advance for the account of Debtors an amount each month sufficient to pay interest accrued on the principal amount of the Postpetition Indebtedness during the immediately preceding month and amounts from time to time sufficient to pay all Loan Fees and Citizens Bank Expenses owing by Debtors under this Order. All such advances will be treated as Postpetition Loans.

19. Debtors shall maintain adequate fire and extended coverage and liability insurance covering all of its present and future real and personal property, including the Collateral, with lender's loss payable and noncontributory mortgagee clauses in Citizens Bank's and the Prepetition Lenders' favor to the extent they have liens or other interests requiring insurance in the Collateral, protecting such interests as they may appear. Such insurance must be in such form, with such companies, and in such amounts as is acceptable to Citizens Bank and the Prepetition Lenders, insuring against liability for damage to persons or property, and must provide for thirty (30) days prior written notice to Citizens Bank and the Prepetition Lenders of cancellation or material alteration. Debtors must provide Citizens Bank and the Prepetition Lenders with evidence of such policies, as soon as practicable following execution of this Order, showing that Citizens Bank's and the Prepetition Lenders' interests have properly been endorsed on the applicable policy. Citizens Bank or the Prepetition Lenders may, in their reasonable discretion, on thirty (30) days written notice to Debtors, require Debtors to obtain additional or different insurance coverage as Citizens Bank or the Prepetition Lenders may reasonably request, provided however that such requests shall be limited to Collateral in which the requesting lender has an interest.

20. Citizens Bank, the Lessor and the Real Estate Lender, through any of their employees or agents, shall have the right at any time or times upon reasonable notice to the Debtors and during Debtors' usual business hours, or during the usual business hours of any third party having control over any of Debtors' records, to inspect such records in order to verify the amount or condition of, or any other matter relating to, the Collateral (but only to the extent of their Collateral) or Debtors' financial condition. Citizens Bank, the Lessor and the Real Estate Lender also shall have the right at any time or times upon reasonable notice to the Debtors and during Debtors' usual business hours to inspect and examine inventory (in the case of Citizens

Bank) and the equipment and the real estate (in the case of all of them) and to check and test the same as to quality, quantity, value and condition. Notwithstanding anything herein to the contrary, Citizens Bank's, the Lessor and the Real Estate Lender's actions under this paragraph shall not unreasonably interfere with Debtors' business operations; provided, however, if an Event of Default has occurred and is continuing or if Citizens Bank reasonably believes that an Event of Default has occurred and is continuing and gives notice to Debtors and their counsel of such specific Event of Default, Citizens Bank, the Lessor and the Real Estate Lender (but only to the extent of their Collateral and to the extent that the actions of Citizens Bank in light of the Event of Default affects their Collateral) may conduct any of the inspections referenced in this paragraph at any time without regard to Debtors' or any third party's usual business hours.

21. Debtors shall indemnify and hold Citizens Bank harmless from and against any claims or causes of action asserted by any third parties related to the Postpetition Loans and Citizens Bank's financing under the terms of this Order; provided, however the foregoing shall not apply to any claims or causes of action based upon Citizens Bank's gross negligence, willful misconduct, breach of an enforceable contractual obligation or breach of a court order by Citizens Bank.

22. Payments with respect to Tooling of Major Customers shall be made in accordance with the terms of the Accommodation Agreements. The automatic stay imposed pursuant to 11 U.S.C. § 362(a) is hereby lifted to the extent to permit the Major Customers to exercise rights and remedies set forth in the respective Accommodation Agreements, including canceling or terminating purchase orders and taking possession of Customer Tooling (as defined in the respective Accommodation Agreements). Such rights are also granted to customers who become Accommodating Customers after the date of this Order, pursuant to the terms of this Order.

**OTHER PROVISIONS**

23. Payment or release of the Escrow Amount shall be subject to final order of the Bankruptcy Court, or pursuant to a stipulation among the Debtors, the Lessor and the Committee. Any portion of the Escrow Amount that must be paid back to the Debtors will be subject to Citizens Bank's lien.

24. Nothing in this Order shall prejudice any of the rights and remedies of the Lessor under the Lease Agreement or the Real Estate Lender under the CIT Capital Loan except to the extent of the payments made under paragraph 22 of the Interim Order. This Order is entered without prejudice to the rights of the Lessor or the Real Estate Lender to pursue their pending motion to lift stay, shall not be deemed to establish the value of any collateral asserted to be held by either of them, and shall not be deemed a waiver of the rights of either of them to demand any payments due under the Lease Agreement or the CIT Capital Loan.

25. Nothing in this Order (i) validates, allows for, or provides a basis for any of Debtors' customers to claim any setoffs, recoupments, or other deductions taken or to be taken or (ii) prejudices any of Debtors' customers' claims with respect to any setoffs, recoupments, or other deductions taken or to be taken, except as otherwise provided in the Accommodation Agreements or the Credit Enhancement Agreement.

26. Unless all obligations owing to the Citizens Bank under the Credit Facility have been paid in full, or all material assets of Debtors shall have been liquidated and the proceeds thereof distributed in accordance with the priorities established in this Order and the Code, Debtors shall not seek, and it shall constitute an Event of Default under this Order if Debtors seek, or if there is entered, an order dismissing the Case. If an order dismissing the Case under § 1112 of the Code or otherwise is at any time entered, such order shall provide (in accordance

with §§ 105 and 349 of the Code) that (a) the liens, mortgages and claims of Citizens Bank shall continue in full force and effect and Citizens Bank shall maintain its priority as provided in this Order until all obligations in respect thereof shall have been paid and satisfied in full (and that such claims and liens shall, notwithstanding such dismissal, remain binding on all parties in interests) and (b) this Court shall retain jurisdiction to the extent permitted by law, notwithstanding such dismissal, for the limited purpose of validating the priority of the liens, mortgages and claims of Citizens Bank referred to in clause (a) above.

### **DEFAULT AND REMEDIES**

27. The following shall constitute events of default under this Order (collectively, “Events of Default” and individually, an “Event of Default”):

- a. Debtors materially breach any of the terms and conditions or covenants of this Order or fail to pay any obligation, including, but not limited to, principal and interest on the Postpetition Loans within 3 days of the date due;
- b. If any written representation or warranty made by any Debtor after entry of this Order or any certificate, report or financial statement delivered to Citizens Bank by any Debtor pursuant to this Order proves to have been false in any material respect as of the time when made or given;
- c. If any Debtor’s Chapter 11 case is converted to a case under Chapter 7 of the Code;
- d. If a Chapter 11 trustee is appointed in respect of any Debtor;
- e. If any modification is made to this Order which materially affects Citizens Bank’s rights or remedies without the consent of Citizens Bank;
- f. If Debtors materially default on their obligations to Citizens Bank under this Order or with respect to any post-Petition Date obligations to any other person and such default is not cured within 7 days after the Debtors receive written notice of the default;
- g. If Debtors or any third parties obtain confirmation of a plan of reorganization or liquidation on terms which alter the terms of this Order in any materially adverse manner to Citizens Bank or do not provide for payment in full of all Postpetition Indebtedness on the effective date of confirmation of such plan;

- h. Excluding the Existing Liens and Permitted Liens, if any third party is granted a senior or pari passu security interest in any of the Collateral without Citizens Bank's prior, written consent;
- i. Any representation, warranty or statement made by any Debtor hereunder, in any borrowing base certificate, any other certificate, statement or document delivered pursuant to the terms hereof, or in connection with the transactions contemplated by this Order should at any time be false or misleading in any material respect as of the time when made or given; or
- j. The automatic stay is lifted to allow any creditor holding a lien on or lease of a material portion of the Debtors' assets to enforce its liens or rights if the applicable assets are reasonably necessary for the Debtor to continue in operation.

28. Upon the occurrence of an Event of Default and Citizens Bank providing at least three business days prior written notice to the Debtors, the Agent, the U.S. Trustee and the committee of unsecured creditors, and their counsel (which specifically identifies such default and the date of occurrence), Citizens Bank shall have the right to declare all Postpetition Indebtedness immediately due and payable. Except where the Debtors file a Default Motion (defined below), upon five (5) days written notice to Debtors, Agent, the Accommodating Customers and their respective legal counsel after an Event of Default, Citizens Bank shall be permitted to exercise all rights and remedies of a secured creditor without further order of the Court, subject to the rights and remedies of the parties to the Access Agreement. If, after receipt of written notice of an Event of Default from Citizens Bank, Debtors or an Accommodating Customer believe an Event of Default has not occurred, Debtors or an Accommodating Customer, as the case may be, shall have the right to file a motion for a determination thereof, which motion Debtors must move this Court to hear on an expedited basis on written notice to Citizens Bank (a "Default Motion"). At any hearing on a Default Motion, the sole issue to be litigated will be whether or not an Event of Default has occurred, and the party(ies) opposing Citizens Bank shall bear the ultimate burden of proof.

29. Citizens Bank and its agents and employees shall be permitted reasonable access to Debtors' premises and books and records at all or any times upon reasonable notice to the Debtor and during normal and customary working hours for the purpose of monitoring Debtors' compliance with the terms and conditions of this Order, provided that such access shall not unreasonably interfere with the operation of Debtors' business.

### **GENERAL PROVISIONS**

30. The provisions of this Order shall be binding upon and inure to the benefit of Debtors, Citizens Bank, the Prepetition Lenders and their respective successors and assigns (including any trustee hereafter appointed or elected as a representative of Debtors' estates, whether in this bankruptcy case or in any subsequent case under Chapter 7 of the Code). The priorities, liens, mortgages and security interests provided for under this Order shall continue in this or any superseding cases under the Code, and such liens, mortgages and security interests shall maintain their priority as provided by this Order until satisfied and discharged.

31. By virtue of providing the financing called for by this Order, Citizens Bank (and its agents and consultants) shall not be deemed to be, for any purpose, the owner or operator of the Collateral or Debtors' premises or a successor to any Debtor or an employer of any Debtor's employees, and shall not be liable for any of any Debtor's prepetition obligations or indebtedness by reason of being deemed the owner, operator or successor to any Debtor.

32. Citizens Bank and the collateral securing the Postpetition Loans and related obligations (collectively, the "Postpetition Indebtedness") shall be exempt from and not be subject to any surcharges, excises, liens or charges of any nature or type pursuant to §§ 364, 506(c) and 510 of the Code in this Chapter 11 proceeding or in any subsequent Chapter 7 proceeding, including, without limitation, expenses of administration or liquidation except as



expressly provided below. Further, Citizens Bank does not consent to a surcharge under §506(c) of the Code. Notwithstanding the foregoing, Citizens Bank consents to a surcharge of its collateral (in which Citizens Bank has a first priority lien, mortgage or security interest) under §506(c) of the Code for U.S. Trustee quarterly fees during periods Citizens Bank is making the Postpetition Loans. Except as provided in this paragraph and paragraph 6 of this Order, Citizens Bank shall have no obligation to fund any other professional fees or administrative expenses, whether by surcharge or otherwise.

33. In order to effectuate the terms of this Order, Citizens Bank and the Prepetition Lenders will be allowed to directly contact Debtors at any time reasonable under the particular circumstances at the time. Any such contacts shall not be construed to be violative of the automatic stay provided by § 362 of the Code.

34. Debtors shall give notice to Citizens Bank and the Prepetition Lenders of all motions, requests, applications, proposed orders and orders entered relating to this Chapter 11 case and any proceedings in connection with said case. Further, Debtors shall provide Citizens Bank and the Prepetition Lenders with copies of all reports, statements, schedules, motions, pleadings and other papers filed with or submitted by Debtor. Distribution through an electronic document service shall be acceptable notice for purposes of this paragraph.

35. No modification, amendment or appeal reversing any provision of this Order shall affect any other provision thereof. The protection of § 364(e) of the Code shall apply to the Postpetition Indebtedness and the security interests, liens and mortgages granted to Citizens Bank hereunder to the fullest extent possible, and to the releases contained therein to some or all of the CIT Group Lenders.

36. No delay on the part of Citizens Bank or any of the Prepetition Lenders in exercising any right, power or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise of any right, power and privilege hereunder preclude other or further exercise thereof, or the exercise of any other right, power or privilege. The rights and remedies hereunder specified are cumulative and not exclusive of any rights or remedies which, Citizens Bank, the Prepetition Lenders, or Debtors may otherwise have.

37. If any or all of the provisions of this Order are hereafter modified, vacated, stayed or terminated by subsequent order of this Court or any other court, such modification, vacation or stay shall not affect (a) the validity of any debt under this Order to Citizens Bank that was incurred pursuant to this Order prior to the effective date of such modification, vacation, stay or termination, or (b) the extent, validity, priority and enforceability of any lien or security interest of Citizens Bank granted pursuant to this Order. Notwithstanding such modification, vacation, stay or termination, any obligations of Debtor pursuant to this Order arising prior to the effective date of such modification, vacation, stay or termination shall be governed in all respects by the original provisions of this Order. Citizens Bank shall be entitled to all of its rights, privileges and benefits hereunder and thereunder including, without limitation, the liens, security interests, priorities and collection rights granted herein to or for the benefit of Citizens Bank with respect to all borrowings and advances made pursuant to this Order.

38. Any finding of fact set forth in this Order that is a conclusion of law shall be deemed to be a conclusion of law incorporated by reference in these conclusions of law as though fully set forth herein.

39. This Order is hereby final and requires no further action by this Court. The Court orders that any stays applicable to the effectiveness of this Order are hereby terminated, and this

Order will be immediately effective upon entry. Citizens Bank is entitled to the liens, priorities and other rights provided in this Order to protect Citizens Bank to the extent of any Postpetition Indebtedness incurred prior to, on or after entry of this Order.

Signed on April 01, 2008

          /s/ Marci B. McIvor            
Marci B. McIvor  
United States Bankruptcy Judge