

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MICHIGAN**

In Re:

Chapter 11

STURGIS IRON & METAL CO., INC.,

Case No. 08-02966

Debtor.

Hon. Jeffrey R. Hughes

**STIPULATION FOR ENTRY OF ORDER APPROVING RESOLUTION OF
OBJECTION TO DEBTORS' SECOND AMENDED PLAN OF LIQUIDATION**

The undersigned parties stipulate to the form, substance, and entry of the following:

This matter having come before the Court on the Motion of the Michigan Department for Environmental Quality ("MDEQ") for Allowance and Payment of Administrative Expense Claim (the "MDEQ Motion") and MDEQ's Objection to the Debtor's Second Amended Plan of Liquidation, various parties having objected to the MDEQ Motion; the parties hereto agree as follows:

- A. MDEQ shall have an allowed unsecured claim in the amount of \$1,100,000;
- B. MDEQ waives any other claims it may have against the estate, including without limitation, any claim entitled to priority under 11 U.S.C. § 503(b)(1) or 11 U.S.C. § 507(a)(2);
- C. MDEQ will withdraw its Objection to the Second Amended Plan of Liquidation;

Attorneys for the Unsecured Creditors'
Committee of Sturgis Iron & Metal Co., Inc.

HONIGMAN MILLER SCHWARTZ AND COHN LLP

By: /s/ Aaron Silver
Honigman Miller Schwartz and Cohn LLP
660 Woodward Avenue
2290 First National Building

Attorneys for the Michigan Department of
Environmental Quality

Michael A. Cox, Attorney General

By: /s/ Celeste R. Gill
Assistant Attorney General
Environment, Natural Resources, and
Agriculture Division

Detroit, MI 48226
(313) 465-7560
(313) 465-7561
asilver@honigman.com

Attorneys for the Debtor

JAFFE RAITT HEUER & WEISS, P.C.

By: /s/ Richard Kruger
Jaffe Raitt Heuer & Weiss, P.C.
27777 Franklin Road, Suit 2500
Southfield, MI 48034
(248) 351-3000

P.O. Box 30755
Lansing, MI 48909
(517) 373-7540

Attorneys for National City Business Credit

DICKINSON WRIGHT, PLLC

By: /s/ Daniel F. Gosch
Dickinson Wright, PLLC
200 Ottawa Ave, N.W., Suite 900
Grand Rapids, MI 49503
(616) 458-1300
(616) 458-6753
dgosch@dickinsonwright.com

DETROIT.3548532.1

**UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MICHIGAN**

In Re:

Chapter 11

STURGIS IRON & METAL CO., INC.,

Case No. 08-02966

Debtor.

Hon. Jeffrey R. Hughes

**ORDER APPROVING RESOLUTION OF OBJECTION TO
DEBTORS' SECOND AMENDED PLAN OF LIQUIDATION**

This matter having come before the Court on the Motion of the Michigan Department for Environmental Quality ("MDEQ") for Allowance and Payment of Administrative Expense Claim (the "MDEQ Motion") various parties having objected to the MDEQ Motion; the Court being informed of the parties' stipulation to resolve the above-stated matter (the "Stipulation") and finding that the proposed compromise in the Stipulation is fair and equitable to creditors and in the best interest the Debtor's estate; and the Court being otherwise fully advised in the premises, it is hereby

ORDERED that the Stipulation is approved;

IT IS FURTHER ORDERED that MDEQ shall have an allowed unsecured claim in the amount of \$1,100,000;

IT IS FURTHER ORDERED that MDEQ is deemed to have waived any other claims it may have against the Debtor's estate, including without limitation, any claim entitled to priority under 11 U.S.C § 503(b)(1) or 11 U.S.C. § 507(a)(2) thus resolving and disposing of the MDEQ Motion;

IT IS FURTHER ORDERED that that MDEQ's Objection to the Second Amended Plan of Liquidation is withdrawn from the record.

HON. JEFFREY R. HUGHES

UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
WESTERN DISTRICT OF MICHIGAN

In re:

Chapter 11

STURGIS IRON & METAL CO., INC.,

Case No. 08-02966

Tax Id: 38-1308468

Debtor.

Hon. Jeffrey R. Hughes

_____ /

SECOND AMENDED PLAN OF LIQUIDATION OF
STURGIS IRON & METAL CO., INC.

JAFFE, RAITT, HEUER & WEISS, P.C.
Judith Greenstone Miller (P29208)
Jay L. Welford (P34471)
Richard E. Kruger (P57142)
27777 Franklin Road, Suite 2500
Southfield, MI 48034-8214
248.351.3000

Attorneys for Debtor

Dated: November __, 2008

TABLE OF CONTENTS

	<u>Page</u>
SECTION I DEBTOR'S SECOND AMENDED PLAN OF LIQUIDATION	1
SECTION II DEFINITIONS	1
SECTION III INTERPRETATION; APPLICATION OF DEFINITIONS, RULES OF CONSTRUCTION AND COMPUTATION OF TIME	8
SECTION IV CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS	9
4.1 Class I – Secured Claim of the Lenders	9
4.2 Class II – Fifth Third Secured Claim	9
4.3 Class III – Secured Claims	9
4.4 Class IV – Administrative Expense Claims	9
4.5 Class V – Priority Claims	9
4.6 Class VI – Unsecured Claims	9
4.7 Class VII – Equity Interests	9
SECTION V TREATMENT OF ALLOWED CLAIMS AND INTERESTS	9
5.1 Class I- Secured Claim of the Lenders	9
5.2 Class II – Fifth Third Secured Claim	10
5.3 Class III- Secured Claims	10
5.4 Class IV- Administrative Expense Claims	10
5.5 Class V - Priority Claims	11
5.6 Class VI - Unsecured Claims	11
5.7 Class VII - Equity Interests	11
SECTION VI MEANS OF IMPLEMENTATION OF THE PLAN	11
6.1 Assets of the Debtor	11
6.2 Creation of the Liquidation Trust	12
6.3 Source of Funds	13
6.4 Nonconsensual Confirmation	13
6.5 Substantial Consummation	13
6.6 Closing of Chapter 11 Case	13

SECTION VII	LIQUIDATION TRUSTEE.....	14
7.1	Liquidation Trustee.....	14
7.2	Duties.....	14
7.3	Payment of Quarterly Fees.....	14
7.4	Fees and Expenses	14
7.5	Effectuating Documents.....	14
7.6	Indemnification.....	15
7.7	Liability.....	15
SECTION VIII	LIQUIDATION OF ASSETS.....	15
8.1	Free of Claims and Interests	15
8.2	Funding of Liquidation Trust.....	15
8.3	Elkhart Property	16
8.4	Pursuit of Pending Causes of Action	16
SECTION IX	CREDITORS' COMMITTEE	16
9.1	Formation of Post-Confirmation Creditors' Committee.....	16
9.2	Bylaws.....	16
9.3	Resignation of Creditors' Committee Member.....	17
9.4	Liability.....	17
9.5	Counsel	17
9.6	The Creditors Committee will have exclusive control in directing the Liquidation Trustee over the Lenders' Adversary Proceeding.	17
9.7	The Liquidating Trustee and the Creditors' Committee will meet on a regular basis to discuss any on-going issues in the case. Other than the resolution of adversary proceedings (other than the Lenders' Adversary Proceeding), the Creditors' Committee must approve material actions proposed by the Liquidating Trustee where the amount at issue exceeds \$25,000.....	18
9.8	Settlement of all adversary proceedings other than the Lenders' Adversary Proceeding (including objections to claims) where the amount in controversy exceeds \$25,000 must be authorized by the Bankruptcy Court pursuant to Federal Rule of Bankruptcy Procedure 9019, following notice to the Creditors' Committee, the Debtor, the United States Trustee and all parties requesting notice post-confirmation. Except for the Lenders' Adversary Proceeding, the Liquidation Trustee will have the right to control and settle any other adversary proceeding; provided, however, that	

	the Creditors' Committee must be consulted prior to and in connection with any such settlement.....	18
9.9	The Creditors' Committee, and each creditor individually, will have standing to be heard on any issue and may challenged any action taken by the Liquidation Trustee, including settlement of any adversary proceeding.....	18
SECTION X	ADMINISTRATIVE EXPENSE CLAIMS.....	18
10.1	Bar Date	18
10.2	Preference Actions	18
10.3	Professional Fees	18
SECTION XI	EXECUTORY CONTRACTS AND UNEXPIRED LEASES UNDER THE PLAN	19
11.1	Executory Contracts and Unexpired Leases	19
11.2	Rejection Claims.....	19
11.3	Port of Monroe.....	19
11.4	Elkhart Shredder	19
SECTION XII	DISTRIBUTIONS UNDER THE PLAN	19
12.1	Payment Up to Allowed Claim or Equity Interest.....	19
12.2	Distributions.....	20
12.3	Time of Payment.....	20
12.4	Disputed Claims Reserves	20
12.5	Estimation of Claims.....	21
12.6	Untimely Claims	21
12.7	Fractional Cents	21
12.8	Interest on Claims	21
12.9	Setoffs	21
12.10	Determination of Tax Information and Payment of Taxes on Distributions Received Pursuant to Plan	22
12.11	Waiver of Transfer Taxes	22
12.12	Time Bar to Cash Payments by Check	22
SECTION XIII	DISPUTED CLAIMS UNDER THE PLAN	22
13.1	Objection Deadline	22
13.2	No Distributions Pending Allowance	23
13.3	Withholding of Allocated Distributions.....	23

13.4	Distribution When a Disputed Claim Becomes an Allowed Claim.....	23
SECTION XIV	CONDITIONS PRECEDENT TO THE EFFECTIVE DATE	23
14.1	Conditions Precedent to the Effective Date of the Plan.....	23
14.2	Waiver of Conditions Precedent	24
14.3	Effect of Failure or Absence of Waiver of Conditions Precedent to Effective Date of Plan.....	24
SECTION XV	RETENTION OF JURISDICTION.....	24
15.1	Retention of Jurisdiction.....	24
SECTION XVI	MODIFICATION OF PLAN.....	26
16.1	Modification of Plan.	26
SECTION XVII	MISCELLANEOUS PROVISIONS.....	27
17.1	Deposits.....	27
17.2	Governing Law	27
17.3	Notices	27
17.4	Conflicts.....	29
17.5	Reservation of Rights.....	29
17.6	Binding Effect.....	29

SECTION I

DEBTOR'S SECOND AMENDED PLAN OF LIQUIDATION

Sturgis Iron & Metal Co., Inc. ("Debtor") in the above-captioned Chapter 11 Case, proposes the following Second Amended Plan of Liquidation (the "Plan") pursuant to §§1121 and 1123 of the Bankruptcy Code.

SECTION II

DEFINITIONS

The following terms, when used in the Plan or any subsequent amendments or modifications thereof, shall have the meanings defined below:

2.1 "Administrative Expense Claim" means costs and expenses of administration of this Chapter 11 case allowed and entitled to priority under sections 503(b) and 507(a)(1) of the Bankruptcy Code including, without limitation, any actual and necessary expenses of preserving the Debtor's estate, all allowances of compensation or reimbursement of expenses to Case Professionals or otherwise to the extent allowed by the Bankruptcy Court under sections 330 or 503 of the Bankruptcy Code, any fees or charges assessed against the estate under 28 U.S.C. section 1930, and any valid reclamation claim under the Code.

2.2 "Allowed" means with reference to any Claim (including any Administrative Expense Claim) or Equity Interest: (a) any Claim against or Equity Interest in the Debtor, proof of which was filed within the applicable period of limitation fixed by the Bankruptcy Court in accordance with Rule 3003(c)(3) of the Bankruptcy Rules or if no proof of Claim was so filed, any Claim against the Debtor which has been listed by the Debtor in the Schedules, as such Schedules may be amended from time to time in accordance with Rule 1009 of the Bankruptcy Rules prior to the closing of the Chapter 11 Case, as fixed, liquidated, non-contingent and undisputed in amount (or as to which the applicable proof of Claim has been withdrawn or Disallowed) (i) as to which no objection to the allowance thereof, or action to equitably subordinate or otherwise limit recovery with respect thereto, has been interposed within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or a Final Order, (ii) as to which no action has been commenced to avoid such Claim or Equity Interest within the applicable period of limitation fixed by the Plan, or (iii) as to which an objection has been interposed, to the extent such Claim or Equity Interest has been allowed (whether in whole or in part) by a Final Order, (b) if no proof of Equity Interest was so filed, any Equity Interest listed in the consolidated stockholders list maintained by Debtor as of the Confirmation Date, or (c) any Claim to the extent that it has been allowed by a Final Order; provided, however, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed Claims" hereunder. Unless otherwise specified herein or by Final Order, "Allowed Claims" shall not, for any purpose under the Plan, include interest, penalties or late charges on such Claims from and

after the Petition Date. In addition, "Allowed Claim" shall not include any Claim subject to disallowance in accordance with section 502(d) of the Bankruptcy Code.

2.3 "Appraisals" means the appraisal of real property conducted by Walden-Marling and the appraisal of machinery and equipment conducted by Great American Group attached as Exhibits E and F to the brief submitted by the Debtor in support of the Sale [DN 283].

2.4 "Assets" means all assets of the Debtor.

2.5 "Asset Purchase Agreement" means the asset purchase agreement entered into by SDI and the Debtor for the purchase of substantially all of the Debtor's Assets, attached as an exhibit to the Sale Stipulation.

2.6 "Avoidance Action" means any action by the Debtor, the Estate or the Liquidation Trustee authorized by Chapter 5 of the Bankruptcy Code, including without limitation, the Lender Adversary Proceeding.

2.7 "Ballot" means the official Bankruptcy Form No. 14 or a document prepared to substantially conform to same being sent to all creditors and parties-in-interest entitled to vote for or against the Plan.

2.8 "Bankruptcy Code" means title 11 of the United States Code, as amended from time to time, as applicable to the Chapter 11 Case, as in effect on the Confirmation Date.

2.9 "Bankruptcy Court" means the United States Bankruptcy Court for the Western District of Michigan where this Chapter 11 Case is pending before the Honorable Jeffrey R. Hughes.

2.10 "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075, title 28, United States Code, and the Local Rules of the Bankruptcy Court, as amended from time to time and applicable to the Chapter 11 Case.

2.11 "Bar Date" means any date established by the Bankruptcy Code, Bankruptcy Rules or Final Order as the deadline to file a Claim.

2.12 "Business Day" means any day other than a Saturday, Sunday or "Legal Holiday," as that term is defined in Bankruptcy Rule 9006(a).

2.13 "Case Professionals" means persons retained and/or to be compensated pursuant to sections 326, 327, 328, 330, 503(b) and 1103 of the Bankruptcy Code or retained post-confirmation to perform professional services.

2.14 "Cash" means legal tender of the United States of America.

2.15 "Cash Collateral Order" means the order [DN 182] entered by the Court and as amended from time to time.

2.16 "Causes of Action" means any and all actions, causes of action, liabilities, controversies, promises, agreements, obligations, rights, suits, debts, sums of money, damages, judgments, claims and demands whatsoever, whether known or unknown, reduced to judgment or not reduced to judgment, liquidated or unliquidated, contingent or non-contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable by the Debtor, the Estate or the Liquidation Trustee directly or derivatively, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition Date or during the course of the chapter 11 Case, including, without limitation, the Lender Adversary Proceeding and the Causes of Action described in Exhibit A.

2.17 "Chapter 11 Case" means the case commenced under chapter 11 of the Bankruptcy Code by the Debtor pending before the Bankruptcy Court, as referenced by case number 08-02966.

2.18 "Claim" means a claim against the Debtor, whether or not asserted, as defined in section 101(5) of the Bankruptcy Code.

2.19 "Claims Objection" means any objection asserted or filed against the holder of a Claim under the Bankruptcy Code or Rules, to determine the extent, validity or priority of such Claim.

2.20 "Class" means a category of holders of Claims or Equity Interests described in Section IV hereof.

2.21 "Collateral" means any property or interest in property, and proceeds thereof, of the Estate of the Debtor subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance or otherwise invalid under the Bankruptcy Code or other applicable law.

2.22 "Confirmation Date" means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court with respect to the Chapter 11 Case.

2.23 "Confirmation Hearing" means the hearing held by the Bankruptcy Court pursuant to Section 1128(a) of the Bankruptcy Code on confirmation of the Plan pursuant to Section 1129 of the Bankruptcy Code, as it may be adjourned or continued from time to time.

2.24 "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan under Section 1129 of the Bankruptcy Code and granting final approval as to the adequacy of the information contained in the Disclosure Statement pursuant to Section 1125 of the Bankruptcy Code.

2.25 "Creditors' Committee" means the official committee of unsecured creditors appointed by the United States Trustee in the Chapter 11 Case, as such committee may be reconstituted from time to time.

2.26 "DN" means the docket number by which the referenced filed pleading may be found by either accessing the official court docket in the Chapter 11 Case or the unofficial court docket maintained at www.kccllc.net/sturgis.

2.27 "Debtor" means Sturgis Iron & Metal Co., Inc.

2.28 "Debtor in Possession" means Sturgis Iron & Metal Co., Inc., in its capacity as debtor in possession in the Chapter 11 Case under sections 1107(a) and 1108 of the Bankruptcy Code.

2.29 "Disallowed Claim" means (a) a Claim, or any portion thereof, that has been disallowed by a Final Order or (b) a Claim that was not scheduled by the Debtor as a fixed, liquidated, non-contingent and undisputed Claim and which has not been timely filed or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order.

2.30 "Disclosure Statement" means the disclosure statement relating to the Plan filed by the Debtor, including the exhibits and schedules thereto, as the same may be amended, modified or supplemented from time to time.

2.31 "Disputed Claim" means a Claim, or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim.

2.32 "Distribution Agent" means the entity assigned the right to make distributions under the Plan. For purposes of any payment made outside of the Liquidation Trust, the Distribution Agent shall be the Debtor. For payments made from the Liquidation Trust, the Distribution Agent shall be the Liquidation Trustee.

2.33 "Distributions" means payments of cash to be made in accordance with the Plan.

2.34 "Dresser" means Dresser, Dresser, Haas & Caywood, P.C.

2.35 "Effective Date" means the later of the first Business Day on which (a) all conditions precedent set forth in Section XIV of the Plan have been satisfied or waived as provided in Paragraph 14.2 of the Plan and (b) 30 days after the Confirmation Order becomes a Final Order.

2.36 "Elkhart Escrow" means the escrow account established at the closing on the Sale to pay obligations arising during the Elkhart Option.

2.37 "Elkhart Option" means the option of SDI under the Asset Purchase Agreement approved by the Court on June 4, 2008 to purchase the Elkhart Property within 18 months of the closing of the sale of substantially all of the Assets of the Debtor to SDI.

2.38 "Elkhart Property" means the real property owned by the Debtor located in Elkhart, Indiana as further identified on attached Exhibit B.

2.39 “Elkhart Shredder” means the Wendt Model 1314 Heavy Shredder, together with all related equipment, options and support equipment, all of which is located at the Elkhart Property.

2.40 “Entity” has the meaning assigned to such term in section 101(15) of the Bankruptcy Code.

2.41 “Equity Interest” means, as of the Petition Date, any membership interest, capital stock or other ownership interest in the Debtor, whether or not transferable, and any option, call, warrant or right to purchase, sell or subscribe for an ownership interest or other equity security in the Debtor.

2.42 “Estate” means the estate of the Debtor in the Chapter 11 Case, created pursuant to section 541 of the Bankruptcy Code upon commencement of the Chapter 11 Case.

2.43 “Fifth Third Secured Claim” means the Claim of the SEET Connecticut Statutory Trust created under Trust Agreement dated September 21, 2005 and as administered by Fifth Third Bank as trustee.

2.44 “Final Order” means an order or judgment of the Bankruptcy Court as to which the time to appeal, petition for certiorari, or move for re-argument or rehearing has expired and as to which no appeal, petition for certiorari or other proceedings for re-argument or rehearing shall then be pending; provided, however, if an appeal, petition for certiorari, re-argument or rehearing thereof has been filed or sought, such order of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied or re-argument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for re-argument or rehearing shall have expired; provided, further, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules, may be filed with respect to such order shall not cause such order not to be a Final Order.

2.45 “Getzler” means Getzler Henrich & Associates, LLC.

2.46 “Great American” means Great American Group Machinery and Equipment, LLC.

2.47 “Honigman” means Honigman, Miller, Schwartz & Cohn, LLP.

2.48 “Insider” has the meaning ascribed to it in section 101(31) of the Bankruptcy Code.

2.49 “Impaired” means when used with reference to a Claim or Equity Interest, a Claim or Equity Interest that is impaired within the meaning of Section 1124 of the Bankruptcy Code.

2.50 “Jaffe” means Jaffe, Raitt, Heuer & Weiss, P.C.

2.51 "Lender Adversary Proceeding" means the Adversary Proceeding filed on June 30, 2008, by the Creditors' Committee against the Lenders (Adversary Proceeding Case Number 08-80271).

2.52 "Lenders" means National City Business Credit, Inc., CIT Group and U.S. Bank.

2.53 "Lenders Provisional Payment Order" means the August 5, 2008 Order Regarding Motion for Order Directing National City Bank Relative to 11 U.S.C. § 345 and Allowing for Provisional Pay Down of Secured Indebtedness [Doc. No. 527].

2.54 "Liabilities" means any and all Claims, costs, expenses, actions, Causes of Action, suits, controversies, damages, claims, liabilities or demands of any nature, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, liquidated or unliquidated, matured or not matured, contingent or direct, whether arising at common law, in equity, or under any statute, based in whole or in part on any act or omission or other occurrence arising or taking place on or prior to the Effective Date.

2.55 "Lien" has the meaning ascribed to such term in section 101(37) of the Bankruptcy Code (but a lien that has or may be avoided pursuant to an avoidance action shall not constitute a Lien).

2.56 "Liquidation Trust" means the entity created by the Liquidation Trust Agreement and Declaration of Trust under Section VI of the Plan.

2.57 "Liquidation Trust Agreement" means the Liquidation Trust Agreement and Declaration of Trust under Section VI of the Plan and attached as Exhibit C to this Plan.

2.58 "Liquidation Trustee" means the person who will act under the Liquidation Trust agreement as trustee and who will be selected as set forth Section VII hereof, or any successor as provided for in the Liquidation Trust Agreement.

2.59 "Loan Agreement" is the Credit and Security Agreement entered into between the Lenders and the Debtor on December 1, 2006, as amended, modified or restated from time to time.

2.60 "National City" means National City Business Credit, Inc., as agent for and on behalf of the Lenders.

2.61 "Pending Causes of Action" means all pending suits filed before the Effective Date.

2.62 "Person" shall have the meaning ascribed to such term in section 101(41) of the Bankruptcy Code.

2.63 "Petition Date" means April 4, 2008, the date the Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

2.64 "Plan" means this Plan of Liquidation, the schedules and exhibits hereto, either in present form or as the same may be amended, modified or supplemented from time to time in accordance with the terms hereof.

2.65 "Priority Claims" means any Claim of a kind specified in Sections and 507(a)(3), (4), (5), (6), (7), (8), or (9) of the Bankruptcy Code.

2.66 "Pro Rata" means the amount to be paid with respect to an Allowed Claim based on the ratio of the Allowed Claim to the total amount of Allowed Claims in the same Class.

2.67 "Professional Fees" means any Claim of a Case Professional for compensation or reimbursement of costs and expenses relating to services incurred prior to and including the Confirmation Date, when and to the extent any such Claim is Allowed by Final Order.

2.68 "Sale" means the sale of assets by the Asset Purchase Agreement.

2.69 "Sale Order" means the order approving the Sale to SDI entered by the Court on June 4, 2008 [DN 333].

2.70 "Sale Stipulation" means the Stipulation Regarding Order (i) Approving Sale of Substantially all Assets Outside the Ordinary Course of Business Free and Clear of All Liens, Claims and Encumbrances and Interests Pursuant to 11 U.S.C. 363(b) and Rule 6004 of the Federal Rules of Bankruptcy Procedure, (ii) Authorizing the Debtor to Assume and Assign Certain Contracts and Leases to Purchaser and (iii) Granting Certain Other Related Relief [DN 328].

2.71 "Schedules" means the schedules of assets and liabilities and the statements of financial affairs filed with the Bankruptcy Court, by the Debtor under section 521 of the Bankruptcy Code and the Official Bankruptcy Forms of the Bankruptcy Rules, as such schedules and statements have been or may be supplemented or amended from time to time.

2.72 "SDI" means SDI Sub, LLC.

2.73 "Secured Claim" means a Claim secured by a Lien on property in which the Estate has an interest but only to the extent of the value of the creditor's interest in the Estate's interest in the property as of the Petition Date.

2.74 "Secured Financing Agreements" means the Loan Agreement as further documented, recorded and evidenced by various other agreements, instruments, financing statements and documents entered into in connection with the Loan Agreement, all as may have been amended, modified or restated from time to time.

2.75 "Tax Escrow" means the escrow account established at the closing on the Sale to pay pre-petition secured taxes which were not assumed by SDI.

2.76 “Transfer” means any sale, assignment, lease, transfer, encumbrance, Lien, exchange, mortgage, pledge, hypothecation or other disposition, or the creation of a security interest or encumbrance, in whole or in part.

2.77 “Unimpaired” means, when used with reference to a Claim or Equity Interest, a Claim or Equity Interest that is not impaired within the meaning of section 1124 of the Bankruptcy Code.

2.78 “United States Trustee” means the United States Trustee appointed under section 591, title 28, United States Code to serve in the Western District of Michigan.

2.79 “Unsecured Claim” means any Claim against the Debtor (including, but not limited to, an Unsecured Deficiency Claim), that is not an Administrative Expense Claim, Priority Tax Claim, Priority Non-Tax Claim or Secured Claim.

2.80 “Walden-Marling” means Walden-Marling, Inc.

2.81 “Winston” means Winston & Strawn, LLP.

SECTION III

INTERPRETATION; APPLICATION OF DEFINITIONS, RULES OF CONSTRUCTION AND COMPUTATION OF TIME

Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. For purposes of the plan (a) any reference in the plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in the Plan to an existing document or exhibit filed or to be filed means such document or exhibit as it may have been or may be amended, modified, or supplemented and (c) unless otherwise specified, all references in the plan to sections, articles, schedules, and exhibits are references to sections, articles, schedules, and exhibits of or to the plan. The words “herein,” “hereof,” “hereto,” “hereunder,” and other words of similar meaning refer to the Plan as a whole and not to any particular section, subsection or clause contained in the Plan. A capitalized term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code or in the exhibits hereto. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the construction of the Plan. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of the Plan. Unless otherwise indicated herein, all references to dollars means United States dollars. In computing any period of time prescribed or allowed by the Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006(a) shall apply.

SECTION IV

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

Claims and Equity Interests shall be classified as follows:

4.1 Class I shall consist of the Secured Claim of the Lenders. **Class I is Impaired under the Plan.**

4.2 Class II shall consist of the Fifth Third Secured Claim. **Class II is Impaired under the Plan.**

4.3 Class III shall consist of all other Secured Claims. **Class III is Impaired under the Plan.**

4.4 Class IV shall consist of Administrative Expense Claims. **Class IV is unimpaired under the Plan.**

4.5 Class V shall consist of the Priority Claims. **Class V is Impaired under the Plan.**

4.6 Class VI shall consist of all Unsecured Claims. **Class VI is Impaired under the Plan.**

4.7 Class VII shall consist of all Equity Interests of all holders of any equity security of the Debtor. **Class VII is Impaired under the Plan.**

SECTION V

TREATMENT OF ALLOWED CLAIMS AND INTERESTS

5.1 Class I- Secured Claim of the Lenders

Class I is Impaired by the Plan. Allowed Class I Claims are entitled to vote on the Plan. The Lenders, as of the Petition Date, claimed to hold a Secured Claim against substantially all of the Assets of the Debtor (other than Avoidance Actions and Causes of Action) in the amount of \$56,322,388.49. The Lenders have received provisional distributions prior to the Confirmation Date, which payments are subject to the Lenders Provisional Payment Order. To the extent the Lenders' asserted claim amount is not previously satisfied through such provisional distributions, the Debtor will remit the balance asserted due by the Lenders on the Effective Date through a payment in accordance with the Lenders Provisional Payment Order. All payments made to the Lender remain subject to the Lenders Provisional Payment Order at all times, even after the Effective Date, until such time the Lenders' Secured Claims become Allowed as set forth herein.

The Allowed amount of the Lenders' Secured Claims is subject to (i) the Creditors' Committee's challenge to the validity, extent, and priority of Lenders' liens (ii) the Lenders' Provisional Payment Order and (iii) further order of this Court in relation to the Lender

Adversary Proceeding. In addition, this Plan does not (a) alter or amend any findings previously made in any Order entered by the Court in relation to the Lenders' Secured Claims; (b) modify any agreements between any party concerning the Chapter 11 Case in relation to the Lenders' Secured Claims; or (c) impair any rights, remedies, claims or defenses of any of the Parties, or any other creditors, including, without limitation, as may be set forth in the Sale Order, Cash Collateral Order, or as described in the Lender Adversary Proceeding; as any of the foregoing relates to the Lenders' Secured Claims.

Upon payment in full of the Lenders' Allowed Claims in accordance with this Section 5.1, all Liens on the Assets securing the Lenders' Claims shall be deemed terminated, and the Lenders shall discharge all Liens on the Assets, shall cancel all guarantees and shall terminate all liens on assets securing any guarantees.

5.2 Class II – Fifth Third Secured Claim

Class II is Impaired by the Plan. Allowed Class II Claims are entitled to vote on the Plan. The Fifth Third Secured Claim will be paid when Allowed out of the proceeds, if any, of the collateral securing the Fifth Third Secured Claim. To the extent the proceeds from the collateral are insufficient to pay the Allowed Fifth Third Secured Claim in full, the balance of the Allowed claim shall be a Class VI Unsecured Claim.

5.3 Class III- Secured Claims

Class III is Impaired by the Plan. Allowed Class III Claims are entitled to vote on the Plan. All entities holding Allowed Secured Claims shall receive Cash in an amount equal to such Allowed Secured Claim on the later of: (i) the Effective Date; (ii) the date such Claim becomes an Allowed Secured Claim; and (iii) the date the asset securing an Allowed Class III Claim is sold. The Liquidation Trustee, at its option, may surrender to an Allowed Class III Claim holder the asset(s) securing such Secured Claim.

Notwithstanding the foregoing, Allowed Secured Claims covered by the Tax Escrow will be paid from the Tax Escrow on the earlier of: (i) the Effective Date and (ii) the date such Claim becomes an Allowed Secured Claim. Secured Claims assumed by SDI will not be Allowed Class III Secured Claims.

5.4 Class IV- Administrative Expense Claims

Class IV is unimpaired by the Plan. No holder of an Allowed Administrative Expense Claim is entitled to vote to accept or reject the Plan. Except as otherwise provided for herein, and subject to the requirements of this Plan, the Liquidation Trustee will pay Allowed Administrative Expense Claims: (i) on the later of: (x) the Effective Date; (y) the date such Administrative Expense Claim becomes an Allowed Claim; or (z) the date such Allowed Administrative Expense Claim becomes payable pursuant to Final Order; or (ii) according to any agreement between the Liquidation Trustee and the holder of such Allowed Administrative Expense Claim. Each holder of an Allowed Administrative Expense Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Expense Claim: (i) Cash equal to the unpaid portion of such Allowed

Administrative Expense Claim, or (ii) such other treatment as to which the Liquidation Trustee and such Holder have agreed to in writing.

5.5 Class V - Priority Claims

Class V is Impaired by the Plan. Allowed Class V Claims are entitled to vote on the Plan. Except as otherwise provided for herein, and subject to the requirements of this Plan, on the later of: (i) the Effective Date; (ii) the date such Priority Claim becomes an Allowed Claim; (iii) the date such Allowed Priority Claim becomes payable pursuant to Final Order; or (iv) such other date as agreed upon between the Liquidation Trustee and the holder of such Allowed Priority Claim, each holder of an Allowed Priority Claim shall receive in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Priority Claim (1) Cash equal to the unpaid portion of such Allowed Priority Claim from the Liquidation Trust, or (2) such other treatment as to which Liquidation Trustee and such holder have agreed to in writing.

In the event there are insufficient funds to pay all Allowed Priority Claims in full on the Effective Date, such Claims shall be paid on a Pro Rata basis from monies available to pay Allowed Priority Claims from the Liquidation Trust, after payment in full having been made to Class I-IV Claims.

5.6 Class VI - Unsecured Claims

Class VI is Impaired by the Plan. Allowed Class VI Claims are entitled to vote on the Plan. Class VI shall receive in Cash the proceeds of all Assets of the Estate remaining after payment in full of the allowed Claims of Class I-V Creditors from the assets available for distribution to Unsecured Creditors pursuant to the terms of the Liquidation Trust. All proceeds due to Class VI Creditors shall be deposited into the Liquidation Trust, as established under Section VI herein. The Liquidation Trustee shall distribute the monies available to pay Allowed Unsecured Claims from the Liquidation Trust, per the terms of the Liquidation Trust.

In the event there are insufficient funds to pay all Allowed Unsecured Claims in full, such Claims shall be paid on a Pro Rata basis from monies available to pay Allowed Unsecured Claims.

5.7 Class VII - Equity Interests

Class VII is impaired by the Plan. Allowed Class VII Claims are entitled to vote on the Plan. Allowed Equity Interests in the Debtor shall receive no Distributions under the Plan unless all of the Allowed Class I-VI Claims have been fully satisfied. At such time the Liquidation Trustee will distribute any funds remaining to the members of Class VII on a Pro Rata basis.

SECTION VI

MEANS OF IMPLEMENTATION OF THE PLAN

6.1 Assets of the Debtor

6.1.1 On the Effective Date the Debtor will pay from Cash on hand, to the extent then due and payable per Section V above, the Class I-VII Claims. Any remaining Cash on the Effective Date, after payment of the Class I-VII Claims shall be transferred to the Liquidation Trust. After the date of the transfer of such Cash to the Liquidation Trust, the Liquidation Trustee shall be responsible for the payment of any unpaid Class I-VII Claims per the terms of the Plan.

6.2 Creation of the Liquidation Trust

6.2.1 On or prior to the Effective Date, the Liquidation Trustee and the Debtor shall execute the Liquidation Trust Agreement. Except to the extent inconsistent with the terms of this Plan, the terms and conditions of the Liquidation Trust Agreement shall govern under this Plan.

6.2.2 Post-Effective Date, the Debtor will file dissolution papers with the State of Michigan

6.2.3 On and as of the Effective Date, pursuant to section 1141(b) of the Bankruptcy Code, all remaining Assets of the Debtor and the Estate, including, without limitation, all Avoidance Actions, all Causes of Action, all receivables, the Tax Escrow, the Elkhart Escrow, the Option and Property, all deposit accounts, all rights of the Debtor under this Plan, the Confirmation Order, all other orders entered by the Bankruptcy Court in the Chapter 11 Case on or prior to the Effective Date, and all books and records related to the Estate, shall be transferred to and vest in the Liquidation Trustee and be deemed contributed to the Liquidation Trust, subject to the terms of this Plan. For the avoidance of doubt, all Trust Assets held for Distributions pursuant to this Plan shall be held by the Liquidation Trustee solely in trust for the holders of Claims entitled thereto and shall not be deemed Assets of the Debtor. Nothing in this Section 6.2.3, however, shall preclude payment of (x) statutory fees under 28 U.S.C. § 1930 and (y) the trust expenses in accordance with this Plan and the Liquidation Trust Agreement. The Debtor is hereby authorized and directed to take such steps as may be necessary or appropriate to confirm such transfer and contribution of its Assets to the Liquidation Trust.

6.2.4 Pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, but subject to the terms and provisions of this Plan, the Debtor, on behalf of itself and the holders of Allowed Claims, shall retain all Causes of Action (including, but not limited to, Causes of Action on behalf of the Debtor seeking recovery of the Debtor's receivables and payment of claims against insiders of the Debtor) and all Avoidance Actions that in either case the Debtor had or had power to assert on the Effective Date, which Causes of Action and Avoidance Actions shall be deemed assigned to the Liquidation Trust as provided herein, and the Liquidation Trustee may commence or continue in any appropriate court or tribunal (including the Bankruptcy Court) any suit or other proceeding for the enforcement of such Causes of Action and Avoidance Actions. Nothing contained in this Plan shall constitute a waiver of the rights, if any, of the Debtor to a jury trial with respect to any proceeding. The Liquidation Trustee shall maintain reasonable records relating to the Avoidance Actions and Causes of Action (including proceeds generated from settlement or judgment, and expenses). The Liquidation Trustee may in his or her sole discretion elect not to pursue any Avoidance Action or Causes of Action the pursuit of which he or she, after consultation with the Creditors' Committee, deems not to be in the best interest of the Estate.

6.2.5 The Liquidation Trustee shall be the representative of the Estate of the Debtor in all respects pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, and the Liquidation Trustee shall be vested as of the Effective Date with all rights and powers of the Debtor under the Bankruptcy Code and other applicable law, the Liquidation Trust Agreement, this Plan, the prior orders of the Court in this Chapter 11 Case, and in all other respects.

6.2.6 On and as of the Effective Date, the Liquidation Trustee shall succeed to all rights of the Creditors' Committee in the Lender Adversary Proceeding and shall be deemed substituted as plaintiff therein without any requirement of further notice or action by the Bankruptcy Court or any party. For the avoidance of doubt, any waiver by the Debtor in the Cash Collateral Order of any rights or claims asserted by the Creditors' Committee in the Lender Adversary Proceeding shall not be binding on the Liquidation Trustee as plaintiff in such action.

6.2.7 On the Effective Date, the Debtor, Liquidating Trustee and Creditors Committee shall sign the Liquidation Trust Agreement, the Liquidation Trustee shall accept the Liquidation Trust, and the Liquidation Trust will then be deemed created and effective.

6.2.8 The Liquidation Trustee, or such other Person(s) as the Liquidation Trustee may approved pursuant to the Liquidation Trust Agreement, is 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 and implement the provisions of this Plan. Each of the Liquidation Trustee or such other Person(s) is authorized to certify or attest to any of the foregoing actions.

6.2.9 The fees and expenses of the Liquidation Trust shall be governed by the terms of the Liquidation Trust Agreement.

6.3 Source of Funds

The funds required to implement this Plan are (i) the cash on hand; (ii) proceeds of any Assets of the Estate; and (iii) the proceeds from the Causes of Action.

6.4 Nonconsensual Confirmation.

If any impaired Class of Claims or Equity Interests entitled to vote does not accept the Plan by the requisite statutory majorities provided in section 1126(c) of the Bankruptcy Code, the Debtor reserves the right to amend the Plan or undertake to have the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code or both. With respect to any impaired classes of Claims that are deemed to reject the Plan, the Debtor shall request the Bankruptcy Court to confirm the Plan under section 1129(b) of the Bankruptcy Code.

6.5 Substantial Consummation

Substantial consummation of the Plan under Section 1101(2) of the Bankruptcy Code shall not be deemed to occur until the Effective Date at the earliest.

6.6 Closing of Chapter 11 Case

When each Disputed Claim filed against the Debtor has become an Allowed Claim or a Disallowed Claim, and all Cash has been distributed in accordance with the terms of this Plan and the Liquidation Trust, the Liquidation Trustee shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules.

SECTION VII

LIQUIDATION TRUSTEE

7.1 Liquidation Trustee

7.1.1 The Creditors' Committee and Debtor have selected James W. Boyd to be the Liquidation Trustee and Mr. Boyd has accepted the position. The Liquidation Trustee shall be a fiduciary for the benefit of all Creditors, and shall be compensated as set forth in the Liquidation Trust Agreement.

7.1.2 The Liquidation Trustee shall have standing, in all respects, to enforce all rights set forth in the Liquidation Trust.

7.1.3 The Liquidation Trustee will liquidate and distribute the assets of the Liquidation Trust in accordance with this Plan and the Liquidation Trust Agreement.

7.2 Duties

The Liquidation Trustee's duties are: (i) pursuit of Causes of Action and Pending Causes of Action, including Avoidance Actions; (ii) objections to, and resolution of, all Claims; (iii) Distribution of funds to pay expenses of the Liquidation Trust and to pay Claims; (iv) liquidate any of the Debtor's Assets transferred to the Liquidation Trust on the Effective Date, and (v) such other matters as provided in the Liquidation Trust.

7.3 Payment of Quarterly Fees

The Liquidation Trustee shall pay the quarterly fees, pursuant to 28 U.S.C. § 1930(a)(6), to the U.S. Trustee until this Chapter 11 Case has been converted, dismissed, or closed by the Court.

7.4 Fees and Expenses

In no event shall the Liquidation Trustee be required to expend its own funds. Any fees and/or expenses incurred after the Confirmation Date on behalf of the Liquidation Trust shall be handled in accordance with the Liquidation Trust.

7.5 Effectuating Documents

The Liquidation Trustee may execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

7.6 Indemnification

Except for its or their own gross negligence or willful misconduct, (i) the Creditors' Committee, its members, their officers, attorneys, other professionals and/or agents; and (ii) the Debtor, its officers, attorneys, other professionals and/or agents, shall not have any liability to the Debtor, the Debtor's Estate, the Creditors' Committee, the Liquidation Trust, the Liquidation Trustee, any creditor, or any other party-in-interest for actions taken subsequent to the Petition Date. In the event that any party brings any action against any of said parties related to actions taken subsequent to the Petition Date, provided that such party, as the case may be, did not act engage in willful misconduct or act grossly negligent, the Liquidation Trust shall and hereby is required to indemnify such party, against expenses, including attorney's fees, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by the such party. The termination of an action, suit or proceeding by judgment, order, settlement or conviction does not, by itself, create a presumption that such party, as the case may be, did not act in good faith and in a manner which such party reasonably believed to be in or not opposed to the best interest of the Estate and creditors.

7.7 Liability

The Liquidation Trustee shall be entitled to rely upon advice of the Liquidation Trustee's professional persons and representatives concerning all matters, and upon the Plan and any security agreement, schedule, certificate, statement, report, notice or other writing which it believes to be genuine or to have been presented by a proper person. Except for its own gross negligence or willful misconduct, neither the Liquidation Trustee nor any of their professional persons or representatives, directors, officers, employees, professionals, or agents shall (1) be responsible for any recitals, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of the Plan; or (2) in any event, be liable as such for any action taken or omitted by it or them. The Liquidation Trustee shall not be required to give any bond for the faithful performance of its or their duties hereunder.

SECTION VIII

LIQUIDATION OF ASSETS

8.1 Free of Claims and Interests

Any Asset may be sold by the Liquidation Trustee, by auction, private sale or otherwise pursuant to Section 363 of the Bankruptcy Code without further order of the Court and the Confirmation Order shall constitute authorization for the Liquidation Trustee to consummate such sales and shall be binding on all parties-in-interest. Any sale of Assets shall be free and clear of any Claims, Liens or Interests with such Claims, Liens or Interests attaching to proceeds.

8.2 Funding of Liquidation Trust

On the Effective Date all Assets, including Causes of Action and all Pending Causes of Action, will vest in the Liquidation Trust and shall be handled in accordance with the terms of the Liquidation Trust and this Plan.

8.3 Elkhart Property

In the event the Elkhart Option is not exercised, the Liquidation Trustee is authorized to act, and to take any such other action as may be incidental thereto including, without limitation, the exercise of any discretion in connection with any determination or decision required for the sale, surrender and/or abandonment of the Elkhart Property. Such disposition may occur without further order of the Bankruptcy Court.

8.4 Pursuit of Pending Causes of Action

Prior to the Effective Date, the Debtor shall have the full power to continue to (i) prosecute any Pending Cause of Action, (ii) compromise any claim and (iii) collect any amounts due on any Pending Cause of Action. Except as otherwise provided in the Plan, in accordance with Section 1123(b) of the Bankruptcy Code, the Debtor shall retain and may in its discretion and business judgment enforce all Pending Causes of Action under its control and defenses and counterclaims to all Claims related to those Pending Causes of Action against the Debtor and its Estate, including, but not limited to, setoff, recoupment and any rights under section 502(d) of the Bankruptcy Code.

Subsequent to the Effective Date, the Liquidation Trustee shall have the full power to continue to (i) prosecute any Pending Cause of Action, (ii) compromise any Claim and (iii) collect any amounts due on any Pending Cause of Action. Except as otherwise provided in the Plan, in accordance with Section 1123(b) of the Bankruptcy Code, the Liquidation Trustee shall retain and may in its discretion and business judgment enforce all Pending Causes of Action under its control and defenses and counterclaims to all Claims related to those Pending Causes of Action against the Debtor and its Estate, including, but not limited to, setoff, recoupment and any rights under section 502(d) of the Bankruptcy Code.

SECTION IX

CREDITORS' COMMITTEE

9.1 Formation of Post-Confirmation Creditors' Committee

On the Effective Date, the Creditors' Committee shall select from its members a Post-Confirmation Creditors' Committee to perform those duties reserved to the Post-Confirmation Creditors' Committee under this Plan (after the Effective Date, the Post-Confirmation Creditors' Committee is still the "Creditors' Committee" for purposes of this Plan). Each member of the Creditors' Committee shall act by and through its representative designated from time to time.

9.2 Bylaws

Upon its formation, the Creditors' Committee may adopt bylaws to govern its conduct, or may use the bylaws previously adopted by the Creditors' Committee; provided, however, that no provision of such bylaws shall be enforceable if inconsistent with this Plan.

9.3 Resignation of Creditors' Committee Member

In the event any member of the Creditors' Committee resigns or is unable to continue to act, the Creditors' Committee may elect a new member.

9.4 Liability

Except for its own gross negligence or willful misconduct, the Creditors' Committee shall not have any liability to the Debtor, the Debtor's Estate, the Liquidation Trust, the Liquidating Trustee, any creditor, or any other party-in-interest for actions taken subsequent to the Petition Date. In the event that any party brings any action against the Creditors' Committee related to actions taken subsequent to the Petition Date, provided that the Creditors' Committee acted in good faith and in a manner it believed to be in or not opposed to the best interests of the Estate and its creditors, the Liquidation Trust shall and hereby is required to indemnify the Creditors' Committee, against expenses, including attorneys' fees, judgments, penalties, fines and amounts paid in settlement actually and reasonably incurred by the Creditors' Committee. The termination of an action, suit or proceeding by judgment, order, settlement or conviction does not, by itself, create a presumption that the Creditors' Committee, did not act in good faith and in a manner which the Creditors' Committee reasonably believed to be in or not opposed to the best interest of the Estate and its creditors.

The Creditors' Committee shall be entitled to rely upon advice of the Creditors' Committee's professional persons and representatives concerning all matters, and upon the Plan and any security agreement, schedule, certificate, statement, report, notice or other writing which it believes to be genuine or to have been presented by a proper person. Except for its or their own gross negligence or willful misconduct, neither the Creditors' Committee nor any of their professional persons or representatives, directors, officers, employees, professionals, or agents shall (1) be responsible for any recitals, representations or warranties contained in, or for the execution, validity, genuineness, effectiveness or enforceability of the Plan; or (2) in any event, be liable as such for any action taken or omitted by it or them. Each Claimant agrees and acknowledges that the Creditors' Committee makes no representations or warranties about the credit worthiness of the Debtor, the Debtor-in-Possession, or the Estate or any other party to the Plan or with respect to the legality, validity, sufficiency or enforceability of the Plan, or the value of any security. The Creditors' Committee shall not be required to give any bond for the faithful performance of its or their duties hereunder.

9.5 Counsel

The Creditors' Committee shall retain its existing legal counsel, Honigman and Winston. No additional Court approval of the retention of such legal counsel shall be necessary or required.

9.6 The Creditors Committee will have exclusive control in directing the Liquidation Trustee over the Lenders' Adversary Proceeding.

9.7 The Liquidating Trustee and the Creditors' Committee will meet on a regular basis to discuss any on-going issues in the case. Other than the resolution of adversary proceedings (other than the Lenders' Adversary Proceeding), the Creditors' Committee must approve material actions proposed by the Liquidating Trustee where the amount at issue exceeds \$25,000.

9.8 Settlement of all adversary proceedings other than the Lenders' Adversary Proceeding (including objections to claims) where the amount in controversy exceeds \$25,000 must be authorized by the Bankruptcy Court pursuant to Federal Rule of Bankruptcy Procedure 9019, following notice to the Creditors' Committee, the Debtor, the United States Trustee and all parties requesting notice post-confirmation. Except for the Lenders' Adversary Proceeding, the Liquidation Trustee will have the right to control and settle any other adversary proceeding; provided, however, that the Creditors' Committee must be consulted prior to and in connection with any such settlement.

9.9 The Creditors' Committee, and each creditor individually, will have standing to be heard on any issue and may challenged any action taken by the Liquidation Trustee, including settlement of any adversary proceeding.

SECTION X

ADMINISTRATIVE EXPENSE CLAIMS

10.1 Bar Date

All 11 U.S.C. § 503(b)(9) claims are subject to the Court's Order Re: Debtor's May 29, 2008 Motion - Bar Date for Claims entered on June 27, 2008 (DN 409) ("Claim Order") granting the Debtor's Motion to Establish Bar Dates for Filing Claims, and Approving Form and Manner of Notice Thereof (DN314). Any 503(b)(9) claim not filed in accordance with the Claim Order shall not be an Allowed Claim. All other administrative expense claims, except for Professional Fees, are subject to the Court's Order Re: Debtor's August 5, 2008 Motion to Establish Bar Date for Filing Administrative Expense Claims and Approving Form and Manner of Notice Thereof (DN666).

10.2 Preference Actions

If any holder of an Administrative Expense Claim has received an avoidable transfer under Section 544-553 of the Bankruptcy Code, such Administrative Claim shall not be treated as an Allowed Claim, nor shall it be paid, until the full amount of the avoidable transfer has been repaid to the Debtor prior to the Effective Date, or to the Liquidation Trustee after the Effective Date.

10.2.1 No Allowed Claim based upon 11 U.S.C. § 503(b)(9) will qualify as new value in defense to any avoidance action under Chapter 5 of the Bankruptcy Code.

10.3 Professional Fees

The deadline for filing all final fee applications for Case Professionals is forty-five (45) days after entry of the Confirmation Order.

SECTION XI

EXECUTORY CONTRACTS AND UNEXPIRED LEASES UNDER THE PLAN

11.1 Executory Contracts and Unexpired Leases

Unless already assumed or rejected by Final Order of the Bankruptcy Court, all executory contracts and unexpired leases of the Debtor which are not the subject of a pending application to assume as of the Confirmation Date, shall be deemed rejected, except the Airport Lease Agreement dated August 1, 2000 with the City of Sturgis as lessor which the Debtor has assumed and will assign to the Liquidation Trustee, or reject as provided for in separate court order.

11.2 Rejection Claims

11.2.1 Rejection by Motion. Any Creditor who has a Claim as a result of a rejection, other than by the terms of this Plan, of an executory contract or unexpired lease shall follow the procedures set forth in the Court's Order re: Debtor's April 14, 2008 Motion to Reject Executory Contracts (DN 264) for filing a Claim, failing which such Claim shall be disallowed in its entirety.

11.2.2 Rejection by the Plan. Any Creditor who has a Claim as a result of a rejection of an executory contract or unexpired lease by the terms of the Plan shall file a Proof of Claim for rejection damages on or prior to the Effective Date, failing which such Claim shall be disallowed in its entirety.

11.3 Port of Monroe

All Claims of Port of Monroe are dealt with in the Agreement entered into by SDI, Steel Dynamics, Inc. and Port of Monroe filed with the Court on June 4, 2008 as an exhibit to the Sale Stipulation such that the Port of Monroe will not have an Allowed Claim.

11.4 Elkhart Shredder

The lease of the Elkhart Shredder has been rejected and all Claims of Fifth Third related to the Elkhart Shredder are subject to the terms of this Plan.

SECTION XII

DISTRIBUTIONS UNDER THE PLAN

12.1 Payment Up to Allowed Claim or Equity Interest

Notwithstanding any other provisions of the Plan, no claimant shall be entitled to receive Distributions aggregating more than its Allowed Claim, nor shall such claimant receive any Distributions under the Plan until its Claim or Equity Interest has been Allowed.

12.2 Distributions

Distributions to holders of Allowed Claims and Interests in Classes I- VII are to be made by the Debtor as of the Effective Date and thereafter by the Liquidation Trustee as governed by the Liquidation Trust Agreement and the Plan. Distributions to holders of Allowed Claims shall be made by the Debtor (a) at the addresses set forth on the Proofs of Claim filed by such holders (or at the last known addresses of such holders if no Proof of Claim is filed or if the Debtor has been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Distribution Agent after the date of any related Proof of Claim, or (c) at the addresses reflected on the Schedules if no Proof of Claim has been filed and applicable Distribution Agent has not received a written notice of a change of address. If any Allowed Claim holder's Distribution is returned as undeliverable, no further Distributions to such holder shall be made unless and until the applicable Distribution Agent is notified in writing of such holder's then current address, at which time all missed Distributions shall be made to such holder without interest. Any Creditor seeking clarification of who the applicable Distribution Agent is should seek such clarification in writing to the Liquidation Trustee or the Debtor. Any undeliverable Distribution made by a Distribution Agent shall be held for redistribution under this Plan. All claims for undeliverable Distributions must be made on or before ninety days after the Distribution is made, after which date all unclaimed property shall revert to the applicable Distribution Agent free of any restrictions thereon, and the Claim of any holder or successor to such holder with respect to such property shall be discharged and forever barred notwithstanding any federal or state escheat laws to the contrary. Nothing contained in the Plan shall require the Distribution Agent, Creditors' Committee, Debtor or the Liquidation Trustee or any professional retained by the foregoing to attempt to locate any holder of an Allowed Claim.

12.3 Time of Payment

All Distributions provided for by the Plan will be made as soon as it is feasible by the applicable Distribution Agent. A number of Distributions may be made pursuant to the provisions of the Plan, the first of which will be the "Initial Distribution." The last Distribution made will be the "Final Distribution."

12.4 Disputed Claims Reserves

On any date that Distributions are to be made on account of Allowed Claims by the Distribution Agent, and after making all Distributions to be made on any such date under the Plan, the Distribution Agent shall establish a separate Disputed Claim reserve for any Disputed Claim, which Disputed Claim reserve shall be administered by the Distribution Agent. The Distribution Agent shall reserve the Pro Rata portion of all Cash or other Distributions allocated for each Disputed Claim, or such amount as may be agreed by the holder of such Claim and Distribution Agent. All Cash or other Distributions, as applicable, allocable to the relevant Claims hereunder shall be distributed by the Distribution Agent to the relevant Disputed Claims Reserve on any distribution date or such later date that Distributions are made on account of

Allowed Claims. Each Disputed Claims reserve shall be closed and extinguished by the Distribution Agent upon its determination that all Distributions and other dispositions of Cash, or other Distributions required to be made under the Plan have been made in accordance with the terms of the Plan. Upon closure of a Disputed Claim reserve, all Cash shall be subject to redistribution, in accordance with the provisions of the Plan.

12.5 Estimation of Claims

The Distribution Agent may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claims, including any Claim for taxes, to the extent permitted by section 502(c) of the Bankruptcy Code regardless of whether the Distribution Agent has previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall 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 Distribution Agent may elect to pursue supplemental proceedings to object to any ultimate allowance of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

12.6 Untimely Claims

Except as otherwise expressly provided in this Plan, any Claim not deemed filed pursuant to Section 1111(a) of the Bankruptcy Code or timely filed pursuant to the Bankruptcy Code, Bankruptcy Rules, any applicable order of the Bankruptcy Court or the provisions of the Plan, shall (a) not be treated as an Allowed Claim and (b) be expunged from the Claims register in the Chapter 11 Case without need for any further notice, motion or order.

12.7 Fractional Cents

Notwithstanding any other provision of the Plan to the contrary, no payment of fractional cents shall be made pursuant to the Plan. Whenever any payment of a fraction of a cent under the Plan would otherwise be required, the actual Distribution made shall reflect a rounding of such fraction to the nearest whole penny (up or down), with half cents or more being rounded up and fractions less than half of a cent being rounded down.

12.8 Interest on Claims

Interest shall not accrue on Claims, and no holder of a Claim shall be entitled to interest accruing on any Claim unless provided pursuant to the terms of the Plan.

12.9 Setoffs

Except as otherwise provided in the Plan, the Distribution Agent may setoff against any Claim and the Distributions to be made pursuant to the Plan in respect of such Claim, any claims of any nature whatsoever that the Debtor may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Distribution Agent of any right of setoff against the holder of such Claim.

12.10 Determination of Tax Information and Payment of Taxes on Distributions Received Pursuant to Plan

All Persons and Entities that receive Distributions under the Plan shall be responsible for reporting and paying, as applicable, taxes on account of such Distributions. Prior to making any distribution to a Person or Entity that holds an Allowed Claim pursuant to this Plan, in the event the Distribution Agent has not already been provided with a valid, properly completed Internal Revenue Service (“IRS”) Form W-9 or a valid, properly completed IRS Form W-8BEN, W-8ECI, W-8EXP or W-8IMY (any successor, or otherwise applicable, form) (individually, an “IRS Form” and, collectively, the “IRS Forms”), as applicable, for the Allowed Claim holder, the Distribution Agent must request that such Allowed Claim holder provide the Distribution Agent with the applicable valid, properly completed IRS Form, and the Distribution Agent need not, but may, make any distribution to such Allowed Claim holder until the Distribution Agent receives from such Allowed Claim holder a valid, effective IRS Form that is applicable to such distribution. The Distribution Agent shall consult with a tax professional in order to obtain the IRS forms, and may in good faith rely upon the information received for the purposes of satisfying the Distribution Agent’s tax reporting obligations. Such tax information shall be treated as confidential and shall only be disclosed as necessary to taxing authorities. If 90 days elapses and the Distribution Agent is unable to obtain a valid, properly completed IRS Form after a request, then the claimant shall not be entitled to a Distribution under this Plan.

12.11 Waiver of Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of security or the making or delivery of an instrument of transfer under the Plan after the Confirmation Date shall not be taxed under any law imposing a stamp tax or similar tax.

12.12 Time Bar to Cash Payments by Check

Checks issued by the Distribution Agent on account of Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof, except those returned as undeliverable which shall be dealt with in accordance with Paragraph 12.2. After such date, all Claims in respect of void checks shall be forever barred, and the proceeds of such checks shall revert in the Distribution Agent and be subject to redistribution, as appropriate, in accordance with the provisions of the Plan.

SECTION XIII

DISPUTED CLAIMS UNDER THE PLAN

13.1 Objection Deadline

As soon as practicable, but in no event the later of six (6) months after the Effective Date, the Liquidation Trustee must file any claim objections to Class I-VII claims with the Bankruptcy Court and serve the same upon the holders of each such Claim to which an objections is made. The Liquidation Trustee reserves the right to seek an extension of this deadline.

13.2 No Distributions Pending Allowance

Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or Distribution provided hereunder shall be made on account of the portion of such Claim that is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim, but the payment or Distribution provided hereunder may be made on account of the portion of such Claim that is an Allowed Claim.

13.3 Withholding of Allocated Distributions

The Distribution Agent shall withhold from the property to be distributed under the Plan, and place in trust for the benefit of holders of Disputed Claims, Distributions in an amount sufficient to be distributed on account of such Disputed Claims.

13.4 Distribution When a Disputed Claim Becomes an Allowed Claim

Distributions to each holder of a Disputed Claim, to the extent that such Claim ultimately becomes an Allowed Claim (and to the extent that the holder of such Claim has not received prior Distributions on account of such Claim), shall be made in accordance with the provisions of the Plan governing the Class of Claims in which such Claim is classified, per Section V hereof.

SECTION XIV

CONDITIONS PRECEDENT TO THE EFFECTIVE DATE

14.1 Conditions Precedent to the Effective Date of the Plan

The Plan shall not become effective and the Effective Date shall not occur unless and until the following conditions shall have been satisfied or waived in accordance with Section 14.2 of the Plan:

(i) Disclosure Statement

An order shall have been entered granting final approval to the Disclosure Statement and finding that it contains adequate information pursuant to Section 1125 of the Bankruptcy Code, which order may be the Confirmation Order.

(ii) Confirmation Order

The Confirmation Date shall have occurred and the Confirmation Order shall have been signed by the judge presiding over the Chapter 11 Case, and shall have become a Final Order.

(iii) Conditions to the Confirmation Date Remain Satisfied

All conditions precedent to the Confirmation Date shall have been satisfied and shall continue to be satisfied.

(iv) Execution of Documents

All actions, documents and agreements necessary to implement the provisions of the Plan to be effectuated on or prior to the Effective Date shall be satisfactory to the Debtor and the Creditors' Committee and such actions, documents and agreements shall have been effective or executed and delivered.

14.2 Waiver of Conditions Precedent

Each of the conditions precedent in Section 14.1 hereof may be waived or modified, in whole or in part by the Debtor. Any such waiver or modification of a condition precedent in Section 14.1 hereof may be effected at any time, without notice, without leave or order of the Bankruptcy Court and without any other formal action.

14.3 Effect of Failure or Absence of Waiver of Conditions Precedent to Effective Date of Plan

In the event that one or more of the conditions specified in Section 14.1 of the Plan has not occurred (or been waived) on or before 120 days after the Confirmation Date, upon notification submitted by the Debtor to the Bankruptcy Court (a) the Confirmation Order shall be vacated, (b) no distributions under the Plan shall be made, (c) the Debtor and all holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred and (d) the Debtor's obligations with respect to the Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtor or any other person or Entity or to prejudice in any manner the rights of the Debtor or any person or Entity in any further proceedings involving the Debtor.

SECTION XV

RETENTION OF JURISDICTION

15.1 Retention of Jurisdiction

The Bankruptcy Court shall continue to have exclusive jurisdiction, of all matters, and over all persons and Entities, arising out of, and relating to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

(i) To hear and determine pending motions for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Claims resulting therefrom;

(ii) To determine any and all pending or future adversary proceedings, applications and contested matters;

(iii) To consider and rule on the compromise and settlement of any Claim against or Cause of Action on behalf of Debtor, its Estate or the Liquidation Trustee;

(iv) To ensure that Distributions to holders of Allowed Claims are accomplished as provided herein;

(v) To hear and determine any timely objections to Administrative Expense Claims or to Proofs of Claim filed, both before and after the Confirmation Date, including any objections to the classification of any Claim or Equity Interest, and to Allow or Disallow any Claim, in whole or in part;

(vi) To hear and determine any and all applications for the allowance of Professional Fees as provided for in this Plan;

(vii) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;

(viii) To issue such orders in aid of execution of the Plan, in accordance with section 1142 of the Bankruptcy Code;

(ix) To consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in the Plan, including any exhibit thereto, or in any order of the Bankruptcy Court, including the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan and to implement and effectuate the Plan;

(x) To hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses relating to implementation and effectuation of the Plan;

(xi) To hear and determine matters concerning state, local and federal taxes, including but not limited to those in accordance with sections 346, 505 and 1146 of the Bankruptcy Code, with respect to the Debtor or any person or Entity;

(xii) To compel the conveyance of property and other performance contemplated under the Plan and documents executed in connection herewith;

(xiii) To enforce remedies upon any default under the Plan;

(xiv) To enforce, interpret and determine any disputes arising in connection with any orders, stipulations, judgments and rulings entered in connection with the Chapter 11 Case (whether or not the Chapter 11 Case has been closed);

(xv) To resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan, or any person's or Entity's obligations incurred in connection herewith;

(xvi) To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan or the Disclosure Statement;

(xvii) To issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of the Plan;

(xviii) To issue such orders as may be necessary or appropriate in aid of confirmation and/or to facilitate consummation of the Plan;

(xix) To determine such other matters as may be provided for in the Confirmation Order or other orders of the Bankruptcy Court as may be authorized under the provisions of the Bankruptcy Code or any other applicable law;

(xx) To hear and determine (a) all motions, applications, adversary proceedings, and contested and litigated matters pending on the Effective Date, and (b) all Claims by or against Debtor arising under the Bankruptcy Code or non-bankruptcy law, if made applicable by the Bankruptcy Code, whether such Claims are commenced before or after the Effective Date;

(xxi) To hear and determine any and all actions and disputes related to the Liquidation Trust Agreement;

(xxii) To hear and determine the Lenders' Adversary Proceedings and all other Causes of Action and Avoidance Actions brought by the Liquidation Trustee;

(xxiii) To hear any other matter not inconsistent with the Bankruptcy Code;

(xxiv) To enter a final decree closing the Chapter 11 Case; and

(xxv) To resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Liquidation Trust, or any person's or Entity's obligations incurred in connection herewith

SECTION XVI

MODIFICATION OF PLAN

16.1 Modification of Plan.

16.1.1 The Debtor may alter, amend, or modify the Plan or any exhibits thereto under Section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. The Debtor shall provide parties-in-interest with notice of such amendments or modifications as may be required by the Bankruptcy Rules or order of the Bankruptcy Court. A holder of a Claim

that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim of such holder.

16.1.2 After the Confirmation Date and prior to substantial consummation (as defined in section 1101(2) of the Bankruptcy Code) of the Plan, the Debtor, Liquidation Trustee and the Creditors' Committee may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement approved with respect to the Plan, or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of the Plan so long as such proceedings do not materially and adversely affect the treatment of holders of Claims under the Plan; provided, however, that, to the extent required, prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or an order of the Bankruptcy Court. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, modified or clarified, if the proposed alteration, amendment, modification or clarification does not materially and adversely change the treatment of the Claim of such holder.

SECTION XVII

MISCELLANEOUS PROVISIONS

17.1 Deposits

All funds which remain on deposit on behalf of the Debtor as of the Effective Date shall become an asset of the Liquidation Trust free and clear of any rights, claims or interests by any holder of such deposit except existing Liens transferred to proceeds of Collateral. All deposits must be turned over to the Liquidation Trustee within five (5) Business Days of the Effective Date.

17.2 Governing Law

EXCEPT TO THE EXTENT THAT THE BANKRUPTCY CODE OR OTHER FEDERAL LAW IS APPLICABLE, OR TO THE EXTENT A SCHEDULE OR EXHIBIT HERETO OR INSTRUMENT, AGREEMENT OR OTHER DOCUMENT EXECUTED UNDER THE PLAN PROVIDES OTHERWISE, THIS PLAN, THE RIGHTS, DUTIES AND OBLIGATIONS ARISING UNDER THIS PLAN, AND ANY CLAIM OR CONTROVERSY DIRECTLY OR INDIRECTLY BASED UPON OR ARISING OUT OF THIS PLAN OR THE TRANSACTIONS CONTEMPLATED BY THIS PLAN (WHETHER BASED ON CONTRACT, TORT, OR ANY OTHER THEORY), INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE, SHALL IN ALL RESPECTS BE GOVERNED BY AND INTERPRETED, CONSTRUED AND DETERMINED IN ACCORDANCE WITH, THE INTERNAL LAWS OF MICHIGAN WITHOUT REGARD TO ANY CONFLICTS OF LAW PROVISION THAT WOULD REQUIRE THE APPLICATION OF THE LAW OF ANY OTHER JURISDICTION).

17.3 Notices

All notices, requests and demands to be effective shall be in writing (including by facsimile transmission and email) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

To Debtor:

Jaffe, Raitt, Heuer and Weiss, P.C.
27777 Franklin Road
Suite 2500
Southfield, Michigan 48034
Attn: Judith Greenstone Miller, Esq.
Jay L. Welford, Esq.
Telephone: (248) 351-3000
Facsimile: (248) 351-3082

To The United States Trustee:

The Office of the United States Trustee
The Law Building
330 Ionia NW, Suite 202
Grand Rapids, MI 49503
Attn: Dean Rietberg
Telephone: (616) 456-2002
Facsimile: (616) 456-2550

To The Liquidation Trustee:

James W. Boyd
412 S. Union Street
P.O. Box 987
Traverse City, MI 49685
Telephone: (231) 941-3446
Facsimile: (231) 941-5154

To the Creditors' Committee:

Honigman, Miller, Schwartz and Cohn, LLP
2290 First National Building
660 Woodward Avenue
Detroit, MI 48226
Attn: Todd Sable
Aaron Silver
Telephone: (313) 465-7548
Facsimile: (313) 465-7549

-and-

Winston & Strawn, LLP
35 West Wacker Drive
Chicago, IL 60601
Attn: Matthew Botica
Mindy Cohn
Telephone: (312) 558-5600
Facsimile: (312) 558-5700

17.4 Conflicts

In the event of any conflict or inconsistency between the terms of (a) the Plan (including all exhibits to the Plan), and (b) the Disclosure Statement, the terms of the Plan shall control.

17.5 Reservation of Rights

If the Plan is not confirmed by a Final Order, or if the Plan is confirmed and does not become effective, the rights of all parties in interest in the Chapter 11 Case are and shall be reserved in full. Any concessions or settlements reflected herein, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Chapter 11 Case shall be bound or deemed prejudiced by any such concession or settlement.

The Debtor and Liquidation Trustee hereby expressly reserve the right to challenge any Claim or Equity Interest through the claims objection process set forth in this Plan, which challenge may include, but not be limited to, a challenge to any penalty portion of such Claim, the amount and the value of the property which forms the basis for any assessment of taxes and the computation of the tax. The right to challenge Claims shall include, without limitation, an objection to the assessment of the Debtor's personal property that may or may not have been made by a taxing authority. Except as otherwise expressly provided in the Plan, nothing shall affect the Debtor and/or Liquidation Trustee's rights and defenses, both legal and equitable, with respect to any Claim or Equity Interest, including but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment.

17.6 Binding Effect

The rights, benefits and obligations of any Entity named or referred to in the Plan, or whose actions may be required to effectuate the terms of the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity (including, but not limited to, any trustee appointed for Debtor under Chapters 7 or 11 of the Bankruptcy Code). The Confirmation Order shall provide that the terms and provisions of the Plan and the Confirmation Order shall survive and remain effective after entry of any order which may be entered converting Debtor's Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, and the terms and provisions of the Plan shall continue to be effective in this or any superseding case under the Bankruptcy Code.

STURGIS IRON & METAL CO., INC.

/s/ Kevin Young

By: Kevin Young

Its: Chief Operating Officer

Prepared by:

JAFFE, RAITT, HEUER & WEISS, P.C.

Judith Greenstone Miller (P29208)

Jay L. Welford (P34471)

Richard E. Kruger (P57142)

27777 Franklin Road, Suite 2500

Southfield, Michigan 48034

(248) 351-3000

Dated: November __, 2008