

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

- - - - -	X	
In re:	:	Chapter 11
	:	
PLASTECH ENGINEERED	:	Case No. 08-42417 (PJS)
PRODUCTS, INC., <u>et al.</u> , ¹	:	
	:	
Debtors.	:	Jointly Administered
	:	
	:	Hrg Date: 5/23/08 at 11:30 a.m.
	:	(Requested)
	:	Obj. Due: 5/21/08 at 11:00 a.m.
- - - - -	X	(Requested)

DEBTORS' MOTION FOR AN ORDER (A) ESTABLISHING
BIDDING PROCEDURES RELATING TO THE SALE OF SOME OR ALL OF
THE DEBTORS' BUSINESS UNITS AND/OR MISCELLANEOUS ASSETS OR
CONSUMMATION OF AN ALTERNATIVE TRANSACTION, (B) AUTHORIZING
THE DEBTORS TO ENTER INTO STALKING HORSE AGREEMENTS IN
CONNECTION WITH SALE OF ONE OR MORE BUSINESS UNITS,
(C) APPROVING BREAK-UP FEE AND EXPENSE REIMBURSEMENT IN
CONNECTION THEREWITH, (D) SCHEDULING A HEARING TO CONSIDER
THE PROPOSED SALE(S) AND APPROVING THE FORM AND MANNER OF
NOTICE THEREOF, (E) PERMITTING CREDIT BIDDING PURSUANT TO
BANKRUPTCY CODE SECTION 363(K), AND
(F) GRANTING CERTAIN RELATED RELIEF

The debtors and debtors in possession in the
above-captioned cases (collectively, the "Debtors")
hereby move the Court, pursuant to sections 105, 363 and
365 of title 11 of the United States Code (the
"Bankruptcy Code") and Rules 2002 and 6004 of the

¹ The Debtors are the following entities: Plastech Engineered Products, Inc., LDM Technologies, Inc., Plastech Frenchtown, Inc., Plastech Decorating Systems, Inc., Plastech Exterior Systems, Inc., Plastech Romulus, Inc., MBS Polymet, Inc., LDM Holding Canada, Inc., and LDM Holding Mexico, Inc.

Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules"), for entry of an order (i) approving the procedures in connection with a potential sale of some or all of the Debtors' Business Units (as defined below) and/or Miscellaneous Assets (as defined below) or consummation of an Alternative Transaction (as defined below); (ii) authorizing the Debtors to enter into stalking horse agreements in connection with one or more of the sale(s) of the Debtors' Business Units; (iii) approving break-up fee(s) and expense reimbursement(s) provision in connection therewith; (iv) scheduling a hearing to approve such sale or sales (the "Sale" or "Sales"), and approving the form and manner of notice thereof; and (v) permitting credit bidding pursuant to Bankruptcy Code section 363(k). In support of the Motion, the Debtors state as follows:

JURISDICTION AND VENUE

1. The Court has jurisdiction to consider the Motion under 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

2. The predicates for the relief requested here are Bankruptcy Code sections 105, 363 and 365 and Bankruptcy Rules 2002, 6004 and 6006.

BACKGROUND

A. The Bankruptcy Cases

3. On February 1, 2008 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Court. The factual background regarding the Debtors, including their business operations, their capital structure, and the events leading to the filing of these bankruptcy cases, is set forth in detail in the Declaration of Peter Smidt, Executive Vice President, Finance, and Chief Financial Officer of Plastech Engineered Products, Inc. in Support of Chapter 11 Petitions and First Day Pleadings (Docket No. 12) (the "Smidt Declaration"), which is fully incorporated herein by reference.²

4. The Debtors continue to manage and operate their businesses as debtors in possession pursuant to Bankruptcy Code sections 1107 and 1108.

5. On February 8, 2008, the Office of the United States Trustee appointed an Official Committee of

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Smidt Declaration.

Unsecured Creditors (the "Committee") in these chapter 11 cases pursuant to Bankruptcy Code section 1102.

B. The Debtors' Prepetition Financing and the DIP Facility

(1) The Debtors' Prepetition Financing

6. As set forth in the Smidt Declaration, in February 2007, the Debtors refinanced their existing debt (the "Refinancing"). In connection with the Refinancing, the Debtors entered into the Revolving Credit Facility, the First Lien Term Loan and the Second Lien Term Loan, all of which are defined below.

7. Specifically, on February 12, 2007, the Debtors entered into a new revolving credit facility (the "Revolving Credit Facility") with various lenders (including all collateral, administrative and other agents, the "Revolving Lenders") and (i) Goldman Sachs Credit Partners L.P. ("Goldman") as lead arranger, syndication agent, and administrative agent; (ii) Wells Fargo Foothill, Inc., as collateral agent; and (iii) Bank of America, N.A., Comerica Bank, and Wachovia Capital Finance Corporation (Central) as co-documentation agents.

8. The Revolving Credit Facility was an asset based loan pursuant to which the Debtors were able to borrow up to \$200 million, subject to a formula and available collateral. It was secured by a first lien on

the Debtors' "Liquid Collateral" (as defined in that certain Intercreditor Agreement, dated February 12, 2007 (the "Intercreditor Agreement")) which Liquid Collateral included, but was not limited to: all accounts; all chattel paper; all instruments; letter of credit rights; payment intangibles; receivables; deposit accounts; and all inventory. The Debtors also had obligations totaling \$13 million under pre-petition letters of credit (the "Letters of Credit") issued under the Revolving Credit Facility.

9. Also on February 12, 2007, the Debtors entered into a first lien term loan (the "First Lien Term Loan"), with various lenders and with Goldman as lead arranger, syndication agent, administrative agent, and collateral agent. The First Lien Term Loan was secured by a first lien on "Fixed Collateral," with a second lien on "Liquid Collateral." The term "Fixed Collateral" included, but was not limited to: Net Available Cash Account (as defined in the First Lien Term Loan); all equipment; all fixtures; fee interests in real property; intellectual property; general intangibles; and stock collateral and equity interests, all as further specified in the Intercreditor Agreement. The First Lien Term Loan was fully drawn as of the Petition Date in the amount of approximately \$265 million.

10. Finally, the Debtors also entered into a second lien term loan (the "Second Lien Term Loan") with various lenders and with (i) Goldman as lead arranger and syndication agent; and (ii) the Bank of New York as administrative agent and collateral agent. The Second Lien Term Loan was secured by a second lien on the Fixed Collateral and a lien junior to the First Lien Term Loan lenders' second lien on Liquid Collateral. As of the Petition Date, the Second Lien Term Loan was fully drawn in the amount of \$100 million.

(2) The Debtors' DIP Facility

11. Pursuant to the Order (I) Extending Interim Financing Period Under Second Interim Order Authorizing Debtors-In-Possession To Obtain Financing; (II) Authorizing Transfer Of DIP Facility To New DIP Lender; (III) Authorizing Debtors To Obtain Further Interim Financing Pursuant To Second DIP Credit Agreement; And (IV) Scheduling Final Hearing (Docket No. 954) (the "Interim DIP Order") and the Final Order (I) Authorizing Debtors-In-Possession To Obtain Financing; And (II) Authorizing Transfer Of DIP Facility To New DIP Lenders (Docket No. 1216) (the "Final DIP Order"), certain of the Debtors' major customers (the "Major Customers") purchased a 100% participation in any remaining pre-petition loans under the Revolving Credit

Facility, guaranteed the Debtors' reimbursement obligations in respect of the Letters of Credit, purchased the post-petition loans under the Debtors' existing postpetition financing facility, and provided the Debtors with additional liquidity (the "Customer Financing"). The Interim DIP Order requires, among other things, certain deadlines and milestones by which the Debtors must consummate either (i) a sale of some or all of their assets and/or business divisions or (ii) a restructuring of their businesses pursuant to a plan of reorganization. See Interim Order at ¶ 9.

RELIEF REQUESTED

12. By this Motion, the Debtors seek entry of an order, substantially in the form attached hereto as Exhibit A (the "Bid Procedures Order"): (A) approving procedures for (i) submitting bids for any or all of the Debtors' Business Units or Miscellaneous Assets or for consummation of an Alternative Transaction (the "Bids"), (ii) conducting any auctions with respect to any Business Units or Miscellaneous Assets on which the Debtors receive more than one Bid ("Competing Bids"), (iii) approving certain notice procedures with respect to the Sale(s), and (iv) permitting credit bidding in connection with the Sale(s), (B) authorizing, but not requiring, the Debtors to (i) enter into a "stalking

horse" agreement(s) (a "Stalking Horse Agreement") with a bidder or bidders (each, a "Stalking Horse Bidder" and collectively, the "Stalking Horse Bidders") for one or more of the Debtors' Business Units, for the purpose of establishing a minimum acceptable bid at which to begin the Auctions (as defined below); and (ii) provide a Stalking Horse Bidder or Bidders with a fee(s) of up to but not greater than 2.5% of the purchase price set forth in the Stalking Horse Agreement(s), (iii) setting a deadline for any Stalking Horse Bidder to waive or satisfy any financial or due diligence conditions to closing as of June 11, 2008 (the "Conditions Deadline"), (iv) setting June 13, 2008 at 5:00 p.m. prevailing Eastern time as the deadline for any Qualified Bidder (as defined below) to submit a Qualified Bid (as defined below) for any or all of the Debtors' assets or equity interests, (v) scheduling the Auctions for any or all of the Debtors' Business Units and/or Miscellaneous Assets as June 16, 2008, and (vi) setting the sale hearings on any Qualified Bids for which the Debtors are prepared to seek Court approval to commence at 9:30 a.m. on June 18, 2008 as may be adjourned or continued (the "Sale Hearing").

BASIS FOR RELIEF

13. The events leading up to the Debtors' emergency filing of these chapter 11 cases on the Petition Date are well known to this Court and to the Debtors' suppliers, creditors, and other parties in interest, and such events are set forth in greater detail in the Smidt Declaration. Following a series of interim financing orders, on May 2, 2008 the Final DIP Order was entered by the Court approving the Customer Financing through August 31, 2008. In furtherance of the Debtors' restructuring alternatives and in accordance with their obligations under the Customer Financing facility, the Debtors have filed this motion seeking approval of a sale process, including bid procedures, pursuant to which the Debtors may solicit a Stalking Horse Bidder or Bidders for all or part of their Business Units and/or Miscellaneous Assets.

14. Furthermore, although the Debtors have maintained throughout these cases that a standalone plan of reorganization may provide their creditors and equity constituencies with greater value than a sale of substantially all or some of their businesses and/or, assets, the Debtors major creditor constituencies have generally favored and supported a potential sale transaction with respect to the Interiors Business (as

defined below) to Johnson Controls, Inc. ("JCI") and a sale of the Debtors' other Business Units, if possible, to third parties. Accordingly, consistent with their obligation to maximize value for the creditors and their stakeholders, the Debtors have foregone litigation with JCI and entered into negotiations with JCI, their various creditor constituencies and other third parties regarding potential sales and the value to the estate such sale(s) might bring.

15. In that regard, the Debtors have been soliciting offers for one or more of the Business Units and/or are seeking bids for the Miscellaneous Assets. To date, the Debtors have not yet accepted any such offers; however, they are very close to obtaining offers that may result in sufficient value for their constituencies to warrant their seeking approval of one or more such sales as an integral part of their restructuring efforts. At the present time, the value of the Debtors' businesses and assets, including the Business Units and Miscellaneous Assets, is uncertain as is the value of any reorganization plan contingent in part on the Debtors' successfully litigating complex contractual issues with JCI.

16. Accordingly, to determine the value of their Business Units and Miscellaneous Assets through a

"market check" and, thus, to be able to compare that value to the enterprise value of the Debtors if reorganized pursuant to a standalone plan, the Debtors have determined to seek approval of the Bidding Procedures, which Bidding Procedures the Debtors believe will enable them to fully gauge the value of their businesses and assets and compare that value to the value the Debtors believe might be realized in a standalone plan of reorganization.

17. Thus, the Debtors believe that, under the circumstances and in light of the provisions of the Customer Financing, it is in the best interests of their estates and creditors to pursue (I) the continued solicitation of offers to sell (A) those portions of the Debtors' operations and those assets relating to (i) the Debtors' interior and underhood business (the "Interiors Business"); (ii) the manufacture of plastic-based automotive exteriors components (the "Exteriors Business"); (iii) automotive stamping manufacturing (the "Stamping Business"); and (iv) carpet installation business (the "Carpet Business", and together with the Interiors Business, the Exteriors Business and the Stamping Business, the "Business Units") and/or (B) the Debtors' various assets including but not limited to (i) the Debtors' 51% equity interest in TrimQuest, LLC, a

Michigan limited liability company, including all rights in connection therewith (the "TrimQuest Membership Interest"); (ii) the Debtors' stock and/or equity interest in any or all of Plastech's direct or indirect subsidiaries (the "Equity Interests"); (iii) any of the Debtors' plants or facilities (the "Facilities"); and (iv) any or all of the Debtors' miscellaneous capital assets (the "Capital Assets" and together with the TrimQuest Membership Interests, the Equity Interests and the Facilities, the "Miscellaneous Assets") or (II) any other alternative transaction (including a plan of reorganization or financing thereof) (an "Alternative Transaction").

18. Furthermore, and as set forth above, the Debtors are seeking Court approval to provide Qualified Bidders who provide a Qualified Bid that the Debtors accept as a Stalking Horse Bid with a Break-Up Fee and Expense Reimbursement in an amount not to exceed 2.5% of the purchase price a Stalking Horse Bidder offers for a Business Unit. The Debtors believe that providing them such authority will enable the Debtors to maximize value for the Debtors' estates by setting a floor value for the Debtors' Business Units and a standard against which other Qualified Bids and a standalone restructuring may be measured. In that regard, the Debtors believe that

they may be in a position to file such a Qualified Bid for either or both the Interiors Business and the Exteriors Business by May 22, 2008 at 12:00 noon, but in no event later than the Stalking Horse Selection Date (as defined below), which Qualified Bids would only be entitled to receive the Break-Up Fee(s) and Expense Reimbursement(s) if: (A) the Qualified Bidder submitting such bid provides the Debtors with an executed asset purchase agreement by June 11, 2008 that the Debtors would be prepared to accept and (B) either (i) the asset purchase agreement contains no financing or due diligence condition or (ii) such Qualified Bidder has advised the Debtors in writing that any such condition has been waived or satisfied.

BIDDING PROCEDURES

A. The Auctions

19. Business Units Auction. The Debtors propose that on June 16, 2008, they will commence an auction for the Business Units (the "Business Units Auction") beginning at 9:00 a.m. (Eastern) among those bidders that submit Qualified Bids on or before the Bid Deadline (as defined below) in accordance with the Bidding Procedures and the Bid Procedures Order. The Business Units Auction will begin with competing bids for the Debtors' Interiors Business and will continue until

the Debtors receive the highest or otherwise best offer for the Interiors Business. Following receipt of the highest or otherwise best bid for the Interiors Business, if any, the Business Units Auction will continue with competing bids for the Debtors' Exteriors Business and will continue until the Debtors receive the highest or otherwise best offer for the Exteriors Business.

Following receipt of the highest or otherwise best bid for the Exteriors Business, if any, the Business Units Auction will continue with competing bids for the Debtors' Stamping Business and will continue until the Debtors receive the highest or otherwise best offer for the Stamping Business. Following receipt of the highest or otherwise best bid for the Stamping Business, if any, the Business Units Auction will continue with competing bids for the Debtors' Carpet Business and will continue until the Debtors receive the highest or otherwise best offer for the Carpet Business.

20. The Business Units Auction will remain open until the Miscellaneous Assets Auction (as defined below) is closed. The Business Units Auction will be followed immediately by the commencement of the Miscellaneous Assets among bidders for some or all of the Debtors' Miscellaneous Assets.

21. Miscellaneous Assets Auction. The Debtors also propose to conduct an auction for some or all of the Debtors' Miscellaneous Assets (the "Miscellaneous Assets Auction") on June 16, 2008, which auction would commence after the Debtors receive the highest or otherwise best bid or bids in the Business Units Auction. The Miscellaneous Assets Auction will be conducted with respect to each bid for any asset on which the Debtors receive a bid until such time as the highest or otherwise best bid is received for the asset.

22. Final Auction. Finally, upon the conclusion of bidding at the Business Units Auction and the Miscellaneous Assets Auction, the Debtors will determine which Sale or combination of Sales provides the Debtors, their estates and creditors the highest or otherwise best offer(s). Upon such announcement, the Debtors will then commence an auction (the "Final Auction" and together with the Business Units Auction and the Miscellaneous Assets Auction, the "Auctions") in which the successful bidders at the Business Units Auction and the Miscellaneous Assets Auction may participate.

23. Bidding at the Final Auction will continue until such time as each bidder or combination of bidders has submitted its highest or otherwise best bid. At the

conclusion of the Final Auction, the Debtors will announce the bidder or bidders submitting the bid(s) that they have determined constitute the highest or otherwise best bid and close the Auctions.

B. The Bidding Procedures

24. The Debtors intend to implement procedures substantially similar to the procedures (the "Bidding Procedures") attached hereto as Exhibit B with respect to the qualifying bidders and conducting the Business Units Auction, the Miscellaneous Assets Auction and the Final Auction. The Debtors reserve their right to modify such procedures as necessary or they deem appropriate to maximize value for their estates and creditors. In addition, the Debtors reserve their right to withdraw any or all businesses or assets from the Sale(s) at any time prior to Court approval of such Sale(s). The Debtors believe that such procedures are appropriate and will maximize the recovery for the Debtors and their estates in connection with the various auctions.

25. Certain of the key terms of the Bidding Procedures are highlighted as follows:

- Bid Documents. To be considered a Qualified Business Units Bidder for purposes of the Business Units Auction the person or entity submitting the bid must, among other things, deliver the following documents (the "Bid Documents"): (i) a letter stating that the

bidder's offer is irrevocable until the later of (y) 2 business days after the Business Unit(s) has been disposed of pursuant to the Bidding Procedures, and (z) 30 days after the Sale Hearing, as defined herein; (ii) a markup of the form Asset Purchase Agreement (the "Agreement") to be provided by the Debtors and an executed copy of any purchase agreement that the bidder proposes the Debtors to enter into; (iii) written evidence of a commitment for financing or other evidence of ability to consummate the proposed transaction; and (iv) the form of order that the bidder would request the Debtors to seek Court approval at the June 18, 2008 hearing.

- Business Units Bid Prerequisites. As additional prerequisites to becoming a Qualified Business Units Bidder (and thus, among other things, prior to being able to conduct due diligence) (the "Business Units Bid Prerequisites"), a bidder: (i) must deliver an executed confidentiality agreement in form and substance acceptable to the Debtors no later than June 2, 2008; (ii) must deliver a bid that identifies assets and/or businesses of the Debtors to be acquired by the bidder and the consideration to be paid for such assets no later than June 13, 2008 at 12:00 noon (Eastern) (the "Competing Transaction"); (iii) must be able, as determined by the Debtors, in good faith, to consummate a transaction based on the Competing Transaction if selected as the successful bidder; and (iv) Must deliver a bid that is accompanied by a cash deposit in the amount of five percent (5%) of the purchase price offered in the proposal for a Competing Transaction (a "Good Faith Deposit"), which deposit shall be forfeited as liquidated damages for breach by the purchaser

thereunder on terms substantially the same as those described in the Stalking Horse Agreement.

- Exteriors and Stamping Prerequisites. Additionally, in order to become a Qualified Business Units Bidder with respect to the Exteriors Business and the Stamping Business (the "Exteriors and Stamping Prerequisites"), a bidder also: (i) must demonstrate to the Debtors that it possesses the financial capabilities, business plan and management to acquire and operate any plant it proposes to acquire; (ii) Must demonstrate to the Debtors that it has sufficient working capital, financial stability and economic resources to meet the Debtors' original equipment manufacturers (the "OEMs") future production needs; and (iii) must agree to assume (or otherwise undertake) the OEMs' current production contracts and service parts contracts for parts manufactured at the Exteriors Business and/or the Stamping Business without modification, unless the applicable OEM otherwise agrees to such modification.
- Qualified Business Units Bids. Bids consisting of the Bid Documents, the Business Units Bid Prerequisites, and as applicable for bids for the Exteriors Business and the Stamping Business, the Exteriors and Stamping Prerequisites may be considered at the Business Units Auction (the "Qualified Business Units Bids" and each, a "Qualified Business Units Bid").
- Qualified Miscellaneous Assets Bids. Only persons or entities submitting Qualified Miscellaneous Assets Bids (as defined below) (the "Qualified Miscellaneous Assets Bidders" and each, a "Qualified Miscellaneous Assets Bidder"), may

participate in the Miscellaneous Assets Auction. To be considered for purposes of the Miscellaneous Asset Auction the bid must: (i) be submitted by a Qualified Business Units Bidder; or (ii) consist of an offer in the form of a purchase agreement by the Bid Deadline (as defined hereinafter) that specifically identifies (a) the asset(s) to be purchased, (b) the purchase price, (c) identify the potential bidder and the officer(s) or authorized agent(s) who will appear on behalf of such bidder, (d) provide evidence, satisfactory to the Debtors in their reasonable discretion, of the bidder's financial wherewithal, (e) provide that the bid shall not be conditioned on the outcome of any unperformed due diligence by the bidder or any financing contingency, and (f) provide that the bidder's offer is irrevocable until the later of the entry of a final order approving the purchase agreement with such bidder, as it may be modified prior to entry, and the dissolution of any stays of such order or implementation of a transaction involving any other bidder (collectively, the "Qualified Miscellaneous Assets Bids" and each, a "Qualified Miscellaneous Assets Bid" and together with the Qualified Business Units Bids, the "Qualified Bids" and each a "Qualified Bid").

- Alternative Transaction Bids. An Alternative Transaction is a "Qualified Bid" if (a) the value (whether viewed separately or together with other competing proposals evidenced by Qualified Bids) is greater or otherwise better than the sum of (i) the value of the Stalking Horse Bidder(s)'s offer(s) as set forth in the Stalking Horse Agreement(s) and (ii) the Interiors Business Incremental Bid Amount (as defined below),

(b) is accompanied by an executed copy of an alternative agreement that reflects any substantive changes to the Stalking Horse Agreement and includes a commitment to close by the June 30, 2008, a representation that the Qualified Bidder will make all necessary HSR filings, pay all costs and expenses associated with such filings (including the costs and expenses of the Debtors), and satisfactory evidence of committed financing or other ability to perform and (c) is accompanied by a cash deposit in the amount of five percent (5%) of the purchase price offered in the proposal for a Alternative Transaction, which deposit shall be forfeited as liquidated damages for breach by the purchaser thereunder on terms substantially the same as those described in the Stalking Horse Agreement.

- Minimum Overbid Amounts. Bidding at the Business Units Auction shall proceed as follows: (i) the "Interiors Business Initial Incremental Bid Amount" shall mean the Break-Up Fee and Expense Reimbursement plus \$1,000,000; (ii) the "Exteriors Business Initial Incremental Bid Amount" shall mean the Break-Up Fee and Expense Reimbursement plus \$500,000; (iii) the "Stamping Business Initial Incremental Bid Amount" shall mean the Break-Up Fee and Expense Reimbursement plus \$500,000; (iv) the "Carpet Business Initial Incremental Bid Amount" shall mean the Break-Up Fee and Expense Reimbursement plus \$500,000; and (v) the "Subsequent Incremental Bid Amount" for all Business Units shall be an amount equal to \$250,000 (collectively, the "Minimum Overbid Amounts").
- Bid Deadline. The Debtors are requesting that Qualified Business Units Bidders and/or Qualified Miscellaneous Assets Bidders

(each, a "Qualified Bidder" and collectively the "Qualified Bidders") that desire to make a bid shall deliver deadline for submission of bids of 5:00 p.m. (prevailing Eastern time) on June 13, 2008 (the "Bid Deadline").

- Credit Bidding. Except as provided in the Bid Procedures Order, Qualified Business Units Bidders may make one or more credit bids of some or all of their claims to the full extent permitted by Bankruptcy Code section 363(k).
- Bidding Process. The Debtors and their advisors, after consultation with the Committee and their advisors, shall (i) determine whether any person is a Qualified Bidder, (ii) coordinate the efforts of Qualified Bidders in conducting their due diligence investigations, (iii) receive offers from Qualified Bidders, and (iv) negotiate any offers made to purchase the Business Units and/or Miscellaneous Assets (collectively, the "Bidding Process"). Any person that wishes to participate in the Bidding Process must be a Qualified Bidder. Neither the Debtors nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Qualified Bidder. The Debtors shall, after consultation with the Committee and their advisors, have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that will better promote the goals of the Bidding Process and that are not inconsistent with any of the other provisions hereof or of any Bankruptcy Court order.
- Acceptance of Qualified Bids. The Debtors shall sell one or more of the Business Units

and/or one or more Miscellaneous Assets to the Successful Bidder(s) upon the approval of the Successful Bid(s) by the Bankruptcy Court after the Sale Hearing. The Debtors' presentation of a particular Qualified Bid to the Bankruptcy Court for approval does not constitute the Debtors' acceptance of the bid. The Debtors will be deemed to have accepted a bid only when the bid has been approved by the Bankruptcy Court at the Sale Hearing. All interested parties reserve their right to object to the Debtors' selection of the Successful Bidder(s).

C. Stalking Horse Bid Protection

26. The Debtors believe that in order to entice potential bidders to establish a floor price for any Business Unit and the terms of such offers, they should be authorized to offer bidders a fee in the event that a bidder or bidders is chosen as a Stalking Horse Bidder(s) for any or all of the Business Units but is ultimately outbid at the Auctions, in addition to the Minimum Overbid Amounts. Accordingly, the Debtors request that the Bankruptcy Court approve the following: with respect to any Stalking Horse Agreement or Agreements that the Debtors enter into on or about May 22, 2008 but in no event later than June 11, 2008 (the "Stalking Horse Selection Date") for one or more of the Business Units, a combined break-up fee and expense reimbursement of no more than 2.5% of the purchase price for such Business Unit, payable on the closing of a

Competing Transaction (the "Break-Up Fee and Expense Reimbursement"). As set forth above, to earn a Break-Up Fee and Expense Reimbursement, the Stalking Horse Agreement or Agreements cannot, as of the Conditions Deadline, contain, among other things, a "due diligence" or financing contingency.

27. The Break-Up Fee and Expense Reimbursement shall only be paid by the Debtors if the Stalking Horse Bidder or Bidders is not the successful bidder or bidders at the Final Auction and the Debtors shall not be permitted to offer two Break-Up Fees and Expense Reimbursements with respect to any bid covering the same Business Units.

D. Credit Bidding

28. In connection with one or more proposed Sales of the Interiors Business and/or Exteriors Business, the Debtors' First Lien Term Loan lenders and Second Lien Term Loan lenders (collectively, the "Term Lenders") may seek to credit bid some or all of the amounts owing under or relating to the First Lien Term Loan and the Second Lien Term Loan, respectively. The Debtors therefore intend to file in the near term a motion to validate the liens, claims and security interests of the Term Lenders so that the full value of such liens, claims and security interests may be credit

bid in connection with the Sale(s) pursuant to Bankruptcy Code section 363(k). Accordingly, the Debtors seek the Court's allowance of credit bidding in connection with the Sale(s) to the full extent of Bankruptcy Code section 363(k).

E. Notice Procedures

29. Notice of Sale Hearing. Within two (2) days after the entry of the Bid Procedures Order, or as soon thereafter as practicable (the "Mailing Date"), the Debtors (or their agents) shall serve a notice of the sale (the "Sale Notice"), as well as a copy of this Motion, the Bid Procedures Order, and the Bid Procedures by first-class mail, postage prepaid, upon (a) all entities known to have expressed an interest in a transaction with respect to all or part of the Assets at any time; (b) all entities known to have asserted any lien, claim, interest or encumbrance in or upon any of the Miscellaneous Assets; (c) all federal, state and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by this Motion; (d) all non-residential real property lessors; (e) the United States Attorney's office; (f) the Securities and Exchange Commission; (g) the Internal Revenue Service; (h) counsel for the Committee; and (i) counsel for the Major Customers. Such

notice shall be sufficient and proper notice of the sale with respect to known interested parties.

30. Publication Notice. The Debtors also propose that, pursuant to Fed. R. Bankr. P. 2002 and 6004, publication of a notice of the proposed sale in *The Wall Street Journal* or *The New York Times* and such local newspapers as the Debtors deem appropriate on the Mailing Date or as soon as practicable thereafter, be deemed sufficient notice to any other interested parties whose identities are unknown to the Debtors.

APPLICABLE AUTHORITY

A. Approval of the Business Units and Miscellaneous Assets Sales is Warranted Under Bankruptcy Code Sections 105(a) and 363(b)(1).

31. Bankruptcy Code section 363(b)(1) provides that "The trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." Bankruptcy Code section 105(a) provides in relevant part: "The Court may issue any order, process, or judgment that is necessary or appropriate to carry out the provisions of this title."

32. A debtor should be authorized to sell assets out of the ordinary course of business pursuant to Bankruptcy Code section 363 and prior to obtaining a

confirmed plan or reorganization if it demonstrates a sound business purpose for doing so. See, e.g., Stephens Indus., Inc. v. McClung, 789 F.2d 386, 390 (6th Cir. 1986) (concluding that a sale of assets may be authorized if a "sound business purpose dictates such action"); Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.), 722 F.2d 1063, 1070 (2d Cir. 1983); Lounds v. Boyd (In re Lands), 1998 U.S. Dist. LEXIS 10925, *5 (E.D. Mich. June 23, 1998) (finding that approval of a contested sale under Bankruptcy Code section 363(b)(1) must be based on the best interests of the estate); In re Coastal Indus., Inc., 63 B.R. 361, 368 (Bankr. N.D. Ohio 1986) (following Sixth Circuit's business judgment standard for sales under Bankruptcy Code Section 363(b)(1)).

33. Based upon the results of their analysis of the Debtors' ongoing and future business prospects, the Debtors' management and team of financial advisors have concluded that a sale of all or some of their Business Units and/or Miscellaneous Assets in accordance with the procedures set forth in the Bidding Procedures may be the best method to maximize recoveries to the estates. Maximization of asset value and maintaining compliance with the Customer Financing facility are sound

business purposes, warranting authorization of the proposed Sale(s).

34. First, the Debtors have received expressions of interests from third parties interested in purchasing the Debtors' Interiors Business, Exteriors Business and Stamping Business. By permitting such bids, in addition to the auction of Miscellaneous Assets, pursuant to the Bidding Procedures the Debtors believe that they will be offered additional flexibility and thereby have greater potential for maximizing the value of their businesses.

35. Second, the sale of any of the Debtors' Business Units and/or Miscellaneous Assets will be subject to competing bids, thereby enhancing the Debtors' ability to receive the highest or otherwise best value for the Business Units and/or Miscellaneous Assets. Consequently, the fairness and reasonableness of the consideration to be received by the Debtors will ultimately be demonstrated by a "market check" through the auction process, which is the best means for establishing whether a fair and reasonable price is being paid.

36. Third, all creditors and parties in interest will receive adequate notice of the Bidding Procedures and the Sale Hearing as set forth above. In

light of the circumstances, such notice is reasonably calculated to provide timely and adequate notice to the Debtors' major creditor constituencies, those parties most interested in these cases, those parties potentially interested in bidding on the Business Units or the Miscellaneous Assets and others whose interests are potentially implicated by the proposed Sales.

B. The Break-Up Fee(s) and Expense Reimbursement(s) Requested Herein are Reasonable and Should be Approved.

37. Pursuant to Bankruptcy Rule 6004(f)(1), sales of property outside the ordinary course of business may be by private sale or by public auction. Consistent with bankruptcy auction procedures approved routinely in this District, the Debtors believe that the proposed Break-Up Fee(s) and Expense Reimbursement(s) are most likely to maximize the realizable value of the Business Units for the benefit of the Debtors' estates, creditors, and other parties-in-interest.

38. Lower courts in the Sixth Circuit have established standards for determining the appropriateness of bidding incentives in the bankruptcy context. In re Hupp Indus., Inc., 140 B.R. 191, 194 (Bankr. S.D. Ohio 1992), the Court held that even though bidding incentives are measured against a business judgment standard in nonbankruptcy transactions, the administrative expense

provisions of Bankruptcy Code section 503(b) govern in the bankruptcy context. Accordingly, to be approved, bidding incentives must provide some post-petition benefit to the debtor's estate. See id. at 196.

39. The Hupp Court identified several factors to consider in determining whether to allow a break-up fee:

- 1) Whether the fee requested correlates with a maximization of value to the debtor's estate;
- 2) Whether the underlying negotiated agreement is an arms-length transaction between the debtor's estate and the negotiating acquirer;
- 3) Whether the principal secured creditors and the official creditors committee are supportive of the concession;
- 4) Whether the subject break-up fee constitutes a fair and reasonable percentage of the proposed purchase price;
- 5) Whether the dollar amount of the break-up fee is so substantial that it provides a 'chilling effect' on other potential bidders;
- 6) The existence of available safeguards beneficial to the debtor's estate; and
- 7) Whether there exists a substantial adverse impact upon unsecured creditors, where such creditors are in opposition to the break-up fee.

Id. at 194.

40. The Break-Up Fee(s) and Expense Reimbursement(s) will enable the Debtors to secure adequate floors and, thus, insist that competing bids be materially higher or otherwise better than any agreement that might be entered into with a Stalking Horse Bidder(s), a clear benefit to the Debtors' estates. Moreover, it is likely that none of the potential bidders for any of the Business Units would agree to act as a "stalking horse" bidder without the protection of the Break-Up Fee(s) and Expense Reimbursement(s), as well as the Minimum Overbid Amounts. Without the benefit of a stalking horse bid and agreement, the bids received at auction for the Business Units could be substantially lower than that offered by a Stalking Horse Bidder(s).

41. Additionally, the amount of the Break-Up Fee(s) and Expense Reimbursement(s) is reasonable and appropriate in light of the size and nature of the transactions and the efforts that have been and will be expended by a Stalking Horse Bidder(s). Moreover, the Break-Up Fee(s) and Expense Reimbursement(s), equal to no more than 2.5% of the proposed purchase price for one or more of the Business Units are fair and reasonable in amount, particularly in view of the efforts that will have to be expended by any Stalking Horse Bidder(s).

Additionally, beneficial safeguards exist, as the Debtors would only be required to pay the Break-Up Fee(s) and Expense Reimbursement(s) if a transaction is consummated with a successful bidder other than a Stalking Horse Bidder(s) (or if no transaction is consummated) and such Break-Up Fee(s) and Expense Reimbursement(s) would necessarily be encompassed in the purchase price for such transaction.

42. In sum, the Debtors' ability to offer the Break-Up Fee(s) and Expense Reimbursement(s) enables them to ensure the sale of their Business Units to a purchaser at a price they believe to be fair while, at the same time, providing them with the potential of even greater benefit to the estates. Thus, the Break-Up Fee(s) and Expense Reimbursement(s) should be approved.

43. Moreover, payment of the Break-Up Fee(s) and Expense Reimbursement(s) will not diminish the Debtors' estate. The Debtors do not intend to terminate any Stalking Horse Agreement if to do so would incur an obligation to pay the Break-Up Fee and Expense Reimbursement, unless to accept an alternative bid, which bid must exceed the consideration offered by a Stalking Horse Bidder by an amount sufficient to pay the Break-Up Fee and Expense Reimbursement.

44. Accordingly, the Debtors believe the Court should approve the Break-Up Fee(s) and Expense Reimbursement(s). Similar procedures have been previously approved by this Court. See, e.g., In re Collins & Aikman Corp., Case No. 05-55927 (SWR) (Bankr. E.D. Mich. Apr. 19, 2007); In re Steel Parts Corp., Case No. 06-52972 (SWR) (Bankr. E.D. Mich. Oct. 6, 2006); In re Jacobs Indus., Inc., Case No. 05-72613 (TJT) (Bankr. E.D. Mich. Dec. 23, 2005).

45. The Debtors thus request that the Court authorize payment of the Break-Up Fee(s) and Expense Reimbursement(s).

C. The Bidding Procedures are Reasonable and Appropriate.

46. The Debtors believe that the Bidding Procedures will ensure that the bidding process with respect to the potential Sale of the Business Units and/or the Miscellaneous Assets is fair and reasonable and will yield the maximum value for their estates and creditors. Initially, the Bidding Procedures provide for a straightforward auction for the Debtors' Business Units pursuant to which the bidder(s) that submits the highest or otherwise best offer(s) will be selected as the purchaser(s) of one or more of the Business Units, if such successful bidder ultimately prevails at the Final

Auction. The Bidding Procedures further permit the Debtors to maximize the value of their assets by allowing an additional subsequent auction, the Miscellaneous Assets Auction. At the Final Auction, the Debtors will potentially be able to further increase the recovery for the estates by combining the bids received in the prior auctions and permitting additional bidding by parties that were successful in such prior auctions.

47. In addition, the Bidding Procedures set deadlines for obtaining a stalking horse bid or bids, conducting an auction and holding a hearing with respect to the Sale(s) proposed herein. As set forth above, pursuant to the Customer Financing the Debtors are required to either complete a sale process or a standalone restructuring in accordance with the Interim DIP Order. Thus, the Debtors believe that they must be permitted to conduct the sale process in the manner and on the timetable set forth herein and in the Bidding Procedures.

48. Accordingly, the Debtors believe the Court should approve the Bidding Procedures, including the dates established thereby for, inter alia, the Auctions and the Sale Hearing.

CONCLUSION

WHEREFORE the Debtors respectfully request entry of an order (i) approving the Bidding Procedures; (ii) authorizing the Debtors to enter into stalking horse agreements in connection with one or more of the sale(s) of the Debtors' Business Units; (iii) approving the Break-Up Fee(s) and Expense Reimbursement(s) in connection therewith; (iv) scheduling a Sale Hearing to approve such sale or sales, and approving the form and manner of notice thereof; (v) permitting credit bidding

pursuant to Bankruptcy Code section 363(k); and

(vi) such other and further relief as is just.

Dated: Detroit, Michigan
May 16, 2008

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EXHIBIT A

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

- - - - - x
In re: : Chapter 11
:
PLASTECH ENGINEERED : Case No. 08-42417 (PJS)
PRODUCTS, INC., et al.,¹ :
:
Debtors. : Jointly Administered
:
- - - - - x

ORDER (A) ESTABLISHING BIDDING PROCEDURES RELATING TO THE
SALE OF SOME OR ALL OF THE DEBTORS' BUSINESS UNITS AND/OR
MISCELLANEOUS ASSETS OR CONSUMMATION OF AN ALTERNATIVE
TRANSACTION, (B) AUTHORIZING THE DEBTORS TO ENTER INTO
STALKING HORSE AGREEMENTS IN CONNECTION WITH SALE OF ONE OR
MORE BUSINESS UNITS, (C) APPROVING BREAK-UP FEE AND EXPENSE
REIMBURSEMENT IN CONNECTION THEREWITH, (D) SCHEDULING A
HEARING TO CONSIDER THE PROPOSED SALE(S) AND APPROVING THE
FORM AND MANNER OF NOTICE THEREOF, (E) PERMITTING CREDIT
BIDDING PURSUANT TO BANKRUPTCY CODE SECTION 363(K), AND
(F) GRANTING CERTAIN RELATED RELIEF

Upon the motion (the "Motion")² of the Debtors
for an order (i) approving the procedures in connection
with a potential sale of some or all of the Debtors'
Business Units and/or Miscellaneous Assets or
consummation of an Alternative Transaction;

¹ The Debtors are the following entities: Plastech Engineered Products, Inc., LDM Technologies, Inc., Plastech Frenchtown, Inc., Plastech Decorating Systems, Inc., Plastech Exterior Systems, Inc., Plastech Romulus, Inc., MBS Polymet, Inc., LDM Holding Canada, Inc., and LDM Holding Mexico, Inc.

² Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Motion, the Bid Procedures or the Agreement.

(ii) authorizing the Debtors to enter into stalking horse agreements in connection with one or more of the sale(s) of the Debtors' Business Units; (iii) approving break-up fee(s) and expense reimbursement(s) provision in connection therewith; (iv) scheduling a hearing to approve such sale or sales (the "Sale" or "Sales"), and approving the form and manner of notice thereof; and (v) permitting credit bidding pursuant to Bankruptcy Code section 363(k); and the Court having considered the Motion and objections thereto, and the arguments of counsel made, and the evidence adduced, at the hearing on the Motion (the "Bidding Procedures Hearing"); and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, their creditors, and all other interested parties; and upon the record of the Bidding Procedures Hearing and these chapter 11 cases, and after due deliberation thereon, and good cause appearing therefore, it is hereby

FOUND, CONCLUDED AND DECLARED THAT:

A. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicates for the relief sought herein are 11 U.S.C. §§ 105 and 363 and Fed. R. Bankr. P. 2002 and

6004. Venue of these cases and this Motion in this district is proper pursuant to 28 U.S.C. §§ 1408 and 1409.

B. The Debtors have articulated good and sufficient reasons for approving (1) the Bidding Procedures, and (2) the form and manner of notice of the Bidding Procedures and the proposed Sale(s).

C. The Bidding Procedures are reasonable and appropriate.

D. The Stalking Horse Bidder(s) has expended, and likely will continue to expend, considerable time, money and energy pursuing the proposed Sale(s).

E. Recognizing this expenditure of time, energy and resources, the Debtors have agreed to pay the Break-Up Fee(s) and Expense Reimbursement(s) to the Stalking Horse Bidder(s) on the terms and conditions set forth in the Stalking Horse Agreement(s).

F. The Break-Up Fee(s) and Expense Reimbursement(s) is (1) a material inducement for, and a condition of, the Stalking Horse Bidder(s) entry into the Stalking Horse Agreement(s), and (2) fair and reasonable in view of the fact that, if the Break-Up Fee(s) and Expense Reimbursement(s) is triggered, the Stalking Horse Bidder(s)'s efforts will have increased the chances that

the Debtors will receive the highest or otherwise best offer for the Business Units.

IT IS THEREFORE, ORDERED, ADJUDGED AND DECREED THAT:

1. The Motion is GRANTED.

2. The Bidding Procedures, as may be modified by the Debtors in accordance with the terms of the Bidding Procedures, attached to the Motion as Exhibit B are approved and fully incorporated into this Order, and the Debtors are authorized and directed to act in accordance therewith.

3. Within five (5) business days after the entry of this Order, or as soon thereafter as practicable (the "Mailing Date"), the Debtors (or their agents) shall serve a notice of the sale (the "Sale Notice"), as well as a copy of the Motion, this Order and the Bid Procedures by first-class mail, postage prepaid, upon (a) all entities known to have expressed an interest in a transaction with respect to all or part of the Assets at any time; (b) all entities known to have asserted any lien, claim, interest or encumbrance in or upon any of the Miscellaneous Assets; (c) all federal, state and local regulatory or taxing authorities or recording offices which have a reasonably known interest in the relief requested by this Motion; (d) all non-residential

real property lessors; (e) the United States Attorney's office; (f) the Securities and Exchange Commission; (g) the Internal Revenue Service; (h) counsel for the Committee; and (i) counsel for the Major Customers. Such notice shall be sufficient and proper notice of the Sale(s) with respect to known interested parties.

4. The Debtors shall publish notice of the Sale(s) in *The Wall Street Journal* or *The New York Times* and such local newspapers as the Debtors deem appropriate on the Mailing Date or as soon as practicable thereafter. Such publication notice shall be sufficient and proper notice to any other interested parties whose identities are unknown to the Debtors.

5. The Break-Up Fee(s) and Expense Reimbursement(s) is hereby approved, provided that the Stalking Horse Bidder(s) is not in default under the Stalking Horse Agreement(s), and provided further that, as of June 11, 2008 (the "Conditions Deadline") the Stalking Horse Bidder(s) has waived or satisfied any financial or due diligence conditions to closing, the Stalking Horse Bidder(s) is entitled to be paid the Break-Up Fee(s) and Expense Reimbursement(s) if (i) the Court approves a Competing Transaction or Alternative Transaction with a Qualified Bidder other than the

Stalking Horse Bidder(s), and (ii) the Debtors either consummate such a Competing Transaction or Alternative Transaction or fail to consummate a transaction with the Stalking Horse Bidder(s) or any other Qualified Bidder. Except as provided herein, the Stalking Horse Bidder(s) shall not be entitled to any portion of the Break-Up Fee(s) and Expense Reimbursement(s).

6. The Stalking Horse Bidder(s), the Term Lenders and any other party is authorized to make one or more credit bids at the Auctions to the full extent permitted by Bankruptcy Code section 363(k).

7. The Break-Up Fee(s) and Expense Reimbursement(s) (if earned pursuant to the Stalking Horse Agreement(s) and this Order), until paid, will constitute a superpriority administrative claim having priority over any and all administrative expenses of the kind specified in Bankruptcy Code sections 503(b) and 507(b) junior only to the claims of the Major Customers pursuant to the Customer Financing.

8. A final hearing (the "Sale Hearing") to approve the sale of one or more of the Business Units and/or one or more of the Miscellaneous Assets to the Successful Bidder(s) shall be held on June 18, 2008 at 9:30 a.m. (Eastern Time).

9. Objections, if any, to the Sale(s) must be filed and served on counsel for the Debtors by June 11, 2008 at 4:00 p.m. (Eastern Time) (the "Sale Objection Deadline").

10. This Order shall constitute findings of fact and conclusions of law and shall take effect immediately upon execution hereof.

11. Notwithstanding the possible applicability of Fed. R. Bankr. P. 6004(g), 6006(d), 7062, 9014, or otherwise, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

12. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

EXHIBIT B

PLASTECH ENGINEERED PRODUCTS, INC. BIDDING PROCEDURES

On February 1, 2008 (the "Petition Date"), debtors and debtors in possession in the jointly administered chapter 11 cases presently pending in the Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court") pursuant to Case No. 08-42417 (collectively, the "Debtors") filed voluntary petitions in this Court for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101-1532 (the "Bankruptcy Code"). Set forth below are the bidding procedures (the "Bidding Procedures") to be employed with respect to (I) the proposed sale (the "Proposed Sale") of (A) those portions of the Debtors' operations and those assets relating to (i) the Debtors' interior and underhood business (the "Interiors Business"); (ii) the manufacture of plastic-based automotive exteriors components (the "Exteriors Business"); (iii) automotive stamping manufacturing (the "Stamping Business"); and (iv) carpet installation business (the "Carpet Business", and together with the Interiors Business, the Exteriors Business and the Stamping Business, the "Business Units") and/or (B) the Debtors' various assets including but not limited to (i) the Debtors' 51% equity interest in TrimQuest, LLC, a Michigan limited liability company, including all rights in connection therewith (the "TrimQuest Membership Interest"); (ii) the Debtors' stock and/or equity interest in Plastech or any of its Debtor subsidiaries (the "Equity Interests"); (iii) any of the Debtors' plants or facilities (the "Facilities"); and (iv) any or all of the Debtors' miscellaneous capital assets (the "Capital Assets" and together with the TrimQuest Membership Interests, the Equity Interests and the Facilities, the "Miscellaneous Assets") or (II) any other alternative transaction (including a plan of reorganization or financing thereof) (an "Alternative Transaction"). The Debtors will seek entry of an order from the Bankruptcy Court (defined below) authorizing

and approving the Proposed Sale to the one or more stalking horse bidder(s) for one or more of the Debtors' Business Units (each, a "Stalking Horse Bidder" and collectively, the "Stalking Horse Bidders") or to one or more other Qualified Bidders (defined below) that the Debtors may determine to have made the highest or otherwise best offer for the Business Unit(s) and/or the Miscellaneous Assets.

THE AUCTIONS

I. THE BUSINESS UNITS AUCTION

An auction (the "Business Units Auction") will be conducted at Dickinson Wright PLLC, 500 Woodward Avenue, Suite 4000, Detroit, Michigan 48226 (the "Auction Site"), commencing at 9:00 a.m. (Eastern) on June 16, 2007 (the "Auction Date") with respect to any and all bids received (the "Interiors Bids") with respect to the Debtors' Interiors Business and to determine the highest or otherwise best offer with respect to an agreement to purchase the Interiors Business. Following receipt of the highest or otherwise best bid for the Interiors Business, if any, the Business Units Auction will continue with respect to any and all bids received for the Debtors' Exteriors Business (the "Exteriors Bids") and will continue until the Debtors receive the highest or otherwise best offer for the Exteriors Business. Following receipt of the highest or otherwise best bid for the Exteriors Business, if any, the Business Units Auction will continue with respect to any and all bids received for the Debtors' Stamping Business (the "Stamping Bids") and will continue until the Debtors receive the highest or otherwise best offer for the Stamping Business. Following receipt of the highest or otherwise best bid for the Stamping Business, if any, the Business Units Auction will continue with respect to any and all bids received for the Debtors' Carpet Business (the "Carpet Bids") and will continue until the Debtors receive the highest or otherwise best offer for the Carpet Business.

At the conclusion of the bidding, the Debtors shall announce the bids that the Debtors have determined to be the highest or otherwise best bids for each of the Interiors Business, Exteriors Business, Stamping Business and Carpet Business, if any. The bidder(s) submitting the highest or otherwise best bid(s) will be requested to remain for the Final Auction (as defined herein). The Business Units Auction will remain open until the Miscellaneous Assets Auction is closed. The Business Units Auction will be followed immediately by the commencement of the Miscellaneous Assets among bidders for some or all of the Debtors' Miscellaneous Assets.

II. THE MISCELLANEOUS ASSETS AUCTION

Upon the conclusion of the bidding at the Business Units Auction, the Debtors will commence an auction for some or all of the Debtors' Miscellaneous Assets (the "Miscellaneous Assets Auction"). That Miscellaneous Assets Auction will be conducted at Auction Site immediately following the Business Units Auction. Any bidder submitting a Qualified Miscellaneous Assets Bid (as defined below) may appear and submit its highest or otherwise best bid at the Miscellaneous Assets Auction. Bidding at the Miscellaneous Assets Auction will continue until each Qualified Miscellaneous Asset Bidder has submitted its highest or otherwise best bid for the Miscellaneous Assets. At the conclusion, the bidder(s) submitting the highest or otherwise best bid(s) will be requested to remain for the Final Auction. The Miscellaneous Assets Auction will not be closed until completion of all of the Auctions.

III. THE FINAL AUCTION

Upon conclusion of bidding at the Business Units Auction and the Miscellaneous Assets Auction, the Debtors will determine which sale or combination of

sales provides the Debtors, their estates and creditors the highest or otherwise best offer(s). Upon such announcement, the Debtors will then commence an auction (the "Final Auction" and together with the Business Units Auction and the Miscellaneous Assets Auction, the "Auctions") in which the successful bidders at the Business Units Auction and the Miscellaneous Assets Auction may participate. Bidding at the Final Auction will continue until such time as each bidder or combination of bidders has submitted its highest or otherwise best bid. At the conclusion of the Final Auction, the Debtors will announce the bidder or bidders submitting the bid(s) that they have determined constitute the highest or otherwise best bid and close the Auctions.

QUALIFIED BIDS

A. Business Units Bids

Only persons or entities submitting Qualified Business Units Bids (as defined below) (the "Qualified Business Units Bidders" and each, a "Qualified Business Units Bidder"), may participate in the Business Units Auction. To be considered a Qualified Business Units Bidder for purposes of the Business Units Auction the person or entity submitting the bid must, among other things, deliver the following documents (the "Bid Documents"):

(i) A letter stating that the bidder's offer is irrevocable until the later of (y) 2 business days after the Business Unit(s) has been disposed of pursuant to the Bidding Procedures, and (z) 30 days after the Sale Hearing, as defined herein;

(ii) A markup of the form Asset Purchase Agreement (the "Agreement") to be provided by the Debtors and an executed copy of any purchase agreement that the bidder proposes the Debtors to enter into;

(iii) Written evidence of a commitment for financing or other evidence of ability to consummate the proposed transaction; and

(iv) The form of order that the bidder would request the Debtors to seek Court approval at the June 18, 2008 hearing.

All bids will be considered, but the Debtors reserve their right to reject any or all bids. Bids will be evaluated on numerous grounds; however, bids that are unconditional and contemplate (i) sales that must be consummated on or before June 30, 2008 and (ii) assumption of the collective bargaining agreements relating to that particular Business Unit are strongly encouraged.

As additional prerequisites to becoming a Qualified Business Units Bidder (and thus, among other things, prior to being able to conduct due diligence) (the "Business Units Bid Prerequisites"), a bidder:

(i) Must deliver an executed confidentiality agreement in form and substance acceptable to the Debtors no later than June 2, 2008;

(ii) Must deliver a bid that identifies assets and/or businesses of the Debtors to be acquired by the bidder and the consideration to be paid for such assets no later than June 13, 2008 at 12:00 noon (Eastern) (the "Competing Transaction");

(iii) Must be able, as determined by the Debtors, in good faith, to consummate a transaction based on the Competing Transaction if selected as the successful bidder; and

(iv) Must deliver a bid that is accompanied by a cash deposit in the amount of five percent (5%) of the purchase price offered in the proposal for a Competing Transaction (a "Good Faith Deposit"), which deposit shall be forfeited as

liquidated damages for breach by the purchaser thereunder on terms substantially the same as those described in the Stalking Horse Agreement.

Additionally, in order to become a Qualified Business Units Bidder with respect to the Exteriors Business and the Stamping Business (the "Exteriors and Stamping Prerequisites"), a bidder also:

- (i) Must demonstrate to the Debtors that it possesses the financial capabilities, business plan and management to acquire and operate any plant it proposes to acquire;

- (ii) Must demonstrate to the Debtors that it has sufficient working capital, financial stability and economic resources to meet the Debtors' original equipment manufacturers (the "OEMs") future production needs; and

- (iii) Must agree to assume (or otherwise undertake) the OEMs' current production contracts and service parts contracts for parts manufactured at the Exteriors Business and/or the Stamping Business without modification, unless the applicable OEM otherwise agrees to such modification.

Bids consisting of the Bid Documents, the Business Units Bid Prerequisites, and as applicable for bids for the Exteriors Business and the Stamping Business, the Exteriors and Stamping Prerequisites may be considered at the Business Units Auction (the "Qualified Business Units Bids" and each, a "Qualified Business Units Bid").

B. Miscellaneous Assets Bids.

Only persons or entities submitting Qualified Miscellaneous Assets Bids (as defined below) (the "Qualified Miscellaneous Assets Bidders" and each, a "Qualified Miscellaneous Assets Bidder"), may participate in the Miscellaneous Assets Auction. To be

considered for purposes of the Miscellaneous Asset Auction the bid must: (i) be submitted by a Qualified Business Units Bidder; or (ii) consist of an offer in the form of a purchase agreement by the Bid Deadline (as defined hereinafter) that specifically identifies (a) the asset(s) to be purchased, (b) the purchase price, (c) identify the potential bidder and the officer(s) or authorized agent(s) who will appear on behalf of such bidder, (d) provide evidence, satisfactory to the Debtors in their reasonable discretion, of the bidder's financial wherewithal, (e) provide that the bid shall not be conditioned on the outcome of any unperformed due diligence by the bidder or any financing contingency, and (f) provide that the bidder's offer is irrevocable until the later of the entry of a final order approving the purchase agreement with such bidder, as it may be modified prior to entry, and the dissolution of any stays of such order or implementation of a transaction involving any other bidder (collectively, the "Qualified Miscellaneous Assets Bids" and each, a "Qualified Miscellaneous Assets Bid" and together with the Qualified Business Units Bids, the "Qualified Bids" and each a "Qualified Bid").

C. Alternative Transaction Bids.

An Alternative Transaction is a "Qualified Bid" if (a) the value (whether viewed separately or together with other competing proposals evidenced by Qualified Bids) is greater or otherwise better than the sum of (i) the value of the Stalking Horse Bidder(s)'s offer(s) as set forth in the Stalking Horse Agreement(s) and (ii) the Interiors Business Incremental Bid Amount (as defined below), (b) is accompanied by an executed copy of an alternative agreement that reflects any substantive changes to the Stalking Horse Agreement and includes a commitment to close by the June 30, 2008, a representation that the Qualified Bidder will make all necessary HSR filings, pay all costs and expenses associated with such filings (including the costs and expenses of the Debtors), and satisfactory evidence of

committed financing or other ability to perform and (c) is accompanied by a cash deposit in the amount of five percent (5%) of the purchase price offered in the proposal for a Alternative Transaction, which deposit shall be forfeited as liquidated damages for breach by the purchaser thereunder on terms substantially the same as those described in the Stalking Horse Agreement.

BID DEADLINE

Qualified Business Units Bidders and/or Qualified Miscellaneous Assets Bidders (each, a "Qualified Bidder" and collectively the "Qualified Bidders") that desire to make a bid shall deliver written copies of their bids to (i) Plastech Engineered Products, Inc., 835 Mason Avenue, Dearborn, Michigan 48124 (Attn: Peter Smidt); (ii) Skadden, Arps, Slate, Meagher & Flom LLP, One Rodney Square, 7th Floor, Wilmington, Delaware 19801 (Attn: Gregg M. Galardi), counsel to the Debtors; (iii) Parker Hudson Rainer & Dobbs LLP, 1500 Marquis Two Tower, 285 Peachtree Center Avenue, Atlanta, Georgia 30303 (Attn: C. Edward Dobbs), counsel for the DIP Agent; and (iv) Clark Hill PLC, 500 Woodward Avenue, Suite 3500, Detroit, Michigan 48226, (Attn: Robert D. Gordon), counsel for the Committee, not later than 5:00 p.m. (prevailing eastern time) on June 13, 2008 (the "Bid Deadline"). The Debtors shall announce the terms of the highest or otherwise best Business Units Bid and Miscellaneous Assets Bid on or before the commencement of the Business Units Auction and the Miscellaneous Assets Auction.

The Debtors shall likewise finalize any Stalking Horse Agreement(s) (as defined below) on or about May 22, 2008 but in no event later than June 11, 2008 (the "Stalking Horse Date").

BREAK-UP FEE AND EXPENSE REIMBURSEMENT

On or before the Stalking Horse Date, the Debtors intend to designate one or more stalking horse bidders (each, a "Stalking Horse Bidder" and

collectively, the "Stalking Horse Bidders") for one or more of the Debtors' Business Units, for the purpose of establishing a minimum acceptable bid with which to begin the Auctions. The Debtors are willing to provide a combined break-up fee and expense reimbursement (the "Break-Up Fee and Expense Reimbursement") in an amount not to exceed 2.5% of the purchase price proposed by the Stalking Horse Bidder(s) for the a Business Unit or Units; provided, however, that any such bid shall not be subject to "due diligence" or financing contingencies as of the June 11, 2008 (the "Conditions Deadline"). The Debtors may use their discretion to provide such Break-Up Fee(s) and Expense Reimbursement(s) in order to provide an incentive and compensate a Stalking Horse Bidder for entering into a stalking horse agreement (a "Stalking Horse Agreement") with the knowledge and risk that arises from its participating in the sale and subsequent bidding process, absent which a Stalking Horse Agreement would not have entered into the Stalking Horse Bidder. The Break-Up Fee(s) and Expense Reimbursement(s) is payable only if the Stalking Horse Bidder or Bidders is not the successful bidder or bidders at the Final Auction, and the Debtors shall not be permitted to offer two Break-Up Fees and Expense Reimbursements with respect to any bid covering the same Business Units. The transaction(s) contemplated by the Stalking Horse Agreement(s) is subject to competitive bidding as set forth herein, and approval by the Bankruptcy Court pursuant to Bankruptcy Code sections 363 and 365.

In the event that the Debtors exercise their discretion and agree to such Break-Up Fee(s) and Expense Reimbursement(s), the amount of such fee shall be considered by the Debtors in determining the highest or otherwise best bid and the net value that the Debtors' estates will realize at any auction.

BUSINESS UNITS AUCTION PROCEDURES

Prior to the Business Units Auction, the Debtors will advise all Qualified Business Units Bidders of what they believe to be the highest or otherwise best Qualified Business Units Bid. Only a Qualified Business Units Bidder who has submitted a Qualified Business Units Bid is eligible to participate at the Business Units Auction. During the Business Units Auction, bidding shall begin initially with the highest or otherwise best bid and subsequently continue in such minimum increments as the Debtors shall determine at the Business Units Auction.

Bidding at the Business Units Auction shall proceed as follows: (i) the "Interiors Business Initial Incremental Bid Amount" shall mean the Break-Up Fee and Expense Reimbursement plus \$1,000,000; (ii) the "Exteriors Business Initial Incremental Bid Amount" shall mean the Break-Up Fee and Expense Reimbursement plus \$500,000; (iii) the "Stamping Business Initial Incremental Bid Amount" shall mean the Break-Up Fee and Expense Reimbursement plus \$500,000; (iv) the "Carpet Business Initial Incremental Bid Amount" shall mean the Break-Up Fee and Expense Reimbursement plus \$500,000; and (v) the "Subsequent Incremental Bid Amount" for all Business Units shall be an amount equal to \$250,000 (collectively, the "Minimum Overbid Amounts").

Upon conclusion of the Business Units Auction, the Debtors shall (i) immediately review each Qualified Business Units Bid on the basis of financial and contractual terms and the factors relevant to the sale process, including those factors affecting the speed and certainty of consummating such proposed Sale, and (ii) as soon as practicable thereafter identify the highest or otherwise best offer(s) for the each of the Business Units (the "Successful Business Units Bid(s)" and the entity or entities submitting such Successful Bid, the "Successful Business Units Bidder(s)"), which highest or otherwise best offer(s) will provide the

greatest amount of net value to the Debtors, and advise the Qualified Business Units Bidders of such determination. For the Business Units Auction, the Debtors may designate multiple Successful Business Units Bids for various Business Units.

MISCELLANEOUS ASSETS AUCTION PROCEDURES

Prior to the commencement of the Miscellaneous Assets Auction, the Debtors will advise all Qualified Miscellaneous Assets Bidders of what they believe to be the highest or otherwise best Qualified Miscellaneous Assets Bid received. Only a Qualified Miscellaneous Assets Bidder who has submitted a Qualified Miscellaneous Assets Bid shall be eligible to participate at the Miscellaneous Assets Auction. During the Miscellaneous Assets Auction, bidding shall begin initially with the highest or otherwise best bid and subsequently continue in such minimum increments as the Debtors shall determine at the Miscellaneous Assets Auction.

Upon conclusion of the Miscellaneous Assets Auction, the Debtors shall identify the highest or otherwise best offer(s) for one or more of the Miscellaneous Assets (the "Successful Miscellaneous Assets Bid(s)"). For the Miscellaneous Assets Auction, the Debtors may designate multiple Successful Miscellaneous Assets Bids for various assets.

THE BIDDING PROCESS

The Debtors and their advisors, after consultation with the Official Committee of Unsecured Creditors (the "Committee") and its advisors, shall (i) determine whether any person is a Qualified Bidder, (ii) coordinate the efforts of Qualified Bidders in conducting their due diligence investigations, (iii) receive offers from Qualified Bidders, and (iv) negotiate any offers made to purchase the Business Units and/or Miscellaneous Assets (collectively, the "Bidding Process"). Any person that wishes to

participate in the Bidding Process must be a Qualified Bidder. Neither the Debtors nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Qualified Bidder. The Debtor, after consultation with the Committee and their advisors, shall have the right to adopt such other rules for the Bidding Process (including rules that may depart from those set forth herein) that will better promote the goals of the Bidding Process and that are not inconsistent with any of the other provisions hereof or of any Bankruptcy Court order.

CREDIT BIDDING

Except as provided in the Bid Procedures Order, Qualified Business Units Bidders may make one or more credit bids of some or all of their claims to the full extent permitted by Bankruptcy Code section 363(k). In connection with one or more proposed Sales of the Interiors Business and/or Exteriors Business, the Debtors' First Lien Term Loan lenders and Second Lien Term Loan lenders (collectively, the "Term Lenders") may seek to credit bid some or all of the amounts owing under the First Lien Term Loan and the Second Lien Term Loan, respectively.

"AS IS, WHERE IS"

The sale of the Business Units and the Miscellaneous Assets shall be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by the Debtors, their agents or their estate except to the extent set forth in the Stalking Horse Agreement(s) or the purchase agreement of another Successful Bidder. The Stalking Horse Bidder(s) and each Qualified Bidder shall be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Business Units and the Miscellaneous Assets prior to making its offer, that it has relied solely upon its own independent review, investigation

and/or inspection of any documents and/or the Business Units or the Miscellaneous Assets in making its bid, and that it did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Business Units and/or the Miscellaneous Assets, or the completeness of any information provided in connection therewith or the Auctions, except as expressly stated in these Bidding Procedures or, (i) as to the Stalking Horse Bidder(s), the terms of the sale of any of the Business Units shall be set forth in the Stalking Horse Agreement(s), or (ii) as to another Successful Bidder, the terms of the sale of the Business Unit(s) shall be set forth in the applicable agreement.

**FREE OF ANY AND ALL LIENS, CLAIMS,
INTERESTS AND ENCUMBRANCES**

Except as otherwise provided in the Stalking Horse Agreement(s) or another Successful Bidder's purchase agreement, all of Debtors' right, title and interest in and to the Business Unit(s) and/or the Miscellaneous Units subject thereto shall be sold free and clear of all Liens, Claims, Interests and Encumbrances thereon and there against in accordance with Bankruptcy Code section 363 with such Liens, Claims, Interests and Encumbrances to attach to the net proceeds of the sale of the Business Units and/or the Miscellaneous Assets.

ACCEPTANCE OF QUALIFIED BIDS

The Debtors shall sell one or more of the Business Units and/or one or more Miscellaneous Assets to the Successful Bidder(s) upon the approval of the Successful Bid(s) by the Bankruptcy Court after a hearing (as may be adjourned or continued, the "Sale Hearing"). The Debtors' presentation of a particular Qualified Bid to the Bankruptcy Court for approval does not constitute the Debtors' acceptance of the bid. The Debtors will be deemed to have accepted a bid only when

the bid has been approved by the Bankruptcy Court at the Sale Hearing. All interested parties reserve their right to object to the Debtors' selection of the Successful Bidder(s).

SALE HEARING

The Sale Hearing shall be conducted by the Bankruptcy Court on June 18, 2008 at 9:30 a.m. (Eastern). Following the approval of the sale of the one or more of the Business Units and/or one or more Miscellaneous Assets to the Successful Bidder(s) at the Sale Hearing, if such Successful Bidder(s) fails to consummate an approved sale within thirty (30) days after entry of an Order approving the Sale, the Debtors shall be authorized, but not required, to deem the next highest or otherwise best Qualified Bid, as disclosed at the Sale Hearing, the Successful Bid, and the Debtors shall be authorized, but not required, to consummate the sale with the Qualified Bidder submitting such bid without further order of the Bankruptcy Court.

RETURN OF GOOD FAITH DEPOSIT

Good Faith Deposits of the Successful Bidder(s) shall be applied to the purchase price of such transaction(s) at closing. Good Faith Deposits of all other Qualified Bidders shall be held in an interest-bearing escrow account until five (5) days after closing of the transactions contemplated by the Successful Bid(s), and thereafter returned to the respective bidders. If a Successful Bidder fails to consummate an approved sale because of a breach or failure to perform on the part of such Successful Bidder, the Debtors shall be entitled to retain the Good Faith Deposit as part of its damages resulting from the breach or failure to perform by the Successful Bidder.

MODIFICATIONS

The Debtors may (a) determine which Qualified Bid, if any, is the highest or otherwise best offer; and

(b) reject at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid, any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bidding Procedures, or the terms and conditions of sale, or (iii) contrary to the best interests of the Debtors, their estates and creditors. At or before the Sale Hearing, the Debtors may impose such other terms and conditions as the Debtors may determine to be in the best interests of the Debtors' estate, their creditors and other parties in interest.