

ACCOMMODATION AGREEMENT

Ford Motor Company ("Ford"), Automotive Component Holding, Inc. ("ACH") and AutoAlliance International, Inc. ("AAI," or together with Ford and ACH, collectively, the "Customers" or individually, a "Customer"), and Blue Water Automotive Systems, Inc. ("Supplier") enter into this Accommodation Agreement ("Agreement") on March __, 2008.

RECITALS

A. Pursuant to various purchase orders, supply agreements and/or releases issued by the Customers to Supplier (the "Purchase Orders" or individually, a "Purchase Order"), Supplier is obligated to manufacture the Customers' respective requirements of certain component parts or assembled goods (collectively, the "Component Parts" or individually, a "Component Part").

B. Should Supplier fail to meet its obligations to the Customers to timely deliver Component Parts as called for by the Purchase Orders, the Customers will suffer significant and irreparable harm.

C. On February 12, 2008, Supplier and certain affiliates filed for protection under Title 11 and Chapter 11 of the U.S. Code (the "Bankruptcy Case").

D. Supplier has advised the Customers that (i) it currently has insufficient financing available to fund its operations, and that such liquidity issues will cause an interruption in the production of Component Parts, (ii) Supplier desires an opportunity to conduct an orderly process to sell its assets as a going concern (the "Sale Process") but cannot do so without immediate additional working capital financing, and (iii) it intends to obtain post-petition financing from Citizens Bank in accordance with that certain Interim Order Authorizing Postpetition Financing filed for bankruptcy court approval (as it may be amended or become a final order, the "Financing Order").

E. Supplier has requested that the Customers provide financial and other accommodations to Supplier to facilitate financing and to provide certain support for the Sale Process. In consideration for the Customers agreeing to provide such financial and other accommodations, the Customers have requested that Supplier provide them with certain assurances and acknowledgments in connection with the protection of the supply of Component Parts.

F. Customers have advised Supplier that they are willing to make certain advances and other financial accommodations to Supplier, to fund through June 30, 2008 Supplier's prospective budgeted cash needs necessary to accomplish a Sale Process in accordance with a budget which is acceptable to the Customers ("Budget").

G. Subject to the terms of this Agreement, the Customers have agreed to provide certain financial and other accommodations to Supplier, and Supplier has agreed to provide the Customers with certain supply protection.

BASED UPON THE FOREGOING RECITALS and other good and valuable consideration, the receipt and adequacy of which are acknowledged, the parties agree as follows:

TERMS AND CONDITIONS

1. **Conditions to Effectiveness.** This Agreement shall become effective (the "Effective Date") upon the satisfaction of each of the following:
 - a. All parties to this Agreement have executed this Agreement;
 - b. The entry of an order (as defined below) approving this Agreement as post-petition contracts enforceable against Supplier;
 - c. The execution by each Customer of a Credit Enhancement Agreement (as defined below); and
 - d. The loan agreements between Supplier and Lender having become effective.
2. **Financing Period.** For purposes of this Agreement, the "Financing Period" shall mean the period from the Effective Date through the earlier of (i) the occurrence of an Event of Default under Section 5 hereof; or (ii) May 31, 2008 unless a Definitive Agreement has been executed pursuant to Section 4b, in which case June 30, 2008.
3. **Customers' Accommodations.**
 - a. **Resourcing.** The Customers will not resource the Component Parts currently on contract prior to the expiration of the Financing Period. The foregoing limitation shall not prohibit the Customers from taking action during the Financing Period to prepare for resourcing, including, without limitation, entering into discussions, negotiations and agreements regarding the production of the Component Parts, nor shall the foregoing prohibit resourcing to which Supplier and the respective Customer agree. Supplier will fully cooperate and assist the Customers in their respective resourcing preparations including, but not limited to, upon reasonable notice, permitting potential alternative suppliers to inspect tooling, provided however, that reasonable steps shall be taken to protect confidential or trade secret information from competitors. For clarity, this Section is not intended to constitute a commitment under this Agreement for the Customers to retain any of their business with Supplier after the expiration or termination of the Financing Period.
 - b. **Notice of Non-Renewal.** The Customers hereby rescind their respective notices of non-renewal of contracts ("Non-Renewal Notices") sent to

Supplier on or about February 12, 2008, provided, however, that each Customer may deliver to Supplier, at any time on or after the earlier of (a) the occurrence of an Event of Default (defined below), or (b) May 15, 2008, a new Non-Renewal Notice ("Reissued Non-Renewal Notice"). Each Reissued Non-Renewal Notice will (i) have the same effect as if it had been sent to Supplier on or about February 12, 2008 and the Non-Renewal Notice had not been rescinded, (ii) have the effect of not renewing the Purchase Orders, and (iii) result in the Purchase Orders expiring on June 30, 2008. Reissued Non-Renewal Notices may be given without first obtaining relief from the automatic stay (and the automatic stay is hereby modified accordingly) or giving any other notice or obtaining any other order in the Bankruptcy Case of any kind, and shall be treated as satisfying the requirements of Section 8.03 of the Production Purchasing Global Terms and Conditions (PPGTC Jan.1 2004) in all respects.

- c. **Expedited Payment Terms.** For those shipments of the Component Parts invoiced on and after the Effective Date through the expiration or termination of the Financing Period, the Customers will make payments on expedited terms such that the average days outstanding of such Customer's sales during such period does not exceed thirteen (13) days.
- d. **Credit Enhancement Agreement.** Each Customer will execute with Citizens Bank ("Lender") a credit enhancement agreement (the "Credit Enhancement Agreement") in the form attached.
- e. **Guaranty.** Ford will execute with Lender a guaranty in form and substance mutually acceptable to Ford and Lender.
- f. **Tooling Costs.** With respect to the prepetition setoffs taken by the Customers, each Customer will, from the amounts so set off, pay the relevant prepetition vendor of tooling for the production of its Component Parts and refund the Supplier any amount by which the amount owed to such prepetition tooling vendor exceeds the amount of the Customer's prepetition setoff. Except as provided in the foregoing sentence, the Customers will pay amounts due with respect to tooling for the production of its Component Parts to a dedicated account of the Supplier and the Supplier will pay such amounts to assume contracts with the respective tooling vendors.
- g. **Packaging.** Customers shall all packaging costs directly to the applicable packaging vendor and the amount of all such payments will be credited against amounts due to the Supplier.
- h. **Acknowledgment With Respect To Liens.** The Customers acknowledge that they did not loan any funds so as to be entitled to liens

to be agreed by the parties, not to exceed \$2. million
granted to certain customers in the interim cash collateral orders dated February 13, 2008, February 19, 2008 and February 25, 2008, except for the amount of _____ (the "Subordinated Liens"). The Customers agree that the Subordinated Liens are subordinated to the liens of the Lender.

4. Supplier's Assurances

- a. **Inventory Bank.** Upon a Customer's request, Supplier shall build an inventory bank, as requested by the Customer (the "Inventory Bank"), not to exceed 4 weeks according to a schedule determined by the Customer (the "Inventory Bank Schedule"), subject to Supplier's reasonably applied internal capacity limitations (e.g., machine capacity, raw material and manpower limitations). Supplier's excess capacity will be allocated among the Customers in the directed by the Customers. Supplier will ship Inventory Bank parts to a location designated by the Customer in writing as produced.
 - i. Customer will pay the applicable Purchase Order price for each item of the Inventory Bank and any Incremental Bank Costs (as defined below) in accordance with Section 3(c) of this Agreement.
 - ii. Each Customer will pay Supplier for its verifiable, incremental out-of-pocket costs incurred by Supplier in connection with building the Inventory Bank (the "Incremental Bank Costs"). Upon a Customer's request for an Inventory Bank, Supplier shall promptly provide a schedule to the Customer setting forth the Incremental Bank Costs Supplier anticipates that it will incur in connection with building the Inventory Bank (the "Bank Build Budget"). The Customers are not obligated to reimburse Supplier for any Incremental Bank Costs that have not been disclosed to the Customer and approved in writing prior to being incurred.
- b. **Investment Banker Retention; Sales Process.** Supplier shall engage in the Sale Process to attempt to effectuate a going concern sale of all or substantially all of Supplier's assets to a "Qualified Buyer" (as defined below). In order to facilitate the Sale Process, Supplier, will retain Miller Buckfire as soon as is practicable following the Effective Date. Supplier shall retain Miller Buckfire on terms and conditions on which Supplier and the Customers mutually agree. The Sale Process will be conducted in accordance with the following milestones (each, a "Milestone", or collectively, the "Milestones"):
 - i. Letter of Intent. Obtain, by no later than April 15, 2008, a letter of intent to sell Supplier's assets on terms and to a Qualified Buyer reasonably acceptable to the Supplier and the Customers;

- ii. Definitive Agreement. Execute, by no later than May 28, 2008, a definitive purchase agreement with a Qualified Buyer reasonably acceptable to Supplier and the Customers and file a motion to approve such sale on the terms outlined in the definitive purchase agreement with the bankruptcy court.
- iii. Sale Approval Order. Obtain, by June 20, 2008, an order from the bankruptcy court approving a sale pursuant to a Qualified Buyer.
- iv. Close. Close, by no later than June 30, 2008, the sale of Supplier's assets to a Qualified Buyer.

For purposes of this Agreement, a "Qualified Buyer" means a buyer who demonstrates to the satisfaction of each of the Customers, in its sole discretion unless the Supplier's other major customers agree to the standard of reasonable discretion, in which case reasonable discretion, that it: (a) possesses the financial capabilities, business plan and management structure to effect the acquisition of and operation of Supplier; (b) would agree to assume all of the respective Customers' Purchase Orders, and (c) proposes a transaction that can be sold free and clear of the interests of lienholders, pursuant to §363 of the Bankruptcy Code. Supplier further agrees to provide the Customers updates, as frequently as is requested by the Customers, on the status of the Sale Process. Subject to the execution of confidentiality agreements in form and substance mutually agreeable to Supplier and the Customers, Supplier will promptly provide to the Customers copies of all documents and information relating to the Sale Process including, but not limited to, offering memoranda, letters of interest or intent, drafts and executed copies of asset purchase agreements. Nothing contained herein obligates a Customer to agree to assumption and assignment of its respective Purchase Orders.

- c. **Cooperation in Resourcing Business.** In addition to Supplier's assurances in Section 3(a) upon the occurrence of an Event of Default hereunder that is not waived by the applicable Customer, Supplier shall, at the request of the Customers, cooperate and use its best efforts toward assisting the Customers in resourcing their respective business by providing, among other things, the Customers and their respective agents, representatives, designees, consultants, officers and employees reasonable access to Supplier's officers, employees, operations, books, records (including material lists, tool line-ups, tool prints, tool drawings, CAD drawings and other documents) in its possession or control and any other documents necessary for the Customers to resource production of their respective Component Parts.

- d. **Access.** Supplier agrees that the Customers designees and their respective agents and representatives, shall have full and complete access to Supplier's operations, books and records at any time during regular business hours, or outside of regular business hours upon reasonable request and prior notice, for the purposes of meeting with Supplier's representatives and monitoring Supplier's compliance with the terms of, this Agreement, and any other agreements and contracts between Supplier and the Customers including, but not limited to, the Purchase Orders, provided however, that reasonable steps shall be taken to protect confidential or trade secret information from competitors.
- e. **Information.** Supplier shall simultaneously provide to the Customers the same financial reporting as is provided to Lender under the Financing Order. Supplier further agrees to meet as reasonably requested by any respective Customer to provide updates of its financial condition, and any material changes to its operations, financial condition, lending relationship, and supplier relationships in form, content and presentation as requested by the Customers.
- f. **Accommodations From Other Customers.** Supplier agrees to use its commercial best efforts to obtain the agreements of each of Supplier's other customers who represent two percent (2%) or more of Supplier's sales to obtain the agreement of such customers to payment terms of 30 days or less. In addition, prior to producing component parts for customers who represent more than five percent (5%) of Supplier's sales ("Major Customers"), Supplier will obtain from such Major Customers: (i) increases in pricing for the component parts for such Major Customers, such that the "cash burn" (including all operating losses and an equitable share of the costs to administer, including professional fees) attributable to the production of the Major Customers' parts is recovered by Supplier, (ii) an agreement to fund the Major Customer's allocable share of the wind down expenses incurred by the estate, including the costs to administer the estate and professional fees, based on a budget to be provided by March 31, 2008, with such expenses to be funded in advance in a method agreed upon by the Debtor and Ford; (iii) agreement to a true-up procedure to reconcile the price increases with actual "cash burn" and to true-up the actual wind down expenses incurred or accrued; and (iv) Credit Enhancement Agreements for the benefit of Lender, which shall include, *inter alia*, subordination of any postpetition liens held by a Major Customer to the liens of the Lender. The financial assistance from the Customers, including funds made available by Lender through Ford's guaranty of the Overformula Advances, may not be used to manufacture component parts for a Major Customer that does not comply with this Paragraph 4(f). Supplier represents and warrants to the Customers that it will not enter into any agreements with any of its other customers on terms

more favorable to the other customers than the terms contained in this Agreement, without the prior written consent of the Customers.

5. **Events of Default.** The occurrence of one or more of the following shall be "Events of Default", or individually, an "Event of Default", hereunder unless a waiver or deferral thereof is agreed to in writing, in each instance, by the affected Customers.
 - a. Supplier repudiates or breaches any Purchase Order, the consequence of which is a substantial likelihood that any one or more of the Customers' production will be interrupted;
 - b. Supplier fails to either 1) deliver goods in any respect; or 2) Supplier fails to provide reasonable assurance of timely and proper delivery of goods in accordance with any Purchase Order, and the consequence of either failure is a substantial likelihood that any one or more of the Customers' production will be interrupted;
 - c. Supplier's Bankruptcy Case is converted to Chapter 7;
 - d. Supplier breaches any provision of this Agreement;
 - e. Supplier's failure to comply with any Sale Process Milestone, which failure is not cured within 3 business days;
 - f. Supplier fails to comply with any weekly milestone set forth in any Customer's Inventory Bank Schedule, which failure is not cured within 3 business days;
 - g. the expiration of the Financing Period;
 - h. the Lender refuses to make additional advances under the Financing Order for any reason, including, without limitation, that the borrowings exceed the credit limit; and
6. **Tooling Acknowledgement and Turnover.** Supplier acknowledges and agrees that, all tooling, dies, test and assembly fixtures, Unpaid Tooling, jigs, gauges, patterns, casting patterns, cavities, molds, and documentation, including engineering specifications, PPAP books, and test reports together with any accessions, attachments, parts, accessories, substitutions, replacements, and appurtenances thereto (collectively, "Tooling") used by Supplier in connection with its manufacture of Component Parts for each Customer and paid for in full by each Customer (collectively, the "Customer Owned Tooling") are owned by the respective Customers and are being held by Supplier or, to the extent

Supplier has transferred the Customer Owned Tooling to third parties, by such third parties, as bailees at will.

Neither Supplier nor any other person or entity other than the applicable Customers have any right, title or interest in the Customer Owned Tooling other than Supplier's obligation, subject to the Customers' respective unfettered discretion, to utilize the Customer Owned Tooling in the manufacture of the Customers' Component Parts and service parts. The Customers and their respective designee(s) shall have the right to take immediate possession of the Customer Owned Tooling at any time without payment of any kind from the Customers to Supplier should the Customers elect to exercise such right, and Supplier agrees to cooperate with each of the Customers in their taking possession of their respective Customer Owned Tooling, including allowing access to Supplier's facilities. The rights and obligations contained in this Section shall continue notwithstanding the expiration or termination of this Agreement.

In the event of any dispute relating to Customer Owned Tooling, the Tooling subject to the dispute will be presumed to be Customer Owned Tooling pending resolution of the dispute, and the Customer will have the right to immediate possession of the Tooling pending resolution of the dispute (and Supplier may not withhold delivery of possession of the Tooling to such Customer pending such resolution), but will remain subject to any claim or right to payment of Supplier for the disputed amounts (despite Supplier's relinquishment of possession). The rights and obligations contained in this Section 6 are in addition to (and not in lieu of) the rights of each Customer in its respective purchase orders, including its respective global terms and conditions, and other agreements with Supplier, and will continue in effect notwithstanding the expiration or termination of this Agreement.

7. Intentionally Omitted.
8. Reservation of Rights. Except to the extent expressly provided in this Agreement, the parties reserve and do not waive any claims, rights and remedies that they individually may have against Supplier in connection with any prior, existing or future defaults under the Purchase Orders, any other agreements between the parties or otherwise applicable law, and the parties expressly reserve all such claims, rights and remedies they have under this Agreement, any Purchase Orders, any other agreements between the parties and/or otherwise applicable law.
9. Notice. Any notice or other instrument to be given hereunder shall be in writing and, except as otherwise provided in this Agreement, shall be deemed to be duly given if mailed, delivered by hand or sent by facsimile to the party to whom such communication is intended to be given and any notice so delivered or sent shall be deemed to have been duly given at the time of service on the day on which it

was so delivered or sent, and if mailed, shall be deemed to be given three (3) days following the date of mailing. Until changed by notice in the manner described above, the addresses of the parties for the purpose of notice shall be:

If to Ford, ACH or AAI: Ford Motor Company
5500 Auto Club Drive
Mail Drop 415-3E462
Dearborn, Michigan 48126
Attention: _____
Facsimile: (313) 248-2177

With a copy to: Ford Motor Company
Office of the General Counsel
1 American Road, Suite 323WHQ
Dearborn, Michigan 48126
Attention: Daniella Saltz
Facsimile: (313) 337-3209

and Miller Canfield Paddock and Stone PLC
150 West Jefferson, Suite 2500
Detroit, Michigan 48226
Attention: Timothy A. Fusco
Facsimile: 313-496-7500

If to Supplier: Blue Water Automotive Systems, Inc.
1515 Busha Hwy.
Marysville, Michigan 48040
Attention: Michael Lord
Facsimile: (810) 364-4555

With a copy to: Foley & Lardner LLP
500 Woodward Ave., Suite 2700
Detroit, Michigan 48226
Attention: Judy A. O'Neill
Facsimile: (313) 234-2800

10. General Terms.

- a. This Agreement together with the other documents executed in connection herewith, constitutes the entire understanding of the parties in connection with the subject matter hereof. This Agreement may not be modified, altered or amended except by an agreement in writing signed by all parties.

- b. The parties executing this Agreement as representatives warrant that they have the power and authority to execute this Agreement on behalf of the corporation or entity that they represent and that their signatures bind said corporations or entities to the terms of this Agreement.
- c. Supplier may not assign or transfer, directly or indirectly, any of its rights under this Agreement without the prior written consent of all the parties to this Agreement. Likewise, this Agreement is not intended for the benefit of any third parties including any purchasers of Supplier's assets including, without limitation, other customers of Supplier (other than affiliates of the Customers).
- d. No delay or failure of the Customers to exercise any right, power or privilege hereunder shall affect such right, power or privilege, nor shall any single or partial exercise thereof preclude any further exercise thereof, nor the exercise of any other right, power or privilege.
- e. Should any provision of this Agreement be held invalid or unenforceable, the remainder of this Agreement will not be affected thereby.
- f. Nothing in this Agreement shall be interpreted to constitute Supplier as the Customers' agent for any purpose.
- g. This Agreement may be executed in any number of duplicate originals or counterparts, each of such duplicate originals or counterparts shall be deemed to be an original and taken together shall constitute but one and the same instrument. The parties agree that their respective signatures may be delivered by facsimile with original signatures to follow, and that facsimile signatures shall be treated as originals for all purposes.

11. **Bankruptcy Court Approval.** Given that the accommodations being given by the Customers are an essential part of the consideration provided to Lender in connection with the Financing Order, Supplier will seek Bankruptcy Court approval of this Agreement in connection with the interim entry of the Financing Order.

12. **REPRESENTATIONS.** THE PARTIES HERETO ACKNOWLEDGE THAT THEY HAVE BEEN GIVEN THE OPPORTUNITY TO CONSULT WITH COUNSEL OF THEIR CHOICE BEFORE EXECUTING THIS AGREEMENT AND ARE DOING SO WITHOUT DURESS, INTIMIDATION, OR COERCION AND WITHOUT RELIANCE UPON ANY REPRESENTATIONS, WARRANTIES OR COMMITMENTS OTHER THAN THOSE REPRESENTATIONS, WARRANTIES OR COMMITMENTS SET FORTH IN THIS AGREEMENT.

13. **JURY TRIAL WAIVER.** THE PARTIES HERETO ACKNOWLEDGE THAT THE RIGHT TO TRIAL BY JURY IS A CONSTITUTIONAL RIGHT, BUT THAT THIS

RIGHT MAY BE WAIVED. THE PARTIES EACH HEREBY KNOWINGLY, VOLUNTARILY AND WITHOUT DURESS, INTIMIDATION, OR COERCION, WAIVE ALL RIGHTS TO A TRIAL BY JURY OF ALL DISPUTES ARISING OUT OF OR IN RELATION TO THIS AGREEMENT OR ANY OTHER AGREEMENTS BETWEEN THE PARTIES EXECUTED IN CONNECTION WITH THIS AGREEMENT. NO PARTY SHALL BE DEEMED TO HAVE RELINQUISHED THE BENEFIT OF THIS WAIVER OF JURY TRIAL UNLESS SUCH RELINQUISHMENT IS IN A WRITTEN INSTRUMENT SIGNED BY THE PARTY TO WHICH SUCH RELINQUISHMENT WILL BE CHARGED.

FORD MOTOR COMPANY

By: _____
Its: _____

AUTOMOTIVE COMPONENT HOLDING, INC.

By: _____
Its: _____

AUTOALLIANCE INTERNATIONAL, INC.

By: _____
Its: _____

BLUE WATER AUTOMOTIVE SYSTEMS, INC

By: _____
Its: _____

DELIB:2946092.2\029982-00457