

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

In re:	) Chapter 11
BLUE WATER AUTOMOTIVE SYSTEMS, INC.	) Case No. 08-43196
)
Debtor.	) Tax I.D. No. (38-1736036)
)
In re:	) Chapter 11
BWAS HOLDINGS, INC.	) Case No. 08-43200
)
Debtor.	) Tax I.D. No. (56-2533938)
)
In re:	) Chapter 11
BLUE WATER PLASTICS MEXICO, LTD.	) Case No. 08-43199
)
Debtor.	) Tax I.D. No. (38-3117300)
)
In re:	) Chapter 11
BWAS MEXICO, LLC	) Case No. 08-43201
)
Debtor.	) Tax I.D. No. (38-1736036)
)

In re:)	
BLUE WATER AUTOMOTIVE SYSTEMS PROPERTIES, LLC	)	Chapter 11
Debtor.	)	Case No. 08-43198
)	
)	
)	Tax I.D. No. (11-3778685)
)	

**DISCLOSURE STATEMENT FOR THE DEBTORS' JOINT PLAN OF
LIQUIDATION**

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THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS JUNE 10, 2008, UNLESS THE DEBTORS EXTEND THE DEADLINE PRIOR TO THE VOTING DEADLINE. TO BE COUNTED, YOUR BALLOT MUST BE RECEIVED BY THE DEBTORS' CLAIMS AND SOLICITATION AGENT BEFORE THE VOTING DEADLINE.

THIS DISCLOSURE STATEMENT IS NOT A SOLICITATION OF ACCEPTANCE OF THE ATTACHED JOINT PLAN OF LIQUIDATION. ACCEPTANCES OF THE PLAN MAY NOT BE SOLICITED UNTIL THE DISCLOSURE STATEMENT IS APPROVED BY THE BANKRUPTCY COURT, WHICH HAS NOT YET OCCURRED. PURSUANT TO LOCAL BANKRUPTCY RULE 3017-1, THE FILING OF THIS DISCLOSURE STATEMENT IS DEEMED TO INCLUDE A MOTION FOR ITS APPROVAL. PURSUANT TO ITS AMENDED ORDER ESTABLISHING DEADLINES AND PROCEDURES DATED MAY 7, 2008, THE BANKRUPTCY COURT HAS ESTABLISHED THAT (I) MAY 21, 2008 IS THE DEADLINE FOR OBJECTIONS TO FINAL APPROVAL OF THIS DISCLOSURE STATEMENT, AS IT MAY BE AMENDED, AND (II) A HEARING ON ANY SUCH OBJECTIONS SHALL BE HELD ON FRIDAY, MAY 23, 2008 AT 10:30 A.M. IN ROOM 1875, 211 W. FORT STREET, DETROIT, MICHIGAN.

PLEASE READ THIS IMPORTANT INFORMATION

THE BANKRUPTCY CODE REQUIRES THAT THE PARTY PROPOSING A CHAPTER 11 PLAN OF LIQUIDATION PREPARE AND FILE A DOCUMENT WITH THE BANKRUPTCY COURT CALLED A "DISCLOSURE STATEMENT." THIS DOCUMENT IS THE DISCLOSURE STATEMENT FOR THE PLAN. THE DISCLOSURE STATEMENT INCLUDES CERTAIN EXHIBITS, EACH OF WHICH ARE INCORPORATED HEREIN BY REFERENCE.

THE DEBTORS ARE MAKING THE STATEMENTS AND FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN, INCLUDING, BUT NOT LIMITED TO, ANY RISK FACTORS CITED HEREIN, IN DECIDING WHETHER TO VOTE TO ACCEPT THE PLAN.

CLAIMS HOLDERS MAY NOT RELY ON THIS DISCLOSURE STATEMENT FOR, AND THIS DISCLOSURE STATEMENT DOES NOT PROVIDE, ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY SUCH LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF DISCLOSURE

CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE MERITS OF THE PLAN.

THE DEBTORS DO NOT INTEND THIS DISCLOSURE STATEMENT TO CONSTITUTE, AND PARTIES SHOULD THEREFORE NOT CONSTRUE IT AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. HOLDERS OF CLAIMS SHOULD NOT RELY UPON ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN ACCEPTANCE OF THE PLAN THAT ARE OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN.

THE DEBTORS' MANAGEMENT HAS ALSO REVIEWED THE OTHER FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS HAVE USED THEIR BEST EFFORTS TO ENSURE ITS ACCURACY, PLEASE NOTE THAT THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT HAS NOT BEEN AUDITED.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, CERTAIN OTHER DOCUMENTS, AS WELL AS CERTAIN FINANCIAL INFORMATION AND PROJECTIONS DISCUSSED ABOVE. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION CONTAINED IN THIS DISCLOSURE STATEMENT OR FINANCIAL INFORMATION INCORPORATED HEREIN BY REFERENCE, AND THE TERMS AND PROVISIONS OF THE PLAN OR THE OTHER DOCUMENTS REFERENCED HEREIN, THE PLAN SHALL GOVERN FOR ALL PURPOSES.

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT SOLELY FOR PURPOSES OF INFORMING HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN OR TO OBJECT TO CONFIRMATION. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PERSON FOR ANY OTHER PURPOSE.

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EXHIBITS

- Exhibit A - Joint Plan of Liquidation
- Exhibit B - Organizational Chart of Blue Water Automotive Systems, Inc. and Affiliate Debtors as of the Petition Date
- Exhibit C - Liquidation Analysis

SUMMARY

Blue Water Automotive Systems, Inc. (“BWASI” or the “Company”), 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”), as debtors and debtors-in-possession (collectively, the “Debtors”), submit this Disclosure Statement to holders of Claims in connection with: (a) the solicitation of votes to accept or reject the Plan; and (b) the Confirmation Hearing. A copy of the Plan accompanies this Disclosure Statement.

The following summary is qualified in its entirety by the more detailed information contained elsewhere in this Disclosure Statement.

The Debtors are collectively a leading designer, manufacturer and supplier of highly-engineered injection molded thermoplastic components and assemblies for global automotive OEMs and Tier I suppliers, including without limitation the design, manufacture and supply of value-added products including pressure release valves, cowl screens, door frame finishers and other components and assemblies (the “Business”).

On February 12, 2008 (the “Petition Date”), the Debtors commenced their Chapter 11 Cases, which are being jointly administered for procedural purposes only. The Debtors also have a non-Debtor Mexican affiliate, Blue Water Automotive Systems Mexico, S de R.L. de C.V. (“Blue Water Mexico”), which is not a party to the Chapter 11 Cases but which is expected to be part of the Sale (as described below). Attached as Exhibit B is the Debtors’ corporate organization chart as of the Petition Date.

The Debtors continue to operate their businesses and manage their properties as debtors-in-possession during the pendency of the Chapter 11 Cases. The Debtors’ customers generally continue to receive components and assemblies from the Debtors, and the Debtors are generally paying their vendors according to accelerated payment terms.

On February 15, 2008, the United States Trustee for the Eastern District of Michigan appointed the Creditors’ Committee, pursuant to section 1102 of the Bankruptcy Code.

This Disclosure Statement summarizes the Plan’s contents, and provides information relating to the Plan and the process that the Bankruptcy Court will follow in determining whether to confirm the Plan. This Disclosure Statement also discusses the events leading to the Debtors filing their Chapter 11 Cases, describes certain significant events that have occurred in the Debtors’ Chapter 11 Cases and, finally, summarizes and analyzes the Plan. This Disclosure Statement also describes voting procedures and the confirmation process.

The Plan fundamentally contemplates the sale of substantially all of the assets and/or equity interests of the Debtors (a “Sale”), free and clear of liens, claims and encumbrances, except as described below. The proceeds of the Sale shall be distributed to the DIP Lender, holders of Allowed Secured Claims to the extent of the Collateral Value, Allowed Priority Claims and holders of other Allowed Claims in order of priority. The final form of the Sale will be set forth in an asset purchase agreement (the “APA”) to be entered into between the Debtors and the purchaser of the Business (the “Purchaser”).

The Debtors believe that a Sale conducted in conjunction with the Plan will maximize the value of the Debtors' Estates and allow for the highest recoveries for holders of Allowed Claims.

Please note that any terms not specifically defined in this Disclosure Statement shall have the meaning ascribed to them in the Plan. In the event of any conflict between the Disclosure Statement and the Plan, the terms of the Plan control.

I.

BACKGROUND

A. OVERVIEW OF THE COMPANY'S BUSINESS

1. Corporate Structure and History

BWASI is a Michigan corporation that is a wholly owned subsidiary of BWAS Holdings, Inc., a Delaware corporation. BWASI is the only Debtor with an operating business. The following entities serve 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 100% of the equity interests in BWAS Mexico and approximately 57% of the equity interests in Blue Water Mexico; (iii) BWAS Mexico is a holding company that owns approximately 43% of the equity interests in Blue Water Mexico, and (iv) Blue Water Properties is a real estate holding company that owns the remaining real property that is leased to BWASI for use in its operations.

Founded in 1954 in St. Clair, Michigan by the Haas family, BWASI earned a reputation as a dependable provider of high quality, plastic components and assemblies to the automotive, consumer and industrial segments. By 2000, the Company had grown to approximately \$167 million in revenues when it was sold to Sarna Polymer Holding Inc. ("Sarna"), a Swiss-based manufacturer of polymer roofing. In 2005, BWASI was sold to KPS Capital Partners, L.P. In 2006, BWASI acquired the automotive business of Injectronics, Inc. ("Injectronics"), a Massachusetts-based manufacturer of thermoplastic injection molded components and assemblies. In 2007, the Company consolidated two facilities in Wauseon, Ohio and Lexington, Michigan, and closed an office in Farmington Hills, Michigan. In 2008, the Company closed its tooling facility in Leominster, Massachusetts.

2. Description of Debtors' Businesses and Customers

The Company is a leading designer and manufacturer of highly-engineered injection molded thermoplastic components and assemblies for global automotive OEMs and Tier I suppliers. The Company designs and manufactures several value-added products including pressure release valves, cowl screens and door frame finishers. The Company maintains long-standing customer relationships with leading automotive OEMs and automotive suppliers including Ford Motor Company ("Ford"), General Motors Corporation ("GM"), Chrysler LLC ("Chrysler," and together with Ford and GM, the "Detroit Three"), Mercedes-Benz, Nissan, Volkswagen, Visteon Corporation, Valeo and Air International. The Company's largest customers are the Detroit Three, who together represented approximately fifty percent (50%) of the Company's business in 2007. The Company continues to expand existing relationships with Mercedes-Benz, Valeo, Denso, Volkswagen and other "new domestic" OEMs and Tier 1 suppliers to diversify revenues and capitalize on the growth of these customers in the North American market. The Company's strongest OEM relationship is with Ford, for whom it is currently launching three major programs with two additional programs in the development stage.

3. The Debtors' Business Segments and Products

The Company's core product offerings include (i) full interior trim and sub-systems, (ii) functional plastic components, and (iii) air flow management products and value-added assemblies designed to meet customer specifications. Interior trim and sub-systems are complex products that require the integration of multiple components. They include door frame finishers, seat plastic and components, pillar/door trim, consoles, cargo management and in-mold laminated/decorated components. In recent years, the Company has developed advanced in-mold lamination technology for use on seatbacks, rear quarter trim panels and A, B and C pillars. This expertise in laminated products favorably positions the Company for future growth as OEMs seek to increase the comfort and convenience of their vehicle interiors.

The Company leverages its full service platform to offer functional components to its customers. Examples include exterior-structural/functional components (wheel liners/splash shields, fascia brackets, fuel tank assemblies and air dams), miscellaneous-structural/functional components (door seals, steering column brackets, fascia sleeves and deflectors), underhood-structural/functional components (fan shrouds, battery trays and brackets) and belt tensioner pulleys.

Air flow management products are designed to facilitate the movement and processing of air through the vehicle. The Company produces HVAC systems that are assembled in cells with pallet-based power and full automation.

Generally, the Company's products can be classified into the following principal product categories:

	Interior Trim & Sub-Systems	Functional Components	Airflow Management & Value-Added Assemblies
Key Product & Systems	<ul style="list-style-type: none"> ■ Interior Hard Trim ■ Seating Plastic & Components ■ Door Frame Finishers ■ Cargo Management 	<ul style="list-style-type: none"> ■ Battery Trays ■ Fan Shrouds ■ Tank Assemblies ■ Wheel Liners/Splash Shields 	<ul style="list-style-type: none"> ■ Complete HVAC Systems ■ Cowl Screens/Air Inlets ■ Body Exhaustive/PRVs ■ IP Duets
Key Customers & Platforms	<ul style="list-style-type: none"> ■ D385 (Lincoln MKS) ■ D471 (Ford Flex) ■ GMT 967 (Buick Enclave) ■ GMT 322 (Cadillac CTS) 	<ul style="list-style-type: none"> ■ C170 (Ford Focus) ■ P131/P356/P473 (F-Series Super Duty) ■ Chrysler Caliber 	<ul style="list-style-type: none"> ■ D385 (Lincoln MKS) ■ Chrysler Grand Cherokee ■ Air International ■ Valeo

4. Business Strategy

Over the past fifteen years, the automotive components suppliers have consolidated and globalized as OEMs have reduced their supplier base. In response to this trend, the Company's growth strategy has focused on leveraging relationships with OEMs to further penetrate its existing customer base and winning business from "new domestic" OEMs and Tier 1 suppliers. The Company's low cost manufacturing facility in Mexico City is an important piece of its growth plan. The facility has available capacity and room for expansion to significantly grow its existing production capabilities. As industry consolidation continues and OEMs increasingly prefer fewer, more capable providers, BWASI is well positioned to win business in areas where its design and engineering expertise and advanced manufacturing equipment and process provide value to OEMs.

5. Principals of the Debtors

Michael Lord serves as the Chief Executive Officer of the Debtors. As compensation for his services, Michael Lord receives monthly pay of \$35,000, a monthly housing allowance of \$1,800, a monthly car allowance of \$792.03 and monthly health insurance expenses of \$900. Michael Lord holds 1.5% of the stock of Holdings. The Debtors' former Chief Financial Officer, Bruce Weber, left the company on April 23, 2008.

Michael Lord, David Shapiro, Michael Psaros, Raquel Palmer, and Eugene Keilin serve as directors of the Debtors. The directors receive no compensation for their services.

II.

PREPETITION FINANCING OF THE DEBTORS

Prior to the Petition Date, the Debtors' principal source of liquidity was cash flow generated from operations, cash on hand and borrowings. In the months leading up to the Petition Date, a series of developments reduced the Debtors' revenue, profitability and cash flow. The Debtors implemented a program to improve operating performance and address the Debtors' liquidity issues. During 2007, the Debtors replaced senior management, closed two facilities and reduced overhead spending by one-third.

BWASI entered into an Amended and Restated Loan and Security Agreement dated as of July 28, 2006 (as heretofore amended, supplemented or otherwise modified, the "Revolving Loan Agreement") with various financial institutions that are lenders thereunder (the "Prepetition Lenders"), and The CIT Group/Business Credit, Inc. as Agent for the Prepetition Lenders (the "Prepetition Agent"). The other Debtors (sometimes, collectively, the "Guarantors"), executed guarantees of BWASI's obligations under the Revolving Loan Agreement. The Revolving Loan Agreement provided for revolving loans to Blue Water in the amount of up to \$35.0 million. As of the Petition Date, the outstanding balance of the loans under the Revolving Loan Agreement (collectively, the "Revolver Loan"), including principal and interest, was \$17,560,463.83. Pursuant to the terms of certain cash collateral orders of the Bankruptcy Court dated February 13, 19 and 25, 2008 (the "Cash Collateral Orders"), \$4,814,315.69 of principal payments were made on the Revolver Loan, and pursuant to the terms of an interim financing order of the

Bankruptcy Court dated March 3, 2008 (the “Interim DIP Order”), all unpaid principal and interest, and related expenses, with respect to the Revolver Loan were paid in full in the aggregate amount of \$13,651,819.48 on March 4, 2008. All liens of the Prepetition Lenders in the Revolving Loan First Lien Collateral (as defined below) were released on March 4, 2008 or transferred to the escrow account described below, as a result of this payment and the establishment of a \$2.5 million escrow (the “CIT Cross-Lien Escrow”), to satisfy the second lien of CIT Group/Equipment Financing, Inc., in the Revolving Loan First Lien Collateral, described below. Pursuant to the Cash Collateral Orders, GM, Ford and Chrysler and certain of their affiliates (collectively, the “Participating Customers”) granted accommodations to the Debtors in the form of Accommodation Agreements and Credit Enhancement Agreements.

Pursuant to the Revolving Loan Agreement, for the purpose of securing the Obligations (as defined therein) BWASI granted to the Prepetition Agent, for the benefit of the Lenders: (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 the Agent, a Lender, or a bailee or Affiliate of the 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 defined below). Except as otherwise indicated, capitalized terms used in this paragraph are used as defined in the Revolving Loan Agreement.

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; (ii) certain mortgages and assignments of leases and rents securing the obligations of BWASI under the Revolving Loan Agreement and related agreements, the Master Equipment Lease Agreement (as defined below) 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).

As a further condition of the Revolving Loan Agreement, each of the Debtors other than BWASI 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 Mexico 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) a 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).

On May 17, 2006, Blue Water Properties borrowed \$15.3 million from CIT Capital USA Inc. (“CIT Capital USA”) which is evidenced by a note (the “CIT Capital USA Mortgage Loan”) and secured by a mortgage and assignment of rents and leases with respect to its Michigan real estate properties. The proceeds of the CIT Capital USA Mortgage Loan were used, in part, to refinance debt and to fund the Injelectronics acquisition. The Blue Water Properties real estate is leased to BWASI pursuant to a Master Lease dated May 17, 2006. As of the Petition Date, the balance of the CIT Capital USA Mortgage Loan, including principal and interest, was approximately \$14,981,372.16. Under the terms of the Interim DIP Order, Blue Water Properties made additional payments on the CIT Capital USA Mortgage Loan in the approximate monthly amount of \$223,000, between the Petition Date and the issuance of the final financing order of the Bankruptcy Court on April 1, 2008 (the “Final DIP Order”), leaving a current unpaid balance, including principal and interest, of \$14,866,183.21.

BWASI is the lessee under the Lease Agreement dated May 17, 2006 pursuant to which CIT Group/Equipment Financing, Inc., as the lessor (“CIT Equipment Financing”), provided financing or financing leases of injection molding equipment and other equipment for BWASI (the “Master Equipment Lease Agreement”). Pursuant to the Master Equipment Lease Agreement, BWASI granted to CIT Equipment Financing, 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, chooses 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.

As a condition of the Master Equipment Lease Agreement, BWASI entered into various security documents in favor of CIT Equipment Financing, including (i) an Intellectual Property Security Agreement securing the Obligations (as defined in the Master Equipment Lease Agreement); (ii) certain mortgages and assignments of leases and rents securing the obligations of BWASI; 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).

As a further condition of the Master Equipment Lease Agreement, each of the non-operating Debtors entered into guaranteed security agreements in favor of CIT Equipment Financing, 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).

On July 9, 2007, Blue Water borrowed \$5.0 million from KPS Special Situations Fund II L.P. and KPS Special Situations Fund II(a) L.P. (collectively, the “Term Loan Lenders”), pursuant to a secured term loan (the “KPS Term Loan”). Blue Water used the proceeds of this loan to fund working capital needs and restructuring expenses. The principal balance of the KPS Term Loan, including principal and interest, as of the Petition Date was \$5,199,720.00. The Debtors did not make contractual payments of interest due in September 2007 and December 2007 and have deferred such payments pursuant to an agreement with KPS.

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).

In connection with the Term Loan, the Agent, the Lenders, CIT Equipment Financing and CIT Capital USA (collectively, 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.

III.

EVENTS LEADING TO THE CHAPTER 11 CASES

A. DETERIORATING CONDITIONS IN AUTOMOTIVE SECTOR

The Debtors are in a troubled industry and face many risks because the automotive market relies on consumer spending and thus is highly cyclical. The North American OEM market share and their overall production levels for both cars and light trucks have declined significantly in recent years. The Detroit Three’s significant losses of market share and decreased sales volumes have significantly harmed the automotive supply chain. As a result, the Detroit Three have concomitantly decreased their volume of orders from their Tier I suppliers while simultaneously continuing to pursue aggressive price-down strategies. Finally, each of the Detroit Three has announced their intentions to reduce the number of suppliers with whom they do business. All of these factors have caused revenues and profit margins of many automotive suppliers to shrink significantly.

B. THE DEBTORS' DETERIORATING FINANCIAL CONDITION

At the same time as volumes were declining from many of their primary customers, the Debtors faced pressure from their suppliers, particularly in the form of higher prices of polypropylene and other petroleum based materials, the main commodities used in the production of the Debtors' products. Price increases for these commodities were particularly steep in November and December 2007. These increases cannot generally be passed on to the Debtors' customers due to supply contracts for fixed prices that do not permit such pass through. At the same time, in early 2008 the Company was faced with the challenge of launching three major programs for Ford. The launches of these programs required significant capital expenditures, increased working capital and other product launch costs. All of these events had a severe impact on the Debtors' liquidity, which in turn resulted in increased pressure from the Debtors' trade suppliers including limits on or reductions in trade credit, an increase in "hostage" payments and ultimately the refusal by certain vendors to ship goods or provide services.

To address its liquidity needs created by the significant tooling costs associated with the launches for Ford, in December, 2007, BWASI requested that Ford accelerate its payment terms for tooling payments due under BWASI's contracts with Ford. Ford agreed to accelerate such payments, which would have positively impacted the Debtors' liquidity. However, simultaneously, the Prepetition Agent imposed a reserve on the Debtors' borrowing which counteracted the improvement in liquidity sought to be obtained by the accelerated tooling payment. Contemporaneously, (a) Ford setoff against a receivable of BWASI, in an amount in excess of \$7 million, and (b) the Prepetition Agent imposed various further restrictions on borrowings under the Revolver Loan Agreement. Negotiations with the Prepetition Lenders to lend beyond those constraints, and with the Debtors' customers to provide certain financial accommodations, were unsuccessful. All of these developments led to the filing of the Chapter 11 Cases by the Debtors.

C. SUMMARY OF INDEBTEDNESS

Below is a summary of the Debtors' significant debt obligations as of the Petition Date.

Creditors Holding Secured Claims (Secured Creditors)	Amount of Claim Without Deducting Value of Collateral
CIT Capital USA, Inc.	\$14,981,372.16
CIT Group/Business Credit	\$17,560,463.83* *Paid off in connection with the Final DIP Order
CIT Group/Equipment Financing Inc.	\$14,460,230.00
KPS Special Situations Fund II L.P.	\$5,000,000.00
KPS Special Situations Fund II(a) L.P.	

Microsoft Financing	\$216,048.89
Total	\$52,218,114.88
Creditors Holding Specific Equipment Secured Claims (Lease Payments)	Amount of Claims Without Deducting Value of Collateral \$452,757.26
Creditors Holding Unsecured Priority Claims	Total Amount of Claims \$770,441.06* *Amount includes some filed claims that are expected to be reclassified as non-priority claims.
Creditors Holding Non-Priority Unsecured Claims (Trade Claims)	Total Amount of Claims \$33,572,242.36* *Amount may be increased by certain filed claims, including claimants who have filed proofs of claim asserting priority treatment. (The Debtors expect that certain of these filed claims will be reclassified as unsecured non-priority claims.)

The Debtors estimate that as of the Effective Date, the following Administrative Expense Claims will be outstanding:

\$3,053,674 in 503(b)(9) Claims

\$1,137,900 in Accrued Professional Compensation

\$1,600,000 in other Administrative Expense Claims

The estimates set forth herein are approximate and based upon numerous assumptions. There is no guarantee that the ultimate amount of Claims will conform to these estimates. Numerous Claims have been asserted in unliquidated amounts. Further, clarity on amounts owed will be obtained through the Claims objection, reconciliation and resolution process that may materially affect the foregoing estimates. The Debtors reserve the right to modify the claim descriptions and estimates set forth herein.

IV.

THE CHAPTER 11 CASES

A. ADMINISTRATION OF THE CHAPTER 11 CASES

On the Petition Date or shortly thereafter, the Debtors sought and obtained certain relief from the Bankruptcy Court to ensure that their operations continued with the least possible disruption, including but not limited to, the relief set forth below.

1. “First Day” and Other Similar Orders

As in many large chapter 11 cases, the Debtors filed a variety of customary motions on the Petition Date which were designed to facilitate their smooth transition into bankruptcy. The Debtors also filed certain other critical stabilizing motions in the weeks after the Petition Date, because the timing of the bankruptcy filing was unanticipated due to unanticipated constraints placed on the Debtors’ borrowings under the Revolving Loan Agreement.

- *The Joint Administration Order*

On February 13, 2008, the Bankruptcy Court entered an order directing the joint administration of these Chapter 11 Cases solely for procedural purposes to reduce the financial and other resources spent on administering the Chapter 11 Cases.

- *The Employee Wages Order*

On February 13, 2008, the Bankruptcy Court entered an order granting the Debtors authority to pay wages, compensation and employee benefits, continue employee benefit programs and for financial institutions to honor and process checks and transfers related thereto.

- *The Cash Management Order*

On February 13, 2008, the Bankruptcy Court entered an order authorizing the Debtors to continue using their established cash management system, bank accounts, investment practices and intercompany transactions in the ordinary course of business, in lieu of closing existing accounts and establishing an entirely new postpetition cash management system, to avoid disruption.

- *The Schedules and Statement of Financial Affairs Extension Order*

On February 26, 2008, the Bankruptcy Court entered an order granting the Debtors an extension of time to file their schedules and statements of financial affairs. The Debtors filed their schedules and statements of financial affairs on the extended due date, March 20, 2008, in accordance with the foregoing order.

- *The Utilities Order*

On February 26, 2008, the Bankruptcy Court entered an order prohibiting utilities from altering, refusing or discontinuing service to the Debtors and establishing procedures to determine utilities' requests for adequate assurance of payment.

- *The Case Management Order*

On March 4, 2008, the Bankruptcy Court entered an order establishing certain notice, case management and administrative procedures in these cases.

- *The Ordinary Course Professionals Order*

On April 28, 2008, the Bankruptcy Court entered an order authorizing the Debtors to retain and compensate professionals in the ordinary course of business (the "Ordinary Course Professionals Order").

2. Obtaining Postpetition Financing

On February 13, 19 and 25, 2008, the Bankruptcy Court entered the Cash Collateral Orders. Pursuant to the February 19 and 25, 2008 Cash Collateral Orders, the Participating Customers made advances to BWASI in the aggregate amount of \$3,884,981 (Ford advanced \$2,165,981, GM advanced \$1,011,000, and Chrysler advanced \$708,000). These advances are deemed to constitute secured advances (the "Cash Collateral Lien"). Ford also paid on an accelerated basis \$2,889,288 of engineering, design and testing payments in connection with the Cash Collateral Orders.

On March 3, 2008, the Bankruptcy Court entered the Interim DIP Order authorizing BWASI to borrow up to \$27,500,000 from Citizens Bank (the "DIP Lender") on an interim basis in accordance with the terms of the Interim DIP Order, including certain advances supported by a collateral borrowing base (the "In-Formula Advances") and certain advances (not to exceed \$24 million in the aggregate) supported by a guaranty of the Ford Motor Company (the "Overformula Advances"). With advances provided under the Interim DIP Order, the Debtors repaid all amounts outstanding under the Revolving Loan Agreement, paid \$2,500,000 into the CIT Cross-Lien Escrow and transferred all of the liens of the CIT Group Lenders (other than CIT Capital USA) in the Revolving Loan First Lien Collateral to such escrowed funds. Additionally, under the Interim DIP Order the Debtors and certain of the Prepetition Lenders granted limited releases to each other, which releases were approved by the Bankruptcy Court in such Order.

On April 1, 2008, the Bankruptcy Court entered the Final DIP Order authorizing BWASI to continue borrowing from the DIP Lender, in the form of Postpetition Loans including In-Formula Advances and Overformula Advances, in an aggregate amount of \$35 million. As part of such facility, BWASI was authorized to make intercompany loans to each of the other Debtors from the proceeds of the Postpetition Loans, in an aggregate amount not to exceed \$3,000,000. The Postpetition Loans are secured on a superpriority basis by a first lien on substantially all of the Debtors' postpetition assets, excluding tooling, Avoidance Actions and the Debtors' claim against Sarna Automotive (the "Excluded Collateral"), and by a second lien on substantially all

of the Debtors' prepetition assets, except for the Excluded Collateral. In connection with the Final DIP Order, BWASI also finalized certain accommodation agreements with Ford, General Motors and Chrysler (the "Participating Customers"), as more fully described in the Final DIP Order. The Postpetition Loans also are supported by certain credit enhancements agreements by the Participating Customers in favor of the DIP Lender, as more fully described in the Final DIP Order.

Pursuant to the Final DIP Order, the Credit Enhancement Agreement, and/or the Accommodation Agreements with each of the Participating Customers (and, in the case of Ford, the Intercreditor and Subordination Agreement), executed in connection with the Final DIP Order, the Participating Customers subordinated their interest in the Cash Collateral Lien. Ford has subordinated its interest to both of the In-formula Loans and Over-Formula Loans made by Citizens Bank under the Final DIP Order. GM and Chrysler subordinated their interests in the Cash Collateral Lien to only the In-Formula Loans. The Final DIP Order requires that, after payment of the In-Formula Loans, the next \$1.72M of proceeds of collateral will be escrowed for repayment of GM's and Chrysler's Cash Collateral Liens.

3. Employment and Compensation of Professionals

The Debtors filed retention applications for certain professionals to represent and assist them in the administration of these Chapter 11 Cases. Many of these professionals have been involved in negotiating and preparing the terms of the Plan, and all of these professionals will continue to provide vital services throughout the duration of the Chapter 11 Cases. The Bankruptcy Court has approved the Debtors' retention of the following professionals: (a) Foley & Lardner LLP, as counsel for the Debtors; (b) Lambert, Lesser, Isackson, Cook & Giunta, P.C., as conflicts counsel for the Debtors; (c) Huron Consulting Group, as financial advisors to the Debtors; and (d) Miller Buckfire & Co., LLC ("Miller Buckfire"), as investment bankers to the Debtors. The Bankruptcy Court has entered orders authorizing the retention of each of these professionals. Various other ordinary course professionals have been retained pursuant to the Ordinary Course Professionals Order. On May 8, 2008, the Debtors filed an application to retain Binswanger of Pennsylvania, Inc. and Binswanger of Michigan, Inc. as commercial real estate brokers to sell certain vacant real estate of the Debtors.

4. Other Significant Motions and Orders

The Debtors and certain other parties also filed other important motions in the initial weeks of these cases, as described below.

- *The CIT Lift Stay Motions*

On February 29, 2008, CIT Equipment Financing and CIT Capital USA each filed a motion for relief from the automatic stay under section 362 of the Bankruptcy Code, or in the alternative, for adequate protection (the "CIT Lift Stay Motions"). In the CIT Lift Stay Motion, CIT requested that the Debtors make the payment required by the CIT Capital USA Mortgage Loan and the Master Equipment Lease Agreement as adequate protection payments. On March 24, 2008, the Debtors filed objections to the CIT Lift Stay Motions, arguing, among other things, that CIT Equipment Financing and CIT Capital USA had not established a decrease in the value

of their collateral or a lack of adequate protection. The hearing on the CIT Lift Stay Motions has been adjourned from time to time pursuant to the agreement of the Debtors, CIT Equipment Financing and CIT Capital USA. The Debtors believe that evidence in connection with the Sale and confirmation of the Plan will likely have an impact on the arguments made by the parties in connection with the CIT Lift Stay Motions.

- *The Order Authorizing the Assumption of Certain Executory Molding Contracts*

On March 3, 2008, the Debtors filed their Emergency Motion to Assume Certain Executory Molding Contracts (the “Mold Contract Assumption Motion”), seeking the Bankruptcy Court’s approval of a discretionary process for the assumption of certain molding and mold service contracts. On March 11, 2008, the Bankruptcy Court entered an order granting the Molding Contract Assumption Motion (the “Mold Contract Assumption Order”). The Mold Contract Assumption Order generally permitted the Debtors to assume certain molding and mold services contracts, with the cure amounts being paid by the Debtors’ ultimate customers with respect to the good or service provided under each such contract.

- *The Reclamation and 503(b)(9) Claim Procedures Order*

On March 24, 2008, the Debtors filed their Motion for an Order Establishing Procedures With Respect to Reclamation Claims and Administrative Expense Claims Brought Pursuant to 11 U.S.C. § 503(b)(9) (the “Reclamation and 503(b)(9) Claim Procedures Motion”), seeking the Bankruptcy Court’s approval of a process for the Debtors to reconcile amounts, determine common legal issues and resolve disputes as to reclamation and 503(b)(9) Claims. On April 7, 2008, the Bankruptcy Court entered an order granting the Reclamation and 503(b)(9) Claim Procedures Motion (the “Reclamation and 503(b)(9) Claim Procedures Order”). The Debtors continue to reconcile and resolve disputes with respect to reclamation and 503(b)(9) Claims under the Reclamation and 503(b)(9) Claim Procedures Order.

- *The Creditors’ Committee’s Motion to Convert*

On March 27, 2008, the Creditors’ Committee filed its Motion to Convert Cases to Chapter 7 and Appoint an Operating Chapter 7 Trustee (the “Conversion Motion”). The Debtors strenuously assert that the Conversion Motion is without merit. The Debtors and the Creditors’ Committee have agreed to adjourn the objection deadline and hearing with respect to the Conversion Motion indefinitely, subject to the terms of a stipulation.

5. Preference Analysis and Other Potential Avoidance Actions

The Creditors’ Trustee shall be charged with investigating prepetition transfers that may be avoided under chapter 5 of the Bankruptcy Code as preferential, fraudulent or otherwise under sections 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, 552 and 553 of the Bankruptcy Code or relevant and applicable state law, such as the Uniform Fraudulent Transfer Act. All such causes of action are preserved under the Plan. Because the Creditors Trustee will pursue such actions, the Debtors have not conducted a detailed analysis of such actions. Certain facts

underlying potential Avoidance Actions are encompassed in the Debtors' statements of financial affairs.

B. THE CREDITORS' COMMITTEE

On February 15, 2008 the U.S. Trustee appointed the Creditors' Committee pursuant to section 1102 of the Bankruptcy Code. The members of the Creditors' Committee are: (1) Poly One Distribution; (2) Rhotech, Inc.; (3) Ineos USA, LLC; (4) Sentech On-Site Services; (5) DTE Energy; (6) Sundance Products Group, LLC; and (7) Plastomer Corporation. The Creditors' Committee retained Schafer and Weiner, PLLC as its legal advisors. The Creditors' Committee retained Stout Risius Ross, Inc. as its financial advisors. The Bankruptcy Court has authorized the retention of each of the Creditors' Committee's professionals.

C. CLAIMS BAR DATE

By order of the Bankruptcy Court, June 23, 2008 is the general bar date for filing proofs of claim for all prepetition claims (the "General Bar Date") and August 11, 2008 is the bar date for governmental units. Notice of the General Bar Date was provided by mail.

The Plan establishes the date which is 60 days after the date of entry of the Confirmation Order as the bar date for filing Administrative Claims.

D. EXCLUSIVITY

Under the Bankruptcy Code, the Debtors have the exclusive right to file and solicit acceptance of a plan or plans of liquidation until June 11, 2008. Because the Debtors filed the Plan within this exclusive period, the Debtors have until August 10, 2008 to solicit acceptances to the Plan. During these exclusive periods, no other party in interest may file or solicit acceptance of a competing chapter 11 plan.

V.

SUMMARY OF THE JOINT PLAN OF LIQUIDATION

A. THE PURPOSE OF THE PLAN—DISTRIBUTIONS TO CREDITORS FOLLOWING SALE OF THE DEBTORS' ASSETS

The Debtors compared their prospects as an ongoing business enterprise with the estimated recoveries to creditors in a liquidation scenario and concluded that the recovery for holders of Allowed Claims would be maximized in a sale and liquidation. To avoid the dissipation of value that would come through the threatened resourcing of product by some of the Participating Customers, the Debtors negotiated non-resourcing agreements in the Accommodation Agreements with the Participating Customers. A condition of the Participating Customers' agreement not to re-source is that the Debtors meet the following milestones in pursuit of a Sale of substantially all their assets to a "Qualified Buyer":

April 15, 2008 - Debtors must obtain a letter of intent for a Sale

May 28, 2008		Debtors must obtain a definitive APA and file motion to approve Sale
June 20, 2008	-	Debtors must obtain an order approving the Sale
June 30, 2008	-	Sale closing

If the Participating Customers re-source their production, the Estates will suffer a substantial decrease in value, because the value of such production contracts will not be captured in the Sale.

Accordingly, the Plan contemplates the Sale, to close on or before June 30, 2008, of substantially all of the assets and/or equity interests of the Debtors pursuant to the APA, the proceeds of which Sale shall be distributed to the DIP Lender, holders of Secured Claims with liens in the assets sold, holders of Allowed Priority Claims and holders of Allowed Claims in order of priority.

To assist the Debtors in connection with their Sale process, BWASI engaged Miller Buckfire pursuant to an engagement letter dated March 14, 2008 as updated on April 11, 2008 and approved by the Bankruptcy Court on April 15, 2008. Miller Buckfire has assisted the Debtors in preparing a Confidential Information Memorandum dated March 2008, in identifying potential bidders and soliciting bids and managing the bidders' due diligence process and with related matters. It is anticipated that Miller Buckfire will assist the Debtors in negotiating and finalizing the terms of an APA. The final APA will be filed and served for approval of the Bankruptcy Court if and when consummated. Numerous expressions of interest/preliminary letters of intent were received and reviewed by the Debtors, and a number of parties are in the process of conducting due diligence towards a potential purchase. The Debtors intend to work toward execution of an APA with at least one of such interested parties on or about May 28, 2008.

On or prior to the Effective Date, the Debtors shall consummate, pursuant to Bankruptcy Code section 1123(a)(5)(D), the Sale of their assets.

B. ADMINISTRATIVE AND PRIORITY CLAIMS

1. Administrative Claims

Subject to the provisions of sections 328, 330(a) and 331 of the Bankruptcy Code, each holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Allowed Administrative Claim in Cash: (a) on the Effective Date or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due or as soon as practicable thereafter); (b) if such Claim is Allowed after the Effective Date, on the date such Claim is Allowed or as soon as practicable thereafter (or, if not then due, when such Allowed Administrative Claim is due); (c) at such time and upon such terms as may be agreed upon by such holder and the Debtors or the Purchaser, as the case may be; or (d) at such time and upon such terms as set forth in an order of the Bankruptcy Court; *provided, however*, that Allowed Administrative Claims comprising obligations incurred in the ordinary course of business and assigned to the Purchaser will be paid when due in accordance with the terms and conditions of

the particular agreements governing any such obligations. Notwithstanding anything in the Plan to the contrary, no Administrative Claim will be an allowed Administrative Claim if filed after the Administrative Claim Bar Date.

2. DIP Facility Claims and Cash Collateral Lien Claims

Notwithstanding anything to the contrary in the Plan, on or prior to the Effective Date the DIP Facility will be paid in full in Cash in accordance with the terms of the DIP Facility, in full and final satisfaction of the Allowed DIP Facility Claim from the Proceeds, to the extent of value of the DIP Facility Collateral and otherwise under the Ford Guaranty.

3. Cash Collateral Lien

To the extent of Collateral Value from the Proceeds in excess of the In-Formula DIP Facility Claims, such Proceeds shall be used to fund the escrow required by the Final DIP Order for the Cash Collateral Lien Claims. The Cash Collateral Lien Claims shall be paid in cash, in full and final satisfaction of such claims, from such escrow in accordance with the Final DIP Order.

4. Priority Tax Claims

- Satisfaction of Priority Tax Claims On the later of the Effective Date or the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, or, in each such case, as soon as practicable thereafter, each holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date will receive on account of such Claim, in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, either (a) installment payments in Cash of a total value, as of the Effective Date, equal to the Allowed amount of such Claim, plus interest, commencing on the Effective Date, if such obligation is assumed by the Purchaser in the APA; or (b) Cash on the Effective Date of a total value equal to the Allowed Amount of such claim.
- Installment Payments: Any installment payments made pursuant to section 1129(a)(9)(C) of the Bankruptcy Code shall be in equal quarterly Cash payments beginning on the first day of the calendar month following the Effective Date, and subsequently on the first day of each third calendar month thereafter, for a period ending five (5) years after the Effective Date. Interest shall accrue, and be payable quarterly, at the annual rate determined under applicable bankruptcy law pursuant to section 511 of the Bankruptcy Code.

5. Other Priority Claims

- (a) Satisfaction of Other Priority Claims: On or as soon as practicable after the Effective Date, each holder of an Allowed Other Priority Claim shall receive, in full and final satisfaction of such Claim, one of the following treatments: (a) full payment in Cash of its Allowed Other Priority Claim;

or (b) installment payments as set forth below, to the extent deferred cash payments are permitted pursuant to section 1129(a)(9)(B), if such obligation is assumed by the Purchaser in the APA.

- (b) Installment Payments: Any installment payments made pursuant to section 1129(a)(9)(B) of the Bankruptcy Code shall be in equal quarterly Cash payments beginning on the first day of the calendar month following the Effective Date, and subsequently on the first day of each third calendar month thereafter, for a period ending five (5) years after the Effective Date. Interest shall accrue, and be payable quarterly, at the annual rate determined under applicable law.

C. SUMMARY OF CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

D. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

1. Class 1—Secured Claims of CIT Capital Against Properties

- (a) *Classification*: Class 1 consists of the Allowed Secured Claim of CIT Capital against Properties.
- (b) *Treatment*: As of the Effective Date, the holder of the Allowed Secured Claim of CIT Capital in Class 1 shall receive, in full and final satisfaction of such Claim, except to the extent the holder of the Allowed Secured Claim in Class 1 agrees to a different treatment, at the election of Properties (after consulting with the Purchaser), either:
 - (i) Provided that CIT Capital does not credit bid at the Sale, Cash in an amount equal to the Collateral Value;
 - (ii) the retention of such holder's lien on its collateral and deferred equal monthly payments, the present value of which monthly payments shall equal the Collateral Value, commencing on the first Business Day of the month following the Effective Date and continuing for 10 years from the Effective Date, based on a 20-year amortization of the Allowed Amount, with such deferred payments calculated at the lowest market rate of interest, and further provided that the unpaid Allowed Amount of the Allowed Secured Claim may be prepaid at any time without penalty, or

- (iii) transfer of title to all or a portion of the collateral securing such Allowed Claim to the holder thereof, subject to any preexisting leasehold rights as may be readjusted to account for any property (a) sold by Properties and for which the liens of CIT Capital were transferred to the proceeds of such sale or (b) not utilized by the Debtors or Purchaser after such transfer of such property back to the holder of such Allowed Claim.

At the Debtors' election, the Debtors may combine subsections (i), (ii) and (iii), above. For example, Properties may transfer title to a portion of the collateral to such holder pursuant to paragraph (iii) above and also provide for the payments in paragraph (ii) above as to the remaining Collateral Value.

- *Voting:* Allowed Secured Claims in Class 1 may be Impaired and thus the holder of such an Allowed Secured Claim in Class 1 may be entitled to vote to accept or reject the Plan.

2. Class 2—Real Estate Tax Claims Against Properties

- (a) *Classification:* Class 2 consists of all Allowed Real Estate Tax Claims against Properties.
- (b) *Treatment:* On or as soon as practicable after the Effective Date, each holder of an Allowed Real Estate Tax Claim in Class 2 shall be paid, in full satisfaction of such claim, the full Allowed Amount of such claim, without interest.
- (c) *Voting:* The Allowed Real Estate Tax Claims in Class 2 are Impaired and entitled to vote.

3. Class 3—Specific Equipment Secured Claims

- (a) *Classification:* Class 3 consists of all Allowed Secured Claims that are secured by first priority liens that originally were created in connection with and limited to the purchase, financing or refinancing of equipment or parts thereof, other than General Equipment Secured Claims. Each holder of an Allowed Claim in Class 3 is deemed to be in a separate subclass of Class 3 and each subclass is treated as a separate class for all purposes in the Plan. The subclasses are identified in Exhibit A of the Plan.
- (b) *Treatment:* On or as soon as practicable after the Effective Date, each holder of an Allowed Claim in Class 3 shall receive, in full and final satisfaction of such claim, except to the extent such holder agrees to a different treatment of such claim, at the election of the Debtors (after consultation with the Purchaser), either:
 - (i) upon the sale of the collateral securing such Allowed Secured Claim, Cash in an amount equal to the Collateral Value; or

- (ii) the transfer of title to the collateral securing such Allowed Claim to the holder thereof.

As to any particular subclass, treatment of the Allowed Secured Claim in such subclass may, at the Debtors' election, combine subsections (i) and (ii).

- *Voting:* Allowed Claims in Class 3 may be impaired and, if so, the holders of such Claims are entitled to vote to accept or reject the Plan.

4. Class 4—All Other Secured Claims

- (a) *Classification:* Class 4 consists of all Allowed Secured Claims other than the Secured Claims in Classes 1 and 2 and Specific Equipment Secured Claims, including without limitation General Equipment Secured Claims and Setoff and Recoupment Claims. Each holder of an Allowed Secured Claim in Class 4 is deemed to be placed in a separate subclass of Class 4 and each subclass is treated as a separate class for all purposes. The subclasses are identified in Exhibit B of the Plan.
- (b) *Treatment:* On or as soon as practicable after the Effective Date, each holder of an Allowed Secured Claim in Class 4 shall receive, in full and final satisfaction of such Claim, in the sole discretion of the Debtors, and except to the extent a holder of an Allowed Secured Claim in Class 4 agrees to a different treatment, at the election of the Debtors (after consultation with the Purchaser), either:
 - (i) upon the sale of the collateral securing such Allowed Secured Claim, Cash in an amount equal to the Collateral Value; or
 - (ii) the retention of such holder's lien on its collateral and deferred monthly payments, the present value of which monthly payments shall equal the Collateral Value commencing on the first Business Day of the month following the Effective Date and continuing for 5 years from the Effective Date, with such deferred payments calculated at the lowest market rate of interest, and further provided that the unpaid Allowed Amount of the Allowed Secured Claim may be prepaid at any time without penalty, or or, to the extent the collateral is real property, the retention of such holder's lien on its collateral and deferred equal monthly payments, the present value of which monthly payments shall equal the Collateral Value, commencing on the first Business Day of the month following the Effective Date and continuing for 10 years from the Effective Date, based on a 20-year amortization of the Allowed Amount, with such deferred payments calculated at the lowest market rate of interest, and further provided that the unpaid Allowed Amount of the Allowed Secured Claim may be prepaid at any time without penalty; or

- (iii) transfer of the title to the collateral securing such Allowed Secured Claim to the holder thereof; or
- (iv) such other treatment as shall provide the holder with the indubitable equivalent of the holder's Allowed Secured Claim.

As to any particular subclass, treatment of the Allowed Secured Claim in such subclass may, at the Debtors' election, combine subsections (i), (ii),(iii) and (iv).

- (c) *Voting:* Allowed Claims in Class 4 may be impaired and thus holders of such Claims may be entitled to vote to accept or reject the Plan.

5. Class 5—General Unsecured Claims

- (a) *Classification:* Class 5 consists of General Unsecured Claims.
 - (b) *Treatment:* Each holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction of such Claim, its Pro Rata Share of the subtrust under the Creditors' Trust established for Allowed Claims against the Estate of the Debtor against which such holder has an Allowed General Unsecured Claim. Payments from the Creditors' Trust shall be made by the Creditors' Trustee as soon as practicable after the Effective Date as cash becomes available for substantial distributions, in accordance with the Creditors' Trust.
 - (i) If an Allowed General Unsecured Claim is against the Estate of more than one Debtor the holder of such Allowed Claim shall be entitled to its Pro Rata Share of each of the subtrusts established for Allowed Claims against the Estates of the Debtors against which such holder has an Allowed General Unsecured Claim.
- *Voting:* Allowed Claims in Class 5 are Impaired and thus holders of such claims are entitled to vote to accept or reject the Plan.

6. Class 6—Unsecured Deficiency Claims

- (a) *Classification:* Class 6 consists of all Allowed Claims that prior to the Petition Date were secured by liens on property of a Debtor but which are no longer secured, whether in whole or in part, because the Collateral Value is less than the total amount of the Allowed Claim. Such Claims are Claims in Class 6 to the extent of the difference between (A) the total Allowed Amount of such Claim and (B) the Collateral Value.
- (b) *Treatment:* Each holder of an Allowed Claim in Class 6 shall receive, in full and final satisfaction of such Claim, its Pro Rata Share of the subtrust under the Creditors' Trust established for Allowed Claims against the Estate of the Debtor against which such holder has an Allowed Claim. Payments from the Creditors' Trust shall be made by the Creditors'

Trustee as soon as practicable after the Effective Date as cash becomes available for substantial distributions.

(i) If an Allowed Claim in Class 6 is against the Estate of more than one Debtor the holder of such Allowed Claim shall be entitled to its Pro Rata Share of each of the subtrusts established for Allowed Claims against the Estates of the Debtors against which the holder has an Allowed Claim in Class 6.

(c) *Voting:* Allowed Claims in Class 6 are Impaired and thus holders of Allowed Claims in Class 6 are entitled to vote to accept or reject the Plan.

7. Class 7—Unsecured Construction Claims Against Properties

(a) *Classification:* Class 7 consists of all Allowed Claims against Properties arising from the provision of services and/or materials to Properties prior to the petition date in relation to the real property of Properties that are not secured by senior liens on such real property.

(b) *Treatment:* Each holder of an Allowed Claim in Class 7 shall receive on or about the Effective Date, in full and final satisfaction of such Claim, ten percent (10%) of the Allowed Amount of such Claim, provided, however, that in no event shall the total amount payable to the holders of Allowed Claims in Class 7 exceed \$100,000 and if payment of ten percent (10%) to such holders would result in an aggregate total of payments in excess of \$100,000, then each holder of an Allowed Claim in Class 7 shall receive its Pro Rata Share of \$100,000.

(c) *Voting:* Allowed Claims in Class 7 are Impaired and thus, holders of such Claims are entitled to vote to accept or reject the Plan.

8. Class 8—Convenience Claims

(a) *Classification:* Class 8 consists of all Allowed Unsecured Claims of (a) an Allowed Amount of \$2,000 or less, or (b) an amount greater than \$2,000, provided that a holder of an Unsecured Claim in an amount greater than \$2,000 may elect to reduce the Allowed Amount of such claim to \$2,000 by election on its ballot and thereby elect treatment as an Allowed Claim in Class 8.

(b) *Treatment:* Each holder of an Allowed Claim in Class 8 shall receive on or about the Effective Date, fifty percent (50%) of the Allowed Amount of such Claim, provided, however, that in no event shall the total amount payable to the holders of Allowed Claims in Class 8 exceed \$400,000 and if payment of fifty percent (50%) to such holders would result in an aggregate of payments in excess of \$400,000, then each holder of an Allowed Claim in Class 8 shall receive its Pro Rata Share of \$400,000.

(c) *Voting:* Allowed Claims in Class 8 are Impaired and thus the holders of such Claims are entitled to vote to accept or reject the Plan.

9. Class 9—Equity Interests (Other than the Mexico Equity Interests)

- (a) *Classification:* Class 9 consists of the Equity Interests, which does not include the Mexico Equity Interests.
- (b) *Treatment:* Holders of Equity Interests shall neither receive nor retain any property under the Plan.
- (c) *Voting:* Holders of Equity Interests in Class 9 are conclusively deemed to reject the Plan..

10. Class 10—Mexico Equity Interests

- (a) *Classification:* Class 10 consists of the Mexico Equity Interests.
- (b) *Treatment:* In the event that the Mexico Equity Interests are sold in the Sale, the Holders of Mexico Equity Interests shall receive the proceeds of the Mexico Equity Interests to the extent they exceed the Collateral Value. In the event the Mexico Equity Interests are not sold in the Sale, the Holders of Mexico Equity Interests shall not receive anything on account of such interests.
- (c) *Voting:* Holders of Mexico Equity Interests shall, depending upon the election by the Purchaser under subsection (b) above either be conclusively deemed to reject the Plan or are unimpaired in the event the Mexico Equity Interests are sold in the Sale.

11. Subordination

The treatment of Claims and Equity Interests shall conform to contractual, legal and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise.

12. Non-Consensual Confirmation

The Debtors reserve the right to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code. To the extent that any Class votes to reject the Plan, the Debtors further reserve the right to modify the Plan.

13. Interest, Penalties and Surcharges

Except as otherwise expressly provided in the Plan, the treatment under the Plan of all Allowed Claims shall not include interest, any form of penalties or any form of prepayment fees or charges. Nor, except as otherwise expressly provided in the Plan, shall anything in this Plan be deemed to waive or modify the rights of the Debtors and the Creditors' Trustee to seek to surcharge the collateral of one or more of the Secured Lenders.

14. Disallowance of Setoff and Recoupment Claims

Setoff and Recoupment Claims which are not allowed by order of the Bankruptcy Court prior to the date of the Confirmation Order shall be deemed disallowed.

E. MEANS FOR IMPLEMENTATION OF THE PLAN

1. Implementation on the Effective Date

The Plan shall become effective on the Effective Date.

2. Means of Implementing the Plan

- (a) Sale of Assets. Substantially all of the assets of the Debtors shall be sold on or before the Effective Date, free and clear of all liens, claims, encumbrances and interests whatsoever, whether known or unknown except as agreed to by the Purchaser and except that the Secured Claim of CIT Capital in Class 1 and certain Secured Claims secured by liens on equipment or real estate may be retained and assumed by the Purchaser in accordance with the provisions of Article III of the Plan and the APA. Subject to the terms of the Plan, any and all liens, Claims and encumbrances are deemed to attach to the proceeds of the sale of the purchased assets with the same validity, priority, force and effect as such liens, Claims and encumbrances had on the purchased assets prior to the Petition Date. The Debtors anticipate filing a motion to prohibit any credit bidding by CIT Equipment Financing and CIT Capital USA. Because CIT Equipment Financing and CIT Capital USA have liens on only the Debtors' fixed assets, permitting CIT Equipment Financing and CIT Capital USA to credit bid could reduce the value of the Sale by chilling bidding among parties interested in purchasing all of the Debtors' assets.
- (b) Transfer of Proceeds. On Effective Date, any proceeds generated by the sale of the purchased assets, after satisfaction of all Allowed Secured Claims (and after payment of all Administrative Claims other than amounts required under the Plan to be paid on the Effective Date) shall be transferred to the Creditors' Trustee, who shall deposit them into the Creditors' Trust.

3. Preservation of Causes of Action; Settlement of Claims and Releases

- (a) Preservation of Causes of Action. Except as expressly provided in the Plan, and unless expressly waived, relinquished, exculpated, released, compromised or settled in the Plan, the Confirmation Order, any Final Order, or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, the Creditors' Trust will exclusively retain and may enforce, as the representative of the Estates under section 1123(b)(3)(B), and the Debtors expressly reserve and preserve for these purposes, in accordance with sections 1123(a)(5)(B) and 1123(b)(3) of the Bankruptcy Code, any Claims, demands, rights and Causes of Action that the Debtors or the Estates may hold against any person or entity, including Avoidance Actions, which shall vest in the Creditors' Trustee, which Causes of Action will be further identified in the Plan Supplement. Accordingly, no preclusion doctrine, including, without

limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to such Causes of Action by virtue of or in connection with the confirmation, consummation of effectiveness of the Plan. The Creditors' Trustee or his or her respective successors or assigns exclusively may pursue such retained Claims, demands, rights or Causes of Action.

- (b) Execution of the Creditors' Trust Agreement. On or before the Effective Date, the Creditors' Trustee and the Debtors on behalf of themselves and the Estates will execute the Creditors' Trust Agreement.
- (c) Vesting of Assets of Estate. Upon the Effective Date and subject only to the terms of the Plan, all Remaining Assets of the Debtors and the Estates, wherever situated, shall vest in the Creditors' Trust, free and clear of all liens, claims, encumbrances and interests.
- (d) Dissolution of the Debtors and Resignation of Officers and Directors. From and after the Effective Date, the Debtors other than, possibly, Blue Water Plastics Mexico, Ltd. and BWAS Mexico, LLC, shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtors or payments to be made in connection therewith; provided, however, that the Creditors' Trustee on behalf of the Debtors shall file with the appropriate governmental authority or authorities a certificate or statement of dissolution referencing the Plan and any and all required tax returns or other documents required by the Plan or applicable law. Blue Water Plastics Mexico, Ltd. and BWAS Mexico, LLC may need to continue in existence to effect the transfer of that part of the operating business located in Mexico. The final structure of the transfer of the operating business in Mexico will be as determined in the APA. From and after the Effective Date, the Debtors shall not be required to file any document, or take any other action, to withdraw their business operations from any states in which the Debtors were previously conducting business. Upon the Effective Date, all of the Debtors' officers, directors, managing members, general partners or other governing authorities shall be deemed to have resigned without the necessity of any further action or writing, and they shall be released from any responsibilities, duties and obligations that arise after the Effective Date to the Debtors or their creditors or interest holders under the Plan, the Creditors' Trust Agreement, or applicable law. Under no circumstances shall such parties be entitled to any compensation from the Debtors or the Creditors' Trustee for services provided after the Effective Date, unless such individuals are subsequently employed by the Creditors' Trustee to assist him in the consummation of the Plan or in his administration of the Creditors' Trust.
- (e) Appointment of Creditors' Trustee. The Creditors' Trustee, who shall be appointed by the Bankruptcy Court prior to the Effective Date, shall have the powers, duties, and obligations set forth in the Plan and in the

Creditors' Trust Agreement. After the Effective Date, all actions required of the Debtors shall be taken by the Creditors' Trustee, or his or her designee, in the name of and on behalf of the Debtors and the Estates. The Creditors' Trustee shall be authorized to execute documents on behalf of the Debtors and the Estates.

- (f) Duties and Responsibilities of Creditors' Trustee. The Creditors' Trustee shall assume all of the fiduciary responsibilities, duties and obligations previously undertaken by the Debtors' board of directors, managers, general partners and officers that arise after the Effective Date under the Plan, the Creditors' Trust Agreement and applicable law and is empowered and authorized to satisfy such responsibilities, duties and obligations without any further corporate authority (such as approval by any executive committee or members) as may have been required prior to the Effective Date. The Creditors' Trustee shall stand in the same position as the Debtors with respect to any claim the Debtors may have to an attorney-client privilege, the work product doctrine, or any other privilege against production, and the Creditors' Trustee shall succeed to all of the Debtors' rights to preserve, assert or waive any such privilege. These duties, responsibilities and obligations include, but are not limited to, the following:
- (i) preparation and filing of tax returns, on behalf of the Debtors, the Estates, and the Creditors' Trust, including the right to request a determination of tax liability as set forth in section 505 of the Bankruptcy Code;
 - (ii) requesting and receiving of W-9 federal tax forms for any party who is entitled to receive distribution on account of a Claim or Equity Interest;
 - (iii) final administration of employee benefits if any, and effecting the final administration and termination of all Compensation and Benefit Plans;
 - (iv) prosecution and resolution of Causes of Action, if any;
 - (v) payment of post-confirmation fees due to the Office of the United States Trustee;
 - (vi) filing of status reports with the Bankruptcy Court or other parties-in-interest on a quarterly basis including a summary of any disbursements or receipts;
 - (vii) any duty of care, loyalty or other duty imposed or imputed by law;
 - (viii) responding to inquiries of creditors; and
 - (ix) collecting and liquidating Remaining Assets.

- (g) Retention of Professionals. The Creditor's Trustee may retain such attorneys (including special counsel), accountants, advisors, expert witnesses, and other professionals as he shall consider advisable without necessity of approval of the Bankruptcy Court. Persons who served as Professionals to the Creditors' Committee or the Debtors prior to the Effective Date may serve the Creditors' Trustee and professionals retained by him or her shall be paid by him or her in the ordinary course from amounts held in the Creditors' Trust.
- (h) Exculpation and Indemnification: Neither the Creditors' Trustee nor the firms or corporations representing him, or any of his employees, Professionals or agents, shall in any way be liable for any acts of any of his employees, Professionals or agents, except for acts undertaken in bad faith, gross negligence or willful misconduct, in the performance of their respective duties. The Creditors' Trustee, and his employees, Professionals and agents shall be indemnified by the Creditors' Trust from and against any and all liabilities, expenses, claims, damages or losses incurred by them as a direct result of acts or omissions taken by them in good faith under the Plan and/or the Creditors' Trust Agreement, after application to the Bankruptcy Court and notice to the beneficiaries of the Creditors' Trust, in accordance with sections 327 and 330 of the Bankruptcy Code.
- (i) Removal of Creditors' Trustee. Pursuant to the Plan and the Creditors' Trust Agreement, the Creditors' Trustee may be removed for cause upon motion to the Bankruptcy Court by a party-in-interest. If the Creditors' Trustee is removed for cause, such Creditors' Trustee shall not be entitled to any accrued but unpaid fees, reimbursements or other compensation under this Agreement or otherwise. Under the Plan and the Creditors' Trust Agreement, the term "cause" shall mean (a) the Creditors' Trustee's negligence or failure to perform his duties under the Creditors' Trust Agreement or (b) the Creditors' Trustee's misappropriation or embezzlement of any assets belonging to the Creditors' Trust or the proceeds thereof. If a Creditors' Trustee is unwilling or unable to serve by virtue of his inability to perform his duties under the Creditors' Trust Agreement, due to death, illness, or other physical or mental disability, subject to a final accounting, such Creditors' Trustee shall be entitled to all accrued and unpaid fees, reimbursement, and other compensation, to the extent incurred or arising or relating to events occurring before such removal, and to any out-of-pocket expenses reasonably incurred in connection with the transfer of all powers and duties and all rights to any successor Creditors' Trustee.

4. Treatment of Intercompany Claims

On the Effective Date, all Intercompany Claims shall be extinguished.

5. Equity of Debtors

As of the Effective Date, all issued and outstanding stock, options, warrants and any other rights to acquire stock of the Debtors other than, possibly, the Mexico Equity Interests, shall be deemed extinguished and, thus, void.

6. Corporate Action.

- (a) Prior to, on or after the Effective Date, as applicable, all matters provided for under the Plan that would otherwise require approval of the shareholders, members or directors of the Debtors shall be deemed to have been so approved and shall be in effect prior to, on or after the Effective Date, as applicable, pursuant to applicable state law, without any requirement of further action by shareholders, members, directors, managers or partners of the Debtors.
- (b) The Debtors and the Creditors' Trustee are authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan.

F. TREATMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES AND 401(k) PLAN

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

- (a) Any executory contracts and unexpired leases that are listed in the Plan Supplement as executory contracts or unexpired leases to be assumed, or are to be assumed pursuant to the terms of the Plan, shall be deemed assumed by the Debtors as of immediately prior to the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of any such assumptions pursuant to sections 365(a) and 1123 of the Bankruptcy Code.
- (b) Any executory contracts and unexpired leases that have not expired by their own terms on or prior to the Effective Date, which the Debtors have not assumed or rejected during the pendency of the Chapter 11 Cases, which are not listed in the Plan Supplement as executory contracts or unexpired leases to be assumed, which are not to be assumed pursuant to the terms of the Plan, and which are not the subject of a motion pending as of the Effective Date to assume the same, shall be deemed rejected by the Debtors as of the day immediately prior to the Petition Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of any such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

2. Claims Based on Rejection of Executory Contracts or Unexpired Leases

All proofs of claim arising from the rejection of executory contracts or unexpired leases must be filed within thirty (30) days after the earlier of: (1) the date of entry of an order of the Bankruptcy Court approving any such rejection; and (2) the Effective Date. Any Claims arising from the rejection of an executory contract or unexpired lease for which proofs of claim are not timely filed within that time period will be forever barred from assertion against the Debtors, the Estates, their successors and assigns, and their assets and properties, unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims shall, as of the Effective Date, be subject to the discharge and permanent injunction set forth in Article IX of the Plan.

3. Cure of Defaults for Executory Contracts and Unexpired Leases Assumed Pursuant to the Plan

Any monetary amounts by which any executory contract and unexpired lease to be assumed pursuant to the Plan or otherwise is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on or as soon as practicable after the Effective Date or on such other terms as the parties to each such executory contract or unexpired lease may otherwise agree, by the Purchaser. In the event of a dispute regarding the amount of a cure payment, “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code), or any other matter pertaining to assumption: (1) the Debtors or Creditors’ Trustee, as applicable, retain the right to reject the applicable executory contract or unexpired lease at any time prior to the resolution of the dispute; and (2) cure payments shall only be made following the entry of a Final Order resolving the dispute.

4. Indemnification of Directors, Officers and Employees

As of the Effective Date, all indemnification provisions currently in place (whether in the bylaws, certificates of incorporation, articles of limited partnership, operating agreements, board resolutions, contracts or otherwise) for the current and former directors, managers, members, officers, employees, attorneys, financial advisors, other professionals and agents of the Debtors and their respective Affiliates shall be deemed to have been assumed by the Creditors’ Trustee, be payable from the Creditors’ Trust, and shall survive effectiveness of the Plan.

5. Assumption of D&O Insurance Policies

As of the Effective Date, the Creditors’ Trust shall be deemed to have assumed all of the Debtors’ unexpired directors’ and officers’ liability insurance policies pursuant to section 365(a) of the Bankruptcy Code. Entry of the Confirmation Order will constitute the Bankruptcy Court’s approval of the foregoing assumption of each of the unexpired directors’ and officers’ liability insurance policies, which policies shall be listed in the Plan Supplement. Notwithstanding anything to the contrary contained in the Plan, confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the unexpired directors’ and officers’ liability insurance policies, and each such indemnity obligation will be deemed and treated as an executory contract that has been assumed by the Debtors under the Plan as to which no proof of claim need be filed. On or before the Effective

Date, the Debtors shall obtain sufficient tail coverage for a period of six (6) years under a directors' and officers' insurance policy for current and former officers and directors of the Debtors.

6. Compensation and Benefit Programs

- (a) All Compensation and Benefits Programs shall be treated as executory contracts under the Plan and deemed rejected and terminated on the Effective Date pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code, except for:
 - (i) Compensation and Benefits Programs assigned to and assumed by the Purchaser on or before the Effective Date; and
 - (ii) Compensation and Benefits Programs that have previously been rejected.
- (b) Any assumption of Compensation and Benefits Programs shall be deemed effected without regard to the occurrence of the assumption, Effective Date or consummation of any transaction contemplated by the Plan or during the Chapter 11 Cases, without triggering any applicable change of control, immediate vesting, termination, or similar provisions therein.

7. Collective Bargaining Agreements

All unexpired collective bargaining agreements shall be treated as executory contracts under the Plan and, to the extent such agreements are not assigned to and assumed by the Purchaser on or before the Effective Date, the Debtors reserve the right to reject such agreements in connection with confirmation of the Plan.

G. PROVISIONS GOVERNING DISTRIBUTIONS

Except as otherwise provided in the Plan or as may be ordered by the Bankruptcy Court, the Creditors' Trustee shall make distributions as soon as reasonably practicable on account of all Allowed Claims that are entitled to receive distributions under the Plan, and shall make further distributions to holders of Claims that subsequently are determined to be Allowed Claims. Distributions allocated on a Pro Rata Share basis shall be calculated based solely on Allowed Claims. The address of the holder of a Claim shall be, for purposes of distributions made pursuant to the Plan, the address set forth in any proof of Claim filed by such holder, or, in the absence of such a proof of Claim, the address set forth in the Debtors' books and records.

If any distribution to a holder of an Allowed Claim is returned to the Creditors' Trustee as undeliverable, no further distributions shall be made to such holder unless and until the Creditors' Trustee is notified in writing of such holder's then-current address. Undeliverable distributions shall remain in the possession of the Creditors' Trustee until such time as any such distributions become deliverable. Undeliverable cash shall not be entitled to any interest, dividends or other accruals of any kind. As soon as reasonably practicable, the Creditors' Trustee shall make all distributions that become deliverable.

In an effort to ensure that all holders of Allowed Claims receive their allocated distributions, the Creditors' Trustee will file with the Bankruptcy Court sixty (60) days after each distribution a listing of the holders of undeliverable distributions. This list will be maintained for as long as the bankruptcy case stays open. Any holder of an Allowed Claim, irrespective of when a Claim became an Allowed Claim, that does not assert a Claim pursuant hereto for an undeliverable distribution (regardless of when not deliverable) within the later of (i) the time the case is closed, and (ii) thirty (30) days after the filing of such list of undeliverable distributions, shall have its Claim for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim against the Creditors' Trustee or the property of the Creditors' Trust. In such cases any Cash held for distribution on account of such Claims shall be the property of the Creditors' Trust, free of any restrictions thereon. Nothing contained in the Plan shall require the Creditors' Trustee to attempt to locate any holder of an Allowed Claim.

The Creditors' Trustee may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant hereto on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), the equity interests, rights and Causes of Action of any nature that the Estates and the Creditors' Trust may hold against the holder of any such Allowed Claim; provided that neither the failure to effect such a setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors or the Creditors' Trustee of any such equity interests, rights and Causes of Action that the Debtors or the Creditors' Trustee may possess against any such holder, except as specifically provided in the Plan.

H. PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT AND UNLIQUIDATED CLAIMS OR EQUITY INTERESTS

As of the Effective Date, the Creditors' Trustee shall have the exclusive authority to file objections on or before the Claims Objection Bar Date, settle, compromise, withdraw or litigate to judgment, objections to any and all Claims, regardless of whether classified or otherwise, and to seek subordination of any Claim pursuant to section 510 of the Bankruptcy Code or any other authority. From and after the Effective Date, the Creditors' Trustee may settle or compromise any Cause of Action or Claim without any further notice to or approval of the Bankruptcy Court.

The Debtors or and the Creditors' Trustees may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors or the Creditors' Trustee may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. Claims Allowance

No Claim shall be deemed Allowed unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order (including the Confirmation Order) in the Chapter 11 Cases allowing such Claim. All Claims of any Entity subject to section 502(d) of the Bankruptcy Code shall be deemed disallowed as of the

Effective Date unless and until such Entity pays in full the amount that it owes such Debtor or Reorganized Debtor, as the case may be.

Entry of the Confirmation Order shall deem, for all purposes in the Chapter 11 Cases, the DIP Facility Claim to be an Allowed DIP Facility Claim in the then-outstanding amount due and owing under the DIP Facility, including, without limitation, all Obligations as such term is defined in the DIP Facility, which shall include the principal of, interest on, fees and other charges owing in respect of such amounts (including without limitation, all reasonable attorneys', accountants', financial advisors' and other fees and expenses that are chargeable or reimbursable under the DIP Facility) and Obligations in respect of credit or charge cards or letters of credit, if any, pursuant to the Final DIP Order, as of the Effective Date.

I. CONDITIONS PRECEDENT TO EFFECTIVE DATE OF THE PLAN

1. Conditions Precedent to the Effective Date

The following are conditions precedent to the Effective Date that must be satisfied or waived:

- (a) Approval of the Sale by the Bankruptcy Court;
- (b) Entry of the Confirmation Order;
- (c) Closing of the Sale by the Purchaser; and
- (d) Sufficient Proceeds, customer accommodations or surcharge proceeds exist to make the necessary payments of the Debtors under the Plan.

2. Waiver of Conditions

The Debtors may, at any time, with the consent of the Creditors' Committee, which consent shall not be unreasonably withheld, waive any of the conditions to the Effective Date set forth in Article VIII.A of the Plan without notice to or order of the Bankruptcy Court.

3. Non-Occurrence of Conditions

If the Effective Date does not occur on or before the Closing Date, or such other later date as the Debtors, in consultation with the Creditors' Committee may determine upon notice to the Bankruptcy Court, the Plan shall be null and void in all respects, and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Cause of Action or Claim; (2) constitute an admission, acknowledgment, offer or undertaking in any respect by any party, including the Debtors; or (3) otherwise prejudice in any manner the rights of any party, including the Debtors.

J. INJUNCTIVE AND RELATED PROVISIONS

1. Release of Claims and Termination of Equity Interests

Except as otherwise provided in the Plan, the rights afforded in the Plan and the treatment of all Claims and Equity Interests in the Plan shall be in exchange for and in complete

satisfaction, and release of Claims and Equity Interests of any nature whatsoever, including any interest accrued on such Claims from and after the Petition Date, against the Debtors and the Estate, or any of their respective Assets. Except as otherwise provided in the Plan (i) on the Effective Date, all Claims against the Debtors will be deemed satisfied and released in full and (ii) all entities shall be precluded from asserting against the Creditors' Trustee or the Debtors and the Estate, their respective successors or assigns, or the Assets. The Confirmation Order shall be a judicial determination of release of all liabilities of the Debtors, subject to the occurrence of the Effective Date. Except as otherwise provided in the Plan, neither the Plan, nor entry of the Confirmation Order, nor any failure to object to a Claim shall have any res judicata, estoppel, or other preclusive effect as to the Debtors, the Creditors' Trustee, or their successors or assigns, with respect to any Cause of Action against any party; provided, however, that nothing in the Plan shall discharge any liabilities of the Debtors, arising after the entry of the Confirmation Order; provided, that, nothing in the Plan shall discharge any liability to a governmental entity under applicable environmental laws that a Debtor or any other Entity may have as the owner or operator of real property on and after the entry of the Confirmation Order.

2. Injunction

- (a) Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all entities that have held, currently hold or may hold a Claim, Equity Interest, or other debt or liability that would be discharged upon Confirmation but for the provisions of section 1141(d)(3) of the Bankruptcy Code or an Equity Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan will be permanently enjoined from taking any of the following actions on account of any such Claims, debts or liabilities or terminated Equity Interests or rights: (i) commencing or continuing in any manner any action or other proceeding against the Creditors' Trust or the Purchaser other than to enforce any right to a distribution pursuant to the Plan; (ii) enforcing; attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtors, Creditors' Trust or the Purchaser other than as permitted pursuant to clause (i) above; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors, Creditors' Trust, or the Purchaser; (iv) asserting a setoff or right of subrogation of any kind against any debt, liability or obligation due to the Debtors or the Creditors' Trust; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.
- (b) As of the Effective Date, all entities that have held currently hold or may hold any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that are released pursuant to the Plan will be permanently enjoined from taking any of the following actions against the Debtors, Creditors' Trust or the Purchaser on account of such released claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities: (i) commencing or continuing in any manner any action or other proceeding; (ii) enforcing, attaching, collecting

or recovering in any manner any judgment, award, decree or order; (iii) creating, perfecting or enforcing any lien or encumbrance; (iv) asserting a setoff or right of subrogation of any kind against any debt, liability or obligation due to any released entity; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

- (c) By accepting distributions pursuant to the Plan, each holder of an Allowed Claim receiving distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth in the Plan. The permanent injunction under shall apply to and inure to the benefit of, without limitation, the Debtors the Creditors' Trustee and the Purchaser.

3. No Discharge

Pursuant to section 1141(d)(3) of the Bankruptcy Code, confirmation of the Plan will not discharge the Debtors.

K. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Chapter 11 Cases and all Entities with respect to all matters related to the Chapter 11 Cases, the Debtors and the Plan as is legally permissible.

L. MISCELLANEOUS PROVISIONS

1. Dissolution of Creditors' Committee

- (a) The Creditors' Committee shall continue in existence until the Effective Date, shall continue to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code, and shall perform such other duties as it may have been assigned by the Bankruptcy Court prior to the Effective Date.
- (b) On the Effective Date, the Creditors' Committee shall be dissolved and its members shall be deemed released of all of their duties, responsibilities and obligations in connection with the Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Creditors' Committee's attorneys, financial advisors, and other agents shall terminate except as provided in the Plan.
- (c) The Creditors' Committee shall continue to have standing and a right to be heard with respect to: (a) claims for Accrued Professional Compensation of all Retained Professionals; (b) any appeals of the Confirmation Order; and (c) any adversary proceedings or contested matters pending as of the Effective Date to which it is a party. All reasonable fees and expenses incurred therein shall be paid by the Creditors' Trustee to the extent of available assets, as applicable, without further order of the Bankruptcy Court.

2. Post-Effective Date Professionals' Fees and Final Fee Applications

- (a) The Creditors' Trustee may pay reasonable, documented fees of Retained Professionals incurred after the Effective Date, upon application pursuant to section 330 of the Bankruptcy Code and approval of the Bankruptcy Court.
- (b) The deadline for submission by Retained Professionals of applications for Bankruptcy Court approval of Accrued Professional Compensation shall be sixty (60) days after the Effective Date.

3. Payment of Statutory Fees

All fees payable pursuant to section 1930 of title 28 of the United States Code after the Effective Date, as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid prior to the closing of the Chapter 11 Cases on the earlier of when due or the Effective Date, or as soon thereafter as practicable by the Creditors' Trust.

4. Modification of Plan

Subject to the limitations contained in the Plan: (1) the Debtors reserve the right, in consultation with the Creditors' Committee, accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order, including amendments or modifications to satisfy section 1129(b) of the Bankruptcy Code; and (2) after the entry of the Confirmation Order, the Debtors may, in consultation with the Creditors' Committee, and upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan.

5. Revocation of Plan

The Debtors reserve the right, in consultation with the Creditors' Committee, to revoke or withdraw the Plan prior to the entry of the Confirmation Order and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan, or if entry of the Confirmation Order or the Effective Date does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of executory contracts or leases effected by the Plan, and any document or agreement executed pursuant hereto shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any claims by or against, or any Equity Interests in, the Debtors or any other Entity; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission of any sort by the Debtors or any other Entity.

6. Successors and Assigns

The rights, benefits and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

7. Governing Law

Except to the extent that the Bankruptcy Code or Bankruptcy Rules apply, and subject to the provisions of any contract, instrument, release, indenture or other agreement or document entered into in connection herewith, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Michigan, without giving effect to the principles of conflict of laws thereof.

8. Reservation of Rights

Except as expressly set forth therein, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither the filing of the Plan, any statement or provision contained therein, nor the taking of any action by a Debtor or any Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) any Debtor with respect to the holders of Claims or Equity Interests or other parties-in-interest; or (2) any holder of a Claim or other party-in-interest prior to the Effective Date.

9. Section 1146 Exemption

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment. Any transfer in connection with the Sale are deemed transfers pursuant to the Plan and subject to section 1146(a).

10. Section 1125(e) Good Faith Compliance

The Debtors, Creditors' Trustee and each of their respective Representatives, shall be deemed to have acted in "good faith" under section 1125(e) of the Bankruptcy Code.

11. Further Assurances

The Debtors, all holders of Claims receiving distributions under the Plan and all other parties-in-interest shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

12. Certain Tax Disclosures

It is intended that the Creditors' Trust will be classified for federal income tax purposes as a "liquidating trust" within the meaning of Internal Revenue Code and the Income Tax Regulations promulgated thereof. All parties hereto shall treat the transfers to the Creditors' Trust as if all the transferred assets had been first transferred to the beneficiaries of the Creditors' Trust and then transferred by the beneficiaries to the Creditors' Trust. The parties, including the

Creditors' Trustee and the beneficiaries of the Creditors' Trust, shall value the assets transferred to the Creditors' Trust consistently for all federal income tax purposes.

The Creditors' Trust beneficiaries shall be treated for all purposes of the Internal Revenue Code as the grantors of the Creditors' Trust and the owners of the Creditors' Trust assets. The Creditors' Trustee shall file returns for the Creditors' Trust as a grantor trust pursuant to section 1.671- 4(a) of the Income Tax Regulations, and all income of the Creditors' Trust shall be allocated directly to the beneficiaries of the Creditors' Trust, who shall be solely responsible for payment of any taxes due with respect to the operations of the Creditors' Trust.

THIS DISCLOSURE STATEMENT IS NOT INTENDED TO, AND DOES NOT, PROVIDE ANY TAX ADVICE. THE DEBTORS URGE EACH HOLDER OF A CLAIM TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO THE TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED IN THIS DISCLOSURE STATEMENT.

13. No Stay of Confirmation Order

The Confirmation Order shall contain a waiver of any stay of enforcement otherwise applicable, including pursuant to Fed. R. Bankr. P. 3020(e) and 7062.

VI.

VOTING PROCEDURES

Summary of Status and Voting Rights

Class	Claim/Equity Interest	Treatment of Claim/Equity Interest	Voting Rights
Class 1	Secured Claims of CIT Capital Against Properties	May be Impaired	May be Entitled to Vote
Class 2	Real Estate Tax Claims Against Properties	Impaired	Entitled to Vote
Class 3	Specific Equipment Secured Claims	May be Impaired	May be Entitled to Vote
Class 4	All Other Secured Claims	May be Impaired	May be Entitled to Vote
Class 5	General Unsecured Claims	Impaired	Entitled to Vote
Class 6	Unsecured Deficiency Claims	Impaired	Entitled to Vote
Class 7	Unsecured Construction Claims	Impaired	Entitled to Vote
Class 8	Convenience Claims	Impaired	Entitled to Vote
Class 9	Equity Interests	Impaired	Deemed to Reject
Class 10	Mexico Equity Interests	Deemed to Reject or Unimpaired	Deemed to Reject or Unimpaired

The following sets forth the classes that are entitled to vote on the Plan and the classes that are not entitled to vote on the Plan:

- The Debtors are **NOT** seeking votes from the holders of Equity Interests in Class 9 because this class is impaired under the Plan, and the holders of Equity Interests in this class shall neither receive nor retain any property under the Plan on

account of such Equity Interests. As described in the Plan, each member of Class 9 is deemed to have rejected the Plan. The Debtors are also NOT seeking votes from the holders of Mexico Equity Interests in Class 10. This class will either be (A) impaired under the Plan in the event the holders of Mexico Equity Interests in this class neither receive nor retain any property under the Plan on account of such Mexico Equity Interests, and in such event each member of this class will be deemed to have rejected the Plan, or (B) unimpaired, and in such event each member of this class will be deemed to have accepted the Plan.

- The Debtors **ARE** soliciting votes to accept or reject the Plan from those holders of Secured Claims of CIT Capital Against Properties in Class 1, Real Estate Tax Claims Against Properties in Class 2, Specific Equipment Secured Claims in Class 3, All Other Secured Claims in Class 4, General Unsecured Claims in Class 5, Unsecured Deficiency Claims in Class 6, Unsecured Construction Claims in Class 7 and Convenience Claims in Class 8 because these classes are or may be impaired. As such, some holders of Allowed Claims in these Classes have the right to vote to accept or reject the Plan.

For a detailed description of the classes of Claims and Equity Interests, as well as their respective treatment under the Plan, *see* Article V of this Disclosure Statement.

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject are: classes of claims, or equity interest, that are impaired under the Plan. Accordingly, classes of claims or interests that are not impaired are not entitled to vote on the Plan.

Creditors that hold claims in more than one impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its claims in each class (in accordance with the records of the Clerk of the Court) and should complete and sign each ballot separately. A creditor who asserts a claim in more than one class and who has not been provided ballots may photocopy the ballot received and file multiple ballots.

Votes on the Plan will be counted only with respect to claims: (a) that are listed on the Debtors' Schedules of Assets and Liabilities other than as disputed, contingent or unliquidated; or (b) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proofs of claim (except for certain claims expressly excluded from that bar date or which are allowed by Court order). However, any vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing such claim for voting purposes pursuant to 11 U.S.C. § 502 and Bankruptcy Rule 3018.

Voting on the Plan by each holder of a claim or interest in an impaired class is important. After reviewing the Plan and disclosure statement, each holder of such a claim or interest should vote on the enclosed ballot either to accept or to reject the Plan, and then return the ballot the Debtors' attorney by the deadline previously established by the court.

Any ballot that does not appropriately indicate acceptance or rejection of the Plan will not be counted.

A ballot that is not received by the deadline will not be counted.

If a ballot is damaged, lost, or missing, a replacement ballot may be obtained by sending a written request to the Debtors' attorney.

A. ACCEPTANCE

The Bankruptcy Code defines acceptance of a plan by an impaired class of claims as acceptance by the holders of at least two-thirds in dollar amount, and more than on-half in number, of the claims of that class which actually cast ballots. The Bankruptcy Code defines acceptance of a plan by an impaired class of equity interests as acceptance by holders of at least two-thirds in number of the equity interests of that class that actually cast ballots. If no creditor or interest holder in an impaired class votes, then that class has not accepted the plan.

B. CONFIRMATION

11 U.S.C. § 1129(a) establishes conditions for the confirmation of a plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the chapter 11 process.

Among the several conditions for confirmation of a plan under 11 U.S.C. § 1129(a) are;

- Each class of impaired creditors and interest must accept the plan, as described in paragraph VI.1., above.
- Either each holder of a claim or interest in a class must accept the plan, or the plan must provide at least as much value as would be received upon liquidation under chapter 7 of the Bankruptcy Code .

C. MODIFICATION

The Debtors reserve the right to modify or withdraw the Plan at any time before confirmation.

D. EFFECT OF CONFIRMATION

If the Plan is confirmed by the Court:

- Its terms are binding on the Debtors, all creditors, shareholders and other parties in interest, regardless of whether they have accepted the Plan.
- Except as provided in the Plan:
 - (a) In the case of a corporation that is liquidating and not continuing business:
 - (i) Claims and interests will not be discharged.
 - (ii) Creditors and shareholders will not be prohibited from asserting their claims against or interests in the Debtors or their assets.

E. BEST INTERESTS OF CREDITORS TEST/LIQUIDATION ANALYSIS

Before the Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each Class, that each holder of a Claim or Equity Interest in such Class either: (a) has accepted the Plan; or (b) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such person would receive or retain if the Debtors liquidated under chapter 7 of the Bankruptcy Code.

In chapter 7 liquidation cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior Class receiving any payments until all amounts due to senior Classes have been paid fully or any such payment is provided for:

- Secured creditors (to the extent of the value of their collateral);
- Administrative and other priority creditors;
- Unsecured creditors;
- Debt expressly subordinated by its terms or by order of the Bankruptcy Court; and
- Equity Interest holders.

The Debtors believe that the value of any distributions in a chapter 7 case would be less than the value of distributions under the Plan because, among other reasons, the secured creditors would likely take their collateral. Without the fixed assets, an orderly winddown could not occur, resulting in likely dissipation of value of the current assets, as a result of setoffs and recoupments for damages. As a result, the Debtors believe that the value received in a chapter 7 is likely to be significantly less than would be received through the Plan. In addition, distributions in a chapter 7 case may not occur for a longer period of time, thereby reducing the present value of such distributions. In this regard, it is possible that distribution of the proceeds of a liquidation could be delayed for a period in order for a chapter 7 trustee and its professionals to become knowledgeable about the chapter 11 cases and the Claims against the Debtors. In addition, chapter 7 fees would be entitled to prior payment over the expenses of administration of this chapter 11 proceeding, reducing the value of the Estate. Attached as Exhibit C is a Liquidation Analysis of the Debtors.

F. IDENTITY OF PERSONS TO CONTACT FOR MORE INFORMATION

Any interested party desiring further information about the Plan should contact: Counsel for the Debtors: Foley & Lardner LLP, One Detroit Center, 500 Woodward Ave., Suite 2700, Detroit, MI 48226, Attn: Judy A. O'Neill, John A. Simon.

{Signature Page Follows}

Respectfully submitted,

BLUE WATER AUTOMOTIVE SYSTEMS, INC.,
a Michigan corporation

By: _____

Its: _____

BWAS HOLDINGS, INC.,
a Delaware corporation

By: _____

Its: _____

BLUE WATER PLASTICS MEXICO, LTD.,
a Michigan corporation

By: _____

Its: _____

BWAS MEXICO, LLC,
a Michigan limited liability company

By: _____

Its: _____

BLUE WATER AUTOMOTIVE SYSTEMS PROPERTIES,
LLC,
a Delaware limited liability company

By: _____

Its: _____