

BARNES & THORNBURG LLP
Attorneys for M-Heat Investors, LLC
171 Monroe Avenue, NW, Suite 1000
Grand Rapids, MI 49503
Telephone: (616) 742-3930
Facsimile: (616) 742-3999

Patrick E. Mears (PM-6473)
Telephone: (616) 742-3936
Email: pmears@btlaw.com

John T. Gregg, Admitted Pro Hac Vice
Telephone: (616) 742-3945
Email: jgregg@btlaw.com

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

-----X
In re : Chapter 11 Case No.
: :
: : 09-50026 (REG)
MOTORS LIQUIDATION COMPANY, *et al.*, :
f/k/a General Motors Corp., *et al.* : (Jointly Administered)
: :
Debtors. :
-----X

**JOINT OBJECTION OF M-HEAT INVESTORS, LLC AND
CHAPTER 7 TRUSTEE OF MICRO-HEAT, INC. TO CONFIRMATION
OF DEBTORS' AMENDED JOINT CHAPTER 11 PLAN**

M-Heat Investors, LLC (“Investors”), a creditor of Motors Liquidation Company, f/k/a General Motors Corporation (“Motors”), and Basil Simon, the Chapter 7 trustee of Micro-Heat, Inc., a Chapter 7 debtor by and through their respective undersigned counsel, for their Joint Objection to Confirmation of the Debtors’ Amended Joint Chapter 11 Plan (the “Plan”), state as follows:

1. On June 1, 2009, Motors and the other Chapter 11 debtors herein (collectively, the “Debtors”) commenced these Chapter 11 cases by filing separate voluntary petitions with this

Court. Thereafter, the Debtors acted as debtors-in-possession and continued to operate their respective businesses within the ambit of these administratively consolidated bankruptcy cases.

2. Prior to the commencement of these Chapter 11 cases, Micro-Heat, Inc. (“Micro-Heat”), a Delaware business corporation with operations in Michigan, developed and fabricated a device for installation in motor vehicles that would de-ice and clean windshields through the spraying of heated fluid directly on the exterior of the windshields. Micro-Heat marketed this product under the name, “Hotshot,” to various OEMs for installation on vehicles manufactured in North America, Australia and Germany.

3. Also prior to the commencement of these Chapter 11 cases, Motors agreed to purchase Hotshot devices from Micro-Heat for installation, at the option of vehicle purchasers, on 22 of its models in North America, Australia and Germany including sedans, full-size trucks, SUVs and cross-overs. As of August 31, 2008, Micro-Heat had delivered approximately 1.7 million Hotshot units to Motors on credit terms, which sales represented 98% of Micro-Heat’s revenues.

4. The intellectual property owned by Micro-Heat related to the Hotshot product constituted its most valuable asset represented by seven (7) United States patents and other patent applications.

5. On August 29, 2008, Motors issued a recall of several GM car, SUV and light truck models containing the Hotshot product on the stated basis that “the printed circuit board for the washer fluid heater may overheat the control circuit ground wire,” allegedly causing odor, smoke and/or the increased risk of fire. Motors also asserted that the Hotshot product was the cause of the potential fire hazard that caused the recall and that, as a result, Micro-Heat should bear the financial losses suffered by Motors from the recall, which Motors at that time estimated

to be \$19,201,060 (the “Motors Claim”). At or about that same time, Motors ceased making payments to Micro-Heat for Hotshots previously delivered and asserted that it was entitled to setoff accounts receivable due to Micro-Heat, estimated at approximately \$3 million, against the alleged damages caused by the recall. On September 16, 2008, Motors advised Micro-Heat that it would no longer offer the Hotshot product on any of its vehicles.

6. On October 13, 2008, Micro-Heat commenced a voluntary Chapter 11 case in the United States Bankruptcy Court for the Eastern District of Michigan (the “Michigan Bankruptcy Court”), which assigned case number 08-65060 to the proceeding. At the time of this filing, the creditor of Micro-Heat holding the largest claim was Investors’ in the total amount of \$42,724,854.00, the largest portion of which was unsecured. The collateral for the secured portion of this claim consisted of a perfected security interest in Micro-Heat’s accounts receivable (including Micro-Heat’s contract claims against Motors) and inventory. This claim arose from a \$30 million Note Purchase Agreement between Micro-Heat and Investors dated November 13, 2006.

7. On October 24, 2008, Micro-Heat commenced a civil action against Motors in Oakland County Circuit Court, State of Michigan, which action was entitled *Micro-Heat, Inc. v. General Motors Corporation* and bears case number 08-094667-CK (the “State Court Litigation”), in which Micro-Heat asserted contract and tort claims against Motors in an amount not less than \$25,000.00 (the “Claimed Damages”). A copy of the First Amended Complaint filed by Micro-Heat in the State Court Litigation is attached hereto as Exhibit A. This action was ultimately stayed by the commencement of these Chapter 11 cases by Motors and its affiliates.

8. On November 13, 2008, the United States Bankruptcy Court for the Eastern District of Michigan entered an order converting Micro-Heat’s Chapter 11 case to one under

Chapter 7 and a bankruptcy trustee, Basil Simon, was thereafter appointed (the “Trustee”). On or about January 9, 2009, the Trustee and Investors entered into a certain Asset Purchase Agreement dated such date (the “APA”) pursuant to which Investors agreed to act as the “stalking horse bidder” and purchase essentially all of the assets of Micro-Heat including its accounts receivable, claims against Motors, e.g., the Claimed Damages, inventory, equipment, contracts and intellectual property. The bankruptcy court authorized the auction sale pursuant to its order entered on February 4, 2009, which order specifically did not “affect [Motors’] right to assert a defense of recoupment with respect to the G.M. Claims” purchased by Investors (the “Sale Authorization Order”). Thereafter, Investors was the winning bidder at the Trustee’s auction and the sale of these assets to Investors was confirmed by an order entered by the bankruptcy court on February 19, 2009 (the “Sale Confirmation Order”).

9. Pursuant to the APA, the Trustee, acting on behalf of Micro-Heat’s bankruptcy estate, retained a 5% interest in any proceeds of the State Court Litigation subject only to Investors’ “right to receive a distribution from the Debtors’ estate in accordance with the priority scheme set forth in the Bankruptcy Code.” APA § 1.3(g). True and complete copies of the APA, the Sale Authorization Order and the Sale Confirmation Order are attached hereto as Exhibit B.

10. On March 31, 2009, prior to the commencement of its own Chapter 11 case, Motors filed a proof of unsecured claim in Micro-Heat’s Chapter 7 case in the amount of \$21,109,539.90 (the “Motors Proof of Claim”). On June 1, 2009, Motors and a number of its affiliates commenced these Chapter 11 cases by filing voluntary petitions with this Court. On September 2, 2009, the Trustee filed in the Michigan Bankruptcy Court an objection to the allowance of the Motors Proof of Claim, a copy of which is attached hereto as Exhibit C. The

proceedings on the Trustee's claim objection have been stayed pursuant to an order entered by the Michigan Bankruptcy Court on November 19, 2009 (the "Stay Order"). The Stay Order provides, *inter alia*, that no further proceedings on this claim objection may be held unless and until the automatic stay provisions are modified in Motors' Chapter 11 case "or until the automatic stay arising from the filing of that case is otherwise terminated or modified, so as to permit litigation of the Trustee's objection to the GM claim." A copy of the Stay Order is attached hereto as Exhibit D.

11. On or about September 30, 2009, Investors filed its proof of unsecured claim in Motors' Chapter 11 case in the amount of \$11,404,043.00 (the "Investors' Claim"). To date, no objection has been filed by any of the Debtors or other parties in interest to this proof of claim.

12. On December 8, 2010, the Michigan Bankruptcy Court entered an Agreed Order, consented to by Motors, Investors and the Trustee (the "Agreed Order"), wherein those parties agreed to non-binding mediation under this Court's order entered in these Chapter 11 cases Authorizing Implementation of Alternative Dispute Procedures, Including Mandatory Mediation [Docket \$5037] (the "ADR Procedures Order"). A copy of the Agreed Order is attached hereto as Exhibit E.

13. The Plan contains the following language that could conceivably be relied upon by the Debtors to bar any claim for recoupment that might be asserted by Investors and/or the Trustee in response to the GM Claims:

10.4 Term of Injunctions or Stays. Unless otherwise expressly provided herein, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the closing of the Chapter 11 Cases.

10.6 Injunction. On or after the Confirmation Date, all persons are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or

otherwise) on account of or respecting any claim, debt, right, or cause of action of the Debtors for which the Debtors, the GUC Trust Administrator, or the Avoidance Action Trust Administrator retains sole and exclusive authority to pursue in accordance with the Plan.

10.7 Injunction Against Interference with Plan. Upon the entry of the Confirmation Order, all holders of Claims and Equity Interests and other parties in interest, along with their respective present or former employees, agents, officers, directors, or principals, shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.

14. For the reasons discussed below, Investors and the Trustee object to confirmation of the Plan because of the potential, negative impact that the aforesaid Plan language may have on the recoupment rights of Investors and the Trustee against the claims asserted by Motors in the Motors Proof of Claim. Investors and the Trustee, however, are amenable to withdrawing this Objection and Investors would change its vote in order to accept the Plan in the event that the Plan is amended in accordance with this Objection to the complete satisfaction of Investors and the Trustee.

LEGAL ARGUMENT

15. In this situation, the Trustee, as representative of Micro-Heat's bankruptcy estate, holds a substantial claim against Motors as described in the First Amended Complaint filed in the State Court Litigation. In addition, Investors holds an allowed claim in excess of \$11 million against Motors as evidenced by its proof of claim filed in the Motors Chapter 11 case. Conversely, Motors has filed a proof of claim in the Micro-Heat Chapter 7 case in excess of \$21 million. These claims held by GM and Investors are subject to mediation as described in the Agreed Order, which will take place in the immediate future in Detroit, Michigan.

16. The mediation and other procedures for claims resolution specified in the Agreed Order and the recoupment and offset rights of the Trustee and Investors should not be affected by confirmation of the Plan. Rather, those rights should remain unaffected *vis-à-vis* the Motors

claim in the mediation and, if mediation fails to result in a settlement, in any ensuing claims allowance or other litigation. The language of Sections 10.4, 10.6 and 10.7, broadly construed, could conceivably be interpreted to bar or otherwise affect these rights, which would in the last analysis unfairly prejudice the allowed claims of creditors in Micro-Heat's Chapter 7 case. At present, the cash assets of the Micro-Heat Chapter 7 estate total \$4,992,268.00, which is a significant sum for payment of priority and other allowed claims in that case.

WHEREFORE, M-Heat Investors, LLC and Basil Simon, as trustee of the bankruptcy estate of Micro-Heat, Inc., respectfully request that this Court deny confirmation of the Plan unless the Plan is amended in accordance with this Objection so as not to affect the setoff and recoupment rights of Investors and the Trustee and grant such other and further relief as may be just and proper under the circumstances.

Dated: February 1, 2011

BARNES & THORNBURG LLP
Attorneys for M-Heat Investors, LLC

By: /s/Patrick E. Mears
Patrick E. Mears (PM-6473)
Business Address:
171 Monroe Avenue, NW, Suite 1000
Grand Rapids, Michigan 49503
(616) 742-3936

Dated: February 1, 2011

NEIGER LLP
Attorneys for Basil Simon, Trustee of
Micro-Heat, Inc.

By: /s/Edward E. Neiger (per his consent)
Edward E. Neiger (EN-1002)
Business Address:
317 Madison Avenue, 21st Floor
New York, NY 10017
(212) 267-7342

EXHIBIT A

(First Amended Complaint)

EXHIBIT B

(APA and Sale Orders)

EXHIBIT C

(Trustee's Objection to Claim)

EXHIBIT D

(Stay Order)

EXHIBIT E

(Agreed Order)

EXHIBIT A

(First Amended Complaint)

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STATE OF MICHIGAN

OAKLAND COUNTY CIRCUIT COURT

MICRO-HEAT, INC.,
a Delaware Corporation,


Plaintiff,

-vs-

Case No. 08-094667-CK
Hon. Edward Sosnick

GENERAL MOTORS CORPORATION,
a Delaware Corporation,

Defendant.

OAKLAND COUNTY 08-094667-CK

JUDGE EDWARD SOSNICK
MICROHEAT INC v GENERAL MOTO

Joel H. Serlin (P20224)
Ronald L. Cornell, Jr. (P46860)
Jay Y. Mandel (P60576)
Seyburn, Kahn, Ginn, Bess & Serlin, P.C.
Attorneys for Plaintiff
2000 Town Center-Ste. 1500
Southfield, MI 48075
(248) 353-7620

Gary K. August (P48730)
Zausmer, Kaufman, August,
Caldwell & Tayler, P.C.
Attorneys for Defendant
31700 Middlebelt Road, Ste. 150
Farmington Hills, MI 48334-2374
(248) 851-4111

Lawrence S. Buonomo (P52454)
General Motors Corporation
Co-Counsel for Defendant
400 Renaissance Center
MC 482-026-601
Detroit, MI 48265
313-665-7390

FIRST AMENDED COMPLAINT

Plaintiff Micro-Heat, Inc. ("Microheat"), a Delaware Corporation, through its attorneys, Seyburn, Kahn, Ginn, Bess & Serlin, P.C., states for its First Amended Complaint as follows:

Jurisdictional Allegations

1. Plaintiff Microheat is a Delaware Corporation with its principal place of business in the City of Farmington Hills, Oakland County, Michigan. Microheat is a Tier-1 supplier in the automobile industry. It supplies a windshield washer fluid heating system, known as "HotShot," to Original Equipment Manufacturers ("OEMs").

2. Defendant General Motors Corporation ("GM") is a Delaware Corporation and an OEM. GM operates plants and regularly conducts business with Tier-1 suppliers in Oakland County, Michigan, including Microheat.

3. The amount in controversy in this dispute exceeds the sum of \$25,000, exclusive of costs, interest and attorney's fees, and is otherwise within this Court's venue and jurisdiction.

General Allegations

4. Beginning in 2003 and continuing into 2008, GM and its affiliates issued tooling and product purchase orders to Microheat for the acquisition of tools and production of HotShot modules to be installed in several GM vehicle platforms and nameplates, including sport utility vehicles, trucks, and passenger cars. Pursuant to MCR 2.113(F)(1)(b), GM possesses copies of these purchase orders.

5. The GM purchase orders include certain terms and conditions and line item detail that provide, among other things, long-term commitments and payment obligations by GM.

6. By way of example, but not limitation, GM's product purchase orders require GM to pay Microheat the purchase order price for all HotShot modules shipped to GM facilities "on the second day of the second month" following the shipment date.

7. Microheat purchased the required tools and, since 2005 and continuing into 2008, Microheat manufactured and shipped HotShot modules to GM's facilities in North America, Australia and Europe.

8. Microheat also entered into a "Production Purchasing Agreement" with the Ford Motor Company ("Ford") and subsequently received purchase orders for the acquisition of tools and production of similar HotShot modules to be installed in several Ford vehicle platforms and nameplates including sport utility vehicles, trucks and passenger cars beginning in 2009.

The Recall

9. On February 4, 2008, The National Highway Traffic Safety Administration ("NHTSA") Office of Defects Investigation ("ODI") opened a Preliminary Evaluation as a result of receiving two complaints of engine compartment fires in GM's 2007 Chevrolet Tahoe vehicles.

10. In response to an ODI Information Request Letter, GM supplied ODI with information regarding 41 reports of non-crash under-hood engine compartment fires in nearly 2.5 million 2007 and 2008 model year subject vehicles (the "Subject" vehicles). Also, GM supplied ODI with information regarding 64 non-crash related under-hood engine compartment fires in over 1 million earlier model year peer vehicles (the "Peer" vehicles).

11. GM stated causes of the fires in both the Subject and Peer vehicles included "miscellaneous electrical systems" and "unknown."

12. On June 12, 2008, NHTSA upgraded the Preliminary Evaluation to an Engineering Analysis "to further assess the scope, frequency, origin and cause of the alleged non-crash related engine compartment fires in the subject vehicles."

13. As a part of the Engineering Analysis, GM met with NHTSA on at least two occasions to review data and GM's "additional analysis" of the non-crash related engine compartment fires in the Subject vehicles.

14. GM did not provide Microheat any "additional analysis" or invite Microheat to participate in any evaluation, analysis or meetings with NHTSA.

15. On August 27, 2008, GM sent NHTSA a letter stating that GM determined that a safety defect existed in various 2006-2008 model year vehicles. GM's letter described the alleged defect as:

A short circuit on the printed circuit board for the washer fluid heater may over heat the control-circuit ground wire. This may cause other electrical features to malfunction, create an odor or cause smoke. In rare cases, it may cause a fire.

GM's letter further advised NHTSA that GM decided to conduct a safety recall.

16. GM did not advise Microheat of its determination or seek Microheat's input on the description of the alleged defect.

17. On August 29, 2008, GM announced a "safety" recall of approximately 944,000 vehicles with a Microheat HotShot module to install an "in-line" fuse in connection with the heated windshield washer fluid system (the "Recall").

18. In connection with announcing the Recall, GM provided national and local news media with the description of the alleged defect and made further statements linking Microheat's HotShot to under-hood engine compartment fires.

19. For example, GM spokesperson Carolyn Markey publicly stated that there had been nine reports of fires and three of them have been linked to the Microheat's HotShot.

20. GM spokesperson Tom Wilkinson publicly stated that GM is aware of three fires caused by Microheat's HotShot, two of which were in GM's test fleet vehicles.

21. GM's description of the alleged defect and statements linking Microheat's HotShot to under-hood engine compartment fires was widely reported by major local and national news outlets including the Associated Press and CNN.

Events Following the Recall

22. On September 2, 2008, GM failed to comply with the payment terms of the product purchase orders by refusing to make payment to Microheat in an amount in excess of \$1.3 million for HotShot modules Microheat shipped to GM facilities in July, 2008.

23. On September 6, 2008, Microheat and GM's representatives met to discuss the Recall and GM's refusal to make payments due on September 2, 2008.

24. At the September 6, 2008 meeting, GM claimed that Microheat's HotShot module caused the under-hood fires that necessitated the Recall. GM further claimed that Microheat should bear financial responsibility for the \$20-\$25 million projected costs of the Recall.

25. GM also stated, unequivocally, that it would not pay Microheat for product shipped in July, August and September 2008 or any amounts otherwise claimed as past due.

26. GM subsequently terminated its purchase orders and relationship with Microheat.

27. As a result of GM's description of the alleged defect in connection with the Recall and public statements linking Microheat's HotShot to at least three vehicle fires, Ford terminated its Production Purchasing Agreement and purchase orders with Microheat.

28. Under the circumstances, GM owes Microheat in excess of \$11 million for tooling, HotShot modules shipped and accepted by GM, and an obsolescence claim related to a generational change-over of the modules and obsolescence claims asserted by Microheat's suppliers.

29. GM has no good faith basis to withhold any payments due Microheat or claim that Microheat's HotShot module is the cause of vehicle fires or the Recall.

30. GM's stated reason for the Recall and its public statements linking Microheat's HotShot module to vehicle fires caused Microheat to suffer consequential and special damages including injury to its reputation, and business contracts, relationships and expectancies.

Count I - Breach of Contract

31. Microheat repeats and incorporates by reference the preceding paragraphs.

32. GM's failure and refusal to: (a) pay Microheat amounts due on September 2, 2008 for products shipped in July; (b) pay Microheat past due amounts for product, tooling and obsolescence; and (c) rescind its unequivocal statements that it will not pay Microheat for product shipped and accepted by GM in August and September 2008 is a breach and anticipatory breach of the purchase order agreements with Microheat.

33. As a direct and proximate result of GM's breaches, Microheat has suffered damages in an amount in excess of \$25,000 to be determined at trial, in addition to, and without limitation, other consequential damages, including loss of use of monies owed, interest, costs and reasonable attorney's fees.

Count II - Defamation

34. Microheat repeats and incorporates by reference preceding paragraphs.

35. GM made false and misleading statements concerning Microheat's HotShot product as the cause of the Recall and under-hood fires in vehicles.

36. GM's statements described above are not privileged.

37. GM made the statements described above intentionally, knowing that they were false and misleading or GM made them recklessly in disregard as to the truth.

38. As a direct and proximate cause of GM's conduct and statements alleged above, Microheat's reputation and business has been damaged in an amount to be determined at trial.

Count III - Product Disparagement
Injurious Falsehood

39. Microheat repeats and incorporates by reference preceding paragraphs.

40. GM made false and misleading statements concerning Microheat's HotShot product as the cause of the Recall and under-hood fires in vehicles.

41. GM made the statements described above intentionally knowing that they were false and misleading or GM made with reckless disregard to the truth.

42. GM knew or should have known that its conduct and statements described above would likely result in Microheat losing sales of its HotShot product to other OEM's and customers, including Ford.

43. As a direct and proximate cause of GM's conduct and statements alleged above, Microheat has lost sales and has suffered damages in an amount to be determined at trial.


WHEREFORE, Microheat requests that this Court enter Judgment in its favor and against General Motors Corporation:

- A. Awarding compensatory damages in an amount in excess of \$25,000;
- B. Awarding Microheat all other consequential, expectancy, exemplary and special damages, including, but not limited to, loss of use of monies owed, interest, costs, and reasonable attorney's fees;
- C. Awarding Microheat equitable relief, including, but not limited to, and

D. Awarding such other relief that this Court deems appropriate.

Respectfully submitted,

SEYBURN, KAHN, GINN,
BESS AND SERLIN, P.C.

By: 

Joel H. Serlin (P20224)
Ronald L. Cornell, Jr. (P46860)
Jay Y. Mandel (P60576)
Attorneys for Plaintiff
2000 Town Center, Suite 1500
Southfield, MI 48075-1195
(248) 353-7620

Dated: November 6, 2008

EXHIBIT B

(APA and Sale Orders)

ASSET PURCHASE AGREEMENT

BY AND AMONG

**BASIL SIMON, CHAPTER 7 TRUSTEE
FOR THE ESTATE OF MICRO-HEAT, INC.,**

AS SELLER

AND

M-HEAT INVESTORS, LLC,

AS BUYER

DATED JANUARY __, 2009

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement (the "Agreement"), dated as of January 9, 2009, is by and between Basil Simon in his capacity as Chapter 7 trustee (the "Seller") for the estate of Micro-Heat, Inc., a Delaware corporation (the "Debtor") and M-Heat Investors, LLC a Delaware limited liability company (the "Buyer").

RECITALS

A. Seller is the duly appointed Chapter 7 trustee for the Debtor's estate in connection with Case No. 08-65060 currently pending in the United States Bankruptcy Court for the Eastern District of Michigan (the "Bankruptcy Court"), which such case was commenced on October 13, 2008 (the "Petition Date").

B. Buyer has agreed to acquire from Seller, and Seller has agreed to sell to Buyer, substantially all of the Debtor's assets (the "Business") as described herein, on the terms and subject to the conditions set forth herein.

C. The closing of the contemplated transactions and consummation of this Agreement, and Buyer's and Seller's obligations under this Agreement, are contingent on the Bankruptcy Court's approval of the transactions described in this Agreement, and the parties acknowledge that no "sale" as that term is used in the Bankruptcy Code shall occur until the Bankruptcy Court enters an order approving such sale (the "Sale Order").

NOW, THEREFORE, in consideration of the above recitals and the mutual covenants hereinafter set forth, Buyer and Seller hereby agree as follows:

ARTICLE I PURCHASE AND SALE OF ACQUIRED ASSETS

1.1 Acquired Assets. Subject to the terms and conditions of this Agreement, Seller agrees to sell, assign, convey and transfer to Buyer, and Buyer agrees to purchase from Seller, at the Closing (as defined herein), all right, title and interest in and to all of the tangible and intangible assets owned by the Debtor as of the Petition Date (the "Acquired Assets") free and clear of all liens, claims, encumbrances, and other interests pursuant to Section 363 of the Bankruptcy Code. For purposes of clarity only, the Acquired Assets shall include, without limitation, the following:

(i) all inventory of the Debtor, wherever located, including all "inventory" (as defined in the Uniform Commercial Code (the "UCC") as adopted by the State of Michigan) and inventory the sale or other disposition of which has given rise to receivables and which have been returned to or repossessed or stopped in transit by the Debtor and all accessions thereto and documents therefor (the "Inventory");

(ii) all accounts receivables of the Debtor including "accounts" (as defined in the UCC) and all book debts, notes, drafts and other obligations or indebtedness

owing to the Debtor arising from the sale, lease or exchange of goods or other property by it and/or the performance of services by the Debtor (the "Accounts");

(iii) all additions to and substitutions for any of the Inventory and the Accounts;

(iv) all claims and causes of action (the "Claims"), including, without limitation, any and all claims against General Motors Corporation and its affiliates (the "GM Claims"), including those subject to litigation currently pending in the Oakland County Circuit Court, State of Michigan (the "GM Litigation"), and any and all claims against Ford Motor Company and its affiliates (the "Ford Claims"), but excluding the Comerica Claims (as defined in Section 1.3(e) below);

(v) any and all of the proceeds relating to the Inventory, Accounts and Claims, including the GM Claims, and the Ford Claims;

(vi) all equipment, including spare parts, machinery, leasehold improvements, furniture, fixtures, furnishings, materials and supplies, data processing hardware, jigs, molds, tools, and dies and other personal property, wherever situated;

(vii) all of the right, title and interest of Seller in and to all contracts, agreements and commitments (including sales orders, purchase orders, and quotes) listed on the attached Schedule 1.1(b)(vii) (the "Contracts");

(viii) all of the right, title and interest of Seller in and to all customers lists, customers, marketing data and plans, advertising and display materials, sales literature, promotional material, catalogs, samples, demos and prototypes;

(ix) all of the right, title and interest of Seller in and to all original books and records relating to the Business;

(x) all of the right, title and interest of Seller in and to all of the following (the "Intellectual Property"):

1. all concepts, inventions, plans, designs, research data, patents, trade secrets and other proprietary know-how (and all applications therefor and registrations and renewals thereof), formulae and manufacturing processes, operating manuals, drawings and other art works, technology, methods and manuals, proprietary knowledge, proprietary rights or information, data, records, procedures, related technical data (including all relevant documentation and testing materials), research and development records related to or used in the Business;

2. all licenses or other rights to use any technical information and know-how of others or to use any trademarks, trade names, patents or copyrights owned by others (the "Intellectual Property Licenses");

3. all of Seller's right, title and interest in all trade names, corporate names, logos, URLs and other network and email identifiers, trade dress, trademarks and service marks, brand names and all associated registrations and applications and all goodwill associated therewith;

4. all rights, claims, defenses or causes of action at law or in equity for any past, present or future infringement of any of the Intellectual Property, including the right to receive all proceeds and damages therefrom, including rights under insurance policies and the right to receive insurance proceeds, and all rights to obtain renewals, continuations, divisions or other extensions of legal protections pertaining thereto;

5. all of the Seller's rights under any registration, certificate of occupancy, permit or approval of any nature or grandfathered practice or authorization that permits the Seller to use the Acquired Assets, together with all ISO, GSA, QPL, UL, CUL, NEMA, ANSI certifications for Seller's products and facilities;

(xi) all of the Seller's rights, claims, defenses, or causes of action against third parties in respect of the Acquired Assets arising out of transactions prior to the Closing but specifically excluding claims related to Retainers (as defined in Section 1.3(f)); and

(xii) all rights under any warranty, express or implied, which relate to the Acquired Assets, and all other assets.

The Contracts and Intellectual Property Licenses that constitute Acquired Assets hereunder shall be referred to herein as the "Assumed Contracts".

1.2 **Additional Consideration.** The Seller, on behalf of the Debtor's estate, hereby acknowledges that the Buyer has filed a proof of claim against the Debtor's estate in the amount of \$42,724,854.00. The Seller further agrees that immediately upon entry of an order authorizing the Seller to enter into this Agreement, the Seller shall turnover cash in the amount of \$1,731,965.42 (the "Inventory Proceeds"). Buyer agrees and acknowledges that its secured claim against the Debtor's estate shall be reduced in an amount equal to the Inventory Proceeds. Nothing contained herein shall be construed as a limitation of the Buyer's right to receive a distribution from all assets of the Debtor's estate in accordance with the priority scheme set forth in the Bankruptcy Code as a result of any claim it holds against the Debtor's estate.

Within three (3) days of the filing of the Sale Motion (as defined below), Seller and Buyer shall file a stipulation and agreed order allowing Buyer a Chapter 7 administrative expense for the amount incurred by Buyer in preserving and protecting property of the Debtor's estate; provided, however, that such allowed administrative expense shall not exceed \$150,000.00.

1.3 **Retained Assets.** The Acquired Assets do not include any of the following (collectively, the "Excluded Assets"):

(a) any interest in actions, causes of action and proceeds therefrom arising out of or relating to any claims under 11 U.S.C. §§ 544-550; provided, however, that nothing contained herein shall be construed as a limitation of the Buyer's right to receive a distribution in accordance with the priority scheme set forth in the Bankruptcy Code as a result of any claim it holds against the Debtor's estate;

(b) any and all proceeds resulting from tort claims in the GM Litigation (the "GM Tort Claims");

(c) any and all proceeds resulting from the Ford Claims brought in tort (the "Ford Tort Claims");

(d) any cash in the Debtor's accounts, or elsewhere, other than the Inventory Proceeds;

(e) any and all Claims against Comerica Bank and its affiliates (the "Comerica Claims");

(f) any and all Claims against professionals for the disgorgement of retainers provided by the Debtor to those professionals prior to the Petition Date (the "Retainers"); and

(g) all Contracts or Intellectual Property Licenses of Seller that are not Assumed Contracts, together with all proceeds thereof.

With respect to the GM Tort Claims and the Ford Tort Claims, nothing contained in this Agreement shall be deemed as a waiver or relinquishment of the Buyer's right to share in the proceeds from such claims and all other assets of the Debtor's estate (and proceeds thereof) in accordance with the priority scheme set forth in the Bankruptcy Code. The parties acknowledge that the GM Claim have been asserted together with the GM Tort Claims in the GM Litigation. Seller acknowledges that upon sale of the GM Claim by Seller to Buyer, Buyer shall be responsible and shall compensate all professionals employed by Buyer in connection with the GM Litigation, notwithstanding the fact that such services may also relate to the GM Tort Claims. In the event that Buyer decides, in its sole discretion, to discontinue prosecuting all or any portion of the GM Litigation, Buyer shall provide five (5) days notice of such intent to Seller and, upon request of Seller, assign all right, title and interest in such portion of the GM Litigation that Buyer so chooses to discontinue prosecuting to Seller, subject only to Buyer's right to receive a distribution from the proceeds of the Debtor's estate in accordance with the priority scheme set forth in the Bankruptcy Code, which shall continue in full force and effect. Immediately upon transmitting notice to Seller of its intent to discontinue prosecuting all or any portion of the GM Litigation, Seller shall have no liability for the fees and expenses of professionals relating to the GM Litigation that accrue after such notice is given.

The Trustee, on behalf of the Debtor's estate, shall be entitled to 5% of any proceeds from the GM Litigation subject only to the Buyer's right to receive a distribution from the Debtor's estate in accordance with the priority scheme set forth in the Bankruptcy Code, which shall continue in full force and effect.

Buyer and Seller agree that the terms and conditions governing the GM Claims apply to the Ford Claims only to the extent that tort claims are asserted in any litigation commenced by Buyer against Ford based on the Ford Claims. Otherwise, Buyer shall be entitled to the first \$885,317.00 of the proceeds from any litigation relating to the Ford Claims, and any distribution from the Debtor's estate in accordance with the priority scheme set forth in the Bankruptcy Code.

1.4 **Assumed and Excluded Liabilities** At the Closing, Buyer agrees to fully satisfy any and all cure costs related to the Assumed Contracts under Bankruptcy Code section 365 and all obligations and liabilities that arise post-Closing under any Assumed Contracts (collectively, the "Assumed Liabilities"). Other than the Assumed Liabilities, Buyer shall not assume any other obligations or liabilities of the Seller. Buyer is assuming only the Assumed Liabilities and is not assuming any other liability or obligation of Seller of whatever nature, whether presently in existence or arising hereafter. All such liabilities and obligations shall be retained by and remain liabilities and obligations of the Debtor's estate (all such liabilities and obligations not being assumed are referred to herein as the "Excluded Liabilities").

1.5 **Sale Free and Clear of All Liens, Claims, Encumbrances, and Other Interests**. The Acquired Assets shall be transferred free and clear of all liens, claims, encumbrances, and other interests, including without limitation, all security interests of record and all interests not specifically assumed by Buyer, to the fullest extent permitted by 11 U.S.C. § 363.

1.6 **Method of Conveyance**. Upon the Closing, title to all of the Acquired Assets shall pass to Buyer; and Seller shall make available to Buyer possession of all of the Acquired Assets, and shall further, upon Buyer's reasonable request, deliver to Buyer proper assignments, deeds, conveyances and bills of sale sufficient to convey to Buyer title to all the Acquired Assets, in accordance with Section 1.1 of this Agreement, as well as such other instruments of conveyance as Buyer may reasonably deem necessary (both at and after the Closing) to effect or evidence the transfers contemplated herein.

ARTICLE II **PURCHASE PRICE; PAYMENTS**

2.1 **Purchase and Sale Subject**. Subject to the terms and conditions of this Agreement, and in consideration of the Purchase Price (as defined below), Seller will sell, transfer, and convey all the Acquired Assets on an "as is, where is" basis to Buyer at the Closing, free and clear of all liens, claims, and encumbrances and other interests pursuant to Sections 363 and 365 of the Bankruptcy Code.

2.2 **Purchase Price; Payment**. The purchase price ("Purchase Price") to be paid to the Seller by Buyer for the Acquired Assets shall be:

(a) a cash payment to the Seller at Closing in the amount of \$340,000.00;

(b) a credit bid pursuant to 11 U.S.C. § 363(k) in the amount of \$55,000.00 for the Inventory; and

(c) the assumption by Buyer of the Assumed Liabilities.

ARTICLE III **CLOSING**

3.1 **Closing.** The sale shall be effected by a closing of the sale and purchase of the Acquired Assets and the Business (the "**Closing**") which will take place pursuant to 11 U.S.C. § 363(m) on February 6, 2009, if the Bankruptcy Court has entered the Sale Order no later than February 4, 2009. The date on which the Closing occurs is herein referred to as the "**Closing Date**." In no event shall a Saturday, Sunday, or legal holiday be the Closing Date unless Seller has received the cash portion of the Purchase Price and deposited it into its account before such Saturday, Sunday, or legal holiday.

3.2 **Deliveries.** At Closing, Seller and Buyer shall make the following deliveries:

(a) Buyer will deliver to Seller the cash portion of the Purchase Price and all other agreements or documents required to be delivered to Seller pursuant to the terms of this Agreement; and

(b) Seller will provide Buyer with access and title to the Acquired Assets and all other agreements or documents conveyed to Buyer pursuant to the terms of this Agreement for the purpose of permitting Buyer to take possession of same.

ARTICLE IV **ASSUMED OBLIGATIONS**

Buyer shall become obligated for only those obligations that it specifically assumes pursuant to the Assumed Liabilities and will become obligated to pay only those amounts that first come due with respect to the Assumed Liabilities after the Closing Date.

ARTICLE V **REPRESENTATIONS AND WARRANTIES OF SELLER**

Seller represents and warrants to Buyer that all of the following statements are true and accurate as of the date of execution of this Agreement by both parties and shall be true and correct as of the Closing Date:

5.1 **Disclosure.** To the best of Seller's knowledge and belief, neither this Agreement nor any of the contracts, exhibits, attachments, written statements, documents, certificates or other items prepared for or supplied to Buyer by or on behalf of Seller with respect to the transactions contemplated hereby contains any untrue statement of a material fact or omits a material fact necessary to make each statement contained herein or therein not

misleading. Seller has provided Buyer with access to its records and employees in order for Buyer to conduct due diligence as it deems appropriate under the circumstances.

5.2 **Performance.** The representations and warranties of Seller contained in this Agreement and all information contained in any exhibit or schedule hereto delivered by, or on behalf of Seller, to Buyer, shall, to the best of Seller's knowledge and belief, be true and accurate when made and on the Closing Date as though then made, except as expressly provided herein. Seller shall have performed and complied with all agreements, covenants and conditions required by this Agreement to be performed and complied with by it prior to the Closing Date.

5.3 **Proceedings and Documents.** All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions shall be reasonably satisfactory in form and substance to Buyer and Buyer's counsel, and Seller shall have made available to Buyer for examination the originals or true, complete and correct copies of all records and documents relating to the Business and affairs of Seller that Buyer may reasonably request in connection with this transaction.

5.4 **Authorization.** Subject to the Bankruptcy Court's entry of the Sale Order, the execution, delivery, and performance of this Agreement and all other documents related thereto, either executed or to be executed pursuant to this Agreement by the Seller, and the consummation of the transactions herein, have been duly authorized.

5.5 **Enforceability.** Subject to the entry of an order approving the transactions contemplated herein, this Agreement constitutes Seller's valid and legally binding obligation, enforceable in accordance with its terms.

5.6 **Title.** Subject to the Bankruptcy Code, Seller has good and marketable title to all of the Assets. The Seller sells, assigns, transfers and conveys the Assets to Buyer free and clear of all liens, claims, and encumbrances to the fullest extent permitted by 11 U.S.C. § 363 of the Bankruptcy Code.

ARTICLE VI **REPRESENTATIONS AND WARRANTIES OF BUYER**

Buyer hereby represents and warrants to Seller that all the following statements are true, accurate and correct as of the date of execution of this Agreement and shall be true and correct as of the Closing Date:

6.1 **Corporate Organization.** Buyer is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Delaware and has all the corporate power and authority to enter into this Agreement and any other documents that Buyer is required to execute and deliver hereunder to perform its obligations under this Agreement.

6.2 **Corporate Authorization.** The execution, delivery, and performance of this Agreement and all other documents related thereto, either executed or to be executed pursuant to this Agreement by Buyer, and the consummation of the transactions herein, have been duly authorized by all necessary and corporate or company actions on part of Buyer.

6.3 **Enforceability.** This Agreement constitutes the valid and legally binding obligation of Buyer, enforceable in accordance with its terms, except as such enforceability may be limited by equitable principles and applicable bankruptcy or similar laws relating to or affecting the rights of creditors.

6.4 **Compliance with Other Instruments and Laws.** The execution and delivery of this Agreement by Buyer, and the performance by Buyer of its obligations under this Agreement, will not: (i) violate Buyer's constituent documents; (ii) result in a material violation or breach of, or permit any third party to rescind any term or provision of, or constitute a default under, any loan, note, indenture, mortgage, deed of trust, security agreement or material contract, license, lease or other agreement to which Buyer is a party; or (iii) to the best of Buyer's knowledge, violate any law, statute, rule or regulation, or any order, writ, judgment, injunction or decree of any court, administrative agency or government body applicable to Buyer.

6.5 **Authorization for this Agreement.** No authorization, approval, consent of, or filing with any governmental department, bureau, agency, public board, authority or other third party is required for the consummation by Buyer of the transactions contemplated by this Agreement.

6.6 **Financial Capacity.** Buyer has the financial capacity to consummate this Agreement and transactions contained herein.

ARTICLE VII **COVENANTS OF SELLER**

Seller covenants and agrees with Buyer as follows:

7.1 **Conduct of Business.** Except with the prior written consent of Buyer, and subject to any order of the Bankruptcy Court, from the date of this Agreement through the Closing, Seller will:

(a) use its best efforts, consistent with requirements of the Bankruptcy Code, to maintain and preserve the Assets;

(b) continue in full force and effect all existing insurance policies relating to the Business;

(c) administer the Acquired Assets in compliance with all applicable laws; and

(d) Buyer shall be allowed to complete a physical inventory of the Acquired Assets prior to the Closing Date.

7.2 **Conduct Outside the Ordinary Course of Business.** Without limiting the generality of Section 7.1, and except as may be approved by the Bankruptcy Court or by

written consent by Buyer, from the date of this Agreement through the Closing, Seller will not sell, lease, transfer, or encumber or assign any of the Acquired Assets, tangible or intangible.

7.3 Access and Due Diligence.

Upon execution of this Agreement by both parties, Seller will afford Buyer and its agents full, free, and reasonable opportunity and access to investigate and review the books and records of Debtor and investigate the Business during normal business hours or at other agreed times. Seller shall provide to Buyer copies of all material documents relating to the Business and any additional documents reasonably requested by Buyer within five (5) days of execution of this Agreement by Seller. Buyer shall be satisfied as to the accuracy of the books and records of Seller with respect to any physical inventory of the Acquired Assets that Buyer undertakes prior to Closing.

7.4 Employment/Employees. Buyer shall have the right, in its sole discretion, from the date hereof, to interview and to offer employment to any or all of the Debtor's employees but shall have no obligation to do so.

7.5 Release of Liens, Security Interests, and Leases. Pursuant to Court Order, Seller will transfer the Acquired Assets to Buyer free and clear of all liens, interests, claims, security interests, and encumbrances to the fullest extent permitted by Section 363 of the Bankruptcy Code.

7.6 Delivery of Contracts. Seller will permit Buyer access to copies of all Assumed Contracts and Seller shall assign to Buyer the Assumed Contracts.

7.7 Obtaining Sale Order of the Bankruptcy Court. Seller shall take all steps reasonably necessary or appropriate to obtain the entry of the Sale Order approving the sale of the Acquired Assets pursuant to the terms of this Agreement by no later than February 4, 2009 in a form reasonably acceptable to Seller and Buyer and as described below.

7.8 Survival of Covenants. Each of the covenants set forth in Article VII and the representations and warranties in Article V shall continue in full force and existence after the Closing Date.

7.9 Upset Bids. Buyer shall be entitled, in its sole and absolute discretion, to bid an amount equal to or greater than any offer from a third party purchaser.

**ARTICLE VIII
COVENANTS OF BUYER**

8.1 Access and Due Diligence. In conducting the review of Seller's Business, Buyer will provide Seller at least one (1) business day advanced notice of the time when Buyer intends to conduct its due diligence and for access to Seller's property and records and, further, Buyer's agents, auditors, attorneys, consultants and other authorized representatives will not disrupt or interfere with the Business.

8.2 **Survival of Covenants.** Each of the covenants set forth in Article XIII and the representations and warranties in Article VI shall terminate upon the Closing.

**ARTICLE IX
COVENANTS OF BOTH PARTIES**

9.1 **General.** Subject to the terms and conditions of this Agreement, each party will use its commercially reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary under applicable law to consummate this Agreement, including the execution and delivery of any further instruments or documents that are reasonably requested by Buyer or Seller, or their respective counsel, and parties in interest, or their counsel, to evidence or facilitate the consummation of this Agreement and its related transactions.

9.2 **Taxes and any Other Charges Relating to Sale.** All sales, use, transfer or other taxes, duties, or any other charges or obligations imposed on and/or relating to the sale of the Assets to Buyer under this Agreement shall be paid by Seller in accordance with Bankruptcy Code priorities.

9.3 **Costs and Expenses.** Buyer and Seller shall each bear their own costs and expenses in connection with the negotiation, purchase, and approval of the purchase of the Acquired Assets and any transaction related thereto, including costs and fees associated with their retention of counsel, and neither Buyer nor Seller will have any obligation with respect to costs and expenses incurred by the other in connection herewith.

9.4 **Survival of Covenants.** The covenants set forth in this Article IX shall survive the Closing.

**ARTICLE X
BANKRUPTCY COURT APPROVAL**

10.1 **Bankruptcy Court Approval of Sale Procedure.** Prior to the date of this Agreement, Seller has filed the "Sale Motion" setting forth the following procedures with respect to a proposed sale of the Acquired Assets on February 4, 2009, the date on which Seller seeks to obtain Court approval for such sale and conduct the Closing:

(a) requesting that the Court fix the time, date, and location of a hearing to approve the sale of the Acquired Assets by Seller pursuant to this Agreement on February 4, 2009;

(b) fixing the time and date of an auction prior to the sale, at which qualifying higher and better offers may be presented to Seller;

(c) providing that Seller shall not entertain or accept any bid to the Acquired Assets unless such bid complies substantially with all of the following requirements that such initial bid from a third party shall be:

(i) delivered to counsel for Seller, with a copy delivered to Buyer (at the address for notices provided for in Section 13.4), at least two (2) days prior to commencement of the Auction;

(ii) made by a bidder that provides satisfactory evidence to the Buyer that it is (A) financially able to consummate the transaction contemplated by such bid and (B) able to consummate the transaction on the date and on the terms contemplated by this Agreement; and

(iii) is accompanied by a deposit by bank check or wire transfer equal to or greater than \$100,000.00; and

(iv) providing that after any initial overbid made pursuant to the Sale Motion, all further overbids must be made in an auction held pursuant to the Sale Motion, with bidding in increments of at least \$50,000.00.

10.2 **Bankruptcy Court's Approval of Sale.** The Sale Order shall be in a form and content reasonably satisfactory to Buyer. The Sale Order shall (a) approve the sale of the Acquired Assets to Buyer on the terms and conditions set forth in this Agreement and authorize Seller to proceed with this transaction, (b) include a specific finding that Buyer is a good faith purchaser of the Acquired Assets, (c) state that the sale of the Acquired Assets to Buyer shall be free and clear of all liens, claims, interests and encumbrances of any nature whatsoever to the fullest extent permitted by 11 U.S.C. § 363, and (d) provide for a waiver of the stays contemplated by Fed. R. Bankr. P. 6004(h).

ARTICLE XI **CONDITIONS TO CLOSING**

11.1 **Conditions to Buyer's Obligations.** Buyer's obligation to purchase the Acquired Assets and otherwise consummate the transactions contemplated under this Agreement at Closing is subject to the satisfaction of each of the following conditions precedent, except as Buyer may expressly waive the same in writing and in its sole discretion:

(a) **Covenants.** Seller shall have complied in all material respects with all of its agreements and covenants contained herein to be performed at or prior to Closing.

(b) **Accuracy of Representations and Warranties on Closing Date.** The representations and warranties made herein by Seller in Article V hereof shall be true and correct in all material respects, and not misleading in any material respect, on and as of the date given, and on and as of the Closing Date with the same force and effect as though such representations and warranties were made on and as of the Closing Date.

(c) **Deliveries**. Seller shall have delivered to Buyer at the Closing all documents, certificates, and agreements necessary to transfer to Buyer all of Seller's rights and title to and interests in the Acquired Assets.

(d) **Instruments of Transfer**. Buyer, or its nominee, shall have received deeds and a bill of sale, and such other duly executed instruments of transfer, conveyance, and assignment, executed by Seller, as is necessary or desirable to effect the transfers, conveyances, and assignments to Buyer of the Acquired Assets as contemplated by this Agreement. In the event that one or more competing bids are made at the auction for the Acquired Assets and Buyer submits the highest and best bid different from that set forth herein, Buyer shall have an additional three (3) days to provide the cash portion of the Purchase Price to the Seller.

(e) **Sale Order**. The Sale Order shall have been entered.

11.2 **Conditions to Seller's Obligations**. Seller's obligation to sell the Assets and otherwise consummate the transactions contemplated under this Agreement at Closing is subject to the satisfaction of each of the following conditions precedent, except as Seller may expressly waive the same in writing and in its sole discretion:

(a) **Accuracy of Representations and Warranties on Closing Date**. The representations and warranties made herein by Buyer in this Agreement shall be true and correct in all material respects, and not misleading in any material respect, on and as of the date given, and on and as of the Closing Date with the same force and effect as though such representations and warranties were made on and as of the Closing Date.

(b) **Deliveries**. Buyer shall have delivered to Seller at the Closing all fully executed documents and payments required under this Agreement, including but not limited to the Purchase Price.

(c) **Bankruptcy Court Approval**. The Bankruptcy Court shall have entered an order approving the sale and the implementation, operation, or effect of such order shall have not been stayed.

(d) **Performance**. The representations and warranties of Seller contained in this Agreement and all information contained in any exhibit or schedule hereto delivered by, or on behalf of Seller, to Buyer, shall, to the best of Seller's knowledge and belief, be true and accurate when made and on the Closing Date as though then made, except as expressly provided herein. Seller shall have performed and complied with all agreements, covenants and conditions required by this Agreement to be performed and complied with by it prior to the Closing Date.

(e) **Proceedings and Documents**. All corporate and other proceedings in connection with the transactions contemplated hereby and all documents and instruments incident to such transactions shall be reasonably satisfactory in form and substance to Buyer and Buyer's counsel, and Seller shall have made available to Buyer for examination the originals or

true, complete and correct copies of all records and documents relating to the Business and affairs of Seller that Buyer may reasonably request in connection with this transaction.

ARTICLE XII TERMINATION

12.1 **Right to Terminate Agreement.** This Agreement may be terminated and the transactions contemplated herein may be abandoned at any time before the Closing and Closing Date (referenced herein as "Termination Date"):

- (a) by mutual written agreement of Buyer and Seller;
- (b) by Buyer, in its sole and absolute discretion;
- (c) by Seller, if any material condition to close has not been satisfied by Buyer or if Buyer fails to comply or perform a material covenant or agreement of this Agreement and Buyer is unable within a reasonable time to satisfy such condition or covenant;
or
- (d) by Buyer or Seller, in writing, if the Closing does not occur by January 30, 2009, provided such terminating party is not in default or breach of this Agreement, and further provided that such terminating party has not taken such action or failed to take such action required under this Agreement, which has been the cause or result in the failure of the Closing to occur on or before such date.

If Buyer is not selected as the winning bidder, this Agreement will automatically terminate on the date the Bankruptcy Court enters an order approving an alternate transaction.

12.2 **Effect of Termination.** Except as otherwise provided under this Article, upon the termination of this Agreement in accordance with this Article, all rights and obligations of Buyer and Seller will terminate without any liability of one party to the other party, except for any liability of Buyer or Seller to the other for breach before termination.

ARTICLE XIII MISCELLANEOUS

13.1 **Risk of Loss.** The risk of loss, damage or destruction to all Acquired Assets before Closing will be with the Seller.

13.2 **Further Assurances.** Each party will, at any time and from time to time after the Closing Date, upon reasonable request from the other party, do, execute, acknowledge and deliver, as appropriate, such further acts, deeds, assignments, transfers, conveyances, assumptions and powers of attorneys as may reasonably be required for the better assigning, transferring, granting, conveying, assuming, assuring and confirming to such other party, or successor and assignee of any of the assets, properties or liabilities to be assigned to it.

13.3 Certain References. Whenever the context requires the gender of all words used herein will include the masculine, feminine and neuter. References to Articles, Sections or Subsections will be to Articles, Sections or Subsections of this Agreement unless otherwise specified. The headings and captions used in this Agreement are solely for convenient reference and will not affect the meaning or interpretation of any article, section or paragraph herein, or this Agreement. The terms "including" or "include" will be deemed to mean "including without limitation" and "include without limitation," respectively. Words importing the singular number mean and include, as applicable, the plural number and vice versa. The Exhibits and Schedules are incorporated into this Agreement by reference. All times referenced herein refer to Eastern time.

13.4 Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement will be in writing and will be deemed to have been duly given if: (a) delivered personally; (b) mailed by first-class registered or certified mail, return receipt requested, postage prepaid; (c) sent by a national next day or overnight mail or courier service; (d) sent by confirmed facsimile transmission; or (e) sent by confirmed electronic mail. All such notices, requests, demands, waivers and other communication will be deemed to have been received: (i) if by personal delivery, upon delivery; (ii) if by certified or registered mail, on the third business day after the mailing thereof; (iii) if by next-day or overnight mail or courier, on the business day after such mailing; or (iv) if by confirmed facsimile or electronic mail upon receipt.

If to Buyer: M-Heat Investors, LLC
Attn: Peter J. Jacullo, III
2550 Middle Road
Suite 603
Bettendorf, Iowa 52722
Facsimile: (563) 359-1926
Email: pjacullo@comcast.net

with a copy to: John T. Gregg, Esq.
Barnes & Thornburg LLP
300 Ottawa Avenue, NW, Suite 500
Grand Rapids, Michigan 49503
Facsimile: (616) 742-3999
Email: jgregg@btlaw.com

and

Warren W. Garden, Esq.
Block & Garden, LLP
Sterling Plaza
5949 Sherry Lane, Suite 900
Dallas, Texas 75225
Facsimile: (214) 866-0991
Email: garden@bgvllp.com

If to Seller: Basil Simon, Esq.
Chapter 7 Trustee
Simon Stella & Zingas, P.C.
422 W. Congress Street, Suite 400
Detroit, Michigan 48226
Facsimile: (313) 963-4614
Email: bsimon@sszpc.com

with a copy to: Stephen Stella, Esq.
Simon Stella & Zingas, P.C.
422 W. Congress Street, Suite 400
Detroit, Michigan 48226
Facsimile: (313) 963-4614
Email: sstella@sszpc.com

Any party may give notice, instruction or communication in connection with this Agreement using any other means (including personal delivery, electronic mail, telecopy or ordinary mail), but no such notice, instruction or communication will be deemed to have been delivered unless and until it is actually received by the party to whom it was sent. Any party may change the address to which notices, instructions, or communications are to be delivered by giving the other parties to this Agreement notice thereof in the manner set forth in this Section.

13.5 Assignment. This Agreement may not be assigned by Seller or Buyer, except that Buyer may assign any or all of its rights and delegate any or all of its duties under this Agreement to any person that is an affiliate of Buyer, but no assignment will relieve Buyer of its obligations set forth herein. This Agreement will inure to the benefit of, and be binding upon the parties and each of their respective successors, heirs and permitted assigns.

13.6 Entire Agreement; Amendment; Governing Law.

(a) This Agreement, together with the exhibits and any order approving this Agreement, embody the entire agreement and understanding among Buyer and Seller. This Agreement may be amended, modified, waived, discharged or terminated only by (and any consent hereunder will be effective only if contained in) an instrument in writing signed by the party against which enforcement of such amendment, modification, waiver, discharge, termination or consent is sought.

(b) This Agreement will be construed in accordance with and governed by the laws of the State of Michigan without reference to its choice of law provisions, except as to those matters governed by the Bankruptcy Code.

13.7 Consent to Jurisdiction.

(a) **THE BANKRUPTCY COURT WILL HAVE JURISDICTION OVER ALL MATTERS, INCLUDING ANY LEGAL ACTION, SUIT OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY RELATED**

AGREEMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY AND THE INTERPRETATION, IMPLEMENTATION AND ENFORCEMENT OF THIS AGREEMENT, ANY RELATED AGREEMENTS, OR INTERPRETATION, IMPLEMENTATION AND ENFORCEMENT OF THIS AGREEMENT AND THE PARTIES HERETO IRREVOCABLY SUBMIT AND CONSENT TO SUCH JURISDICTION.

(b) Service of any process, summons, notice or document by U.S. registered mail to a party's address set forth in Section 13.4 will be effective service of process of any action, suit or proceeding with respect to any matter to which it has submitted to jurisdiction as set forth above. Buyer and Seller irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement in the Bankruptcy Court, and irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum. If a court finds that subject matter jurisdiction is not available in the Bankruptcy Court, Buyer and Seller hereby agree to submit any and all disputes arising out of this Agreement to the jurisdiction and venue of the U.S. District Court for the Eastern District of Michigan, or if such court will not have jurisdiction, then to the appropriate courts of the State of Michigan.

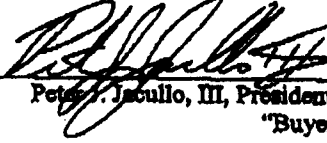
13.8 **Severability.** Any term or provision of this Agreement that is invalid or unenforceable in any jurisdiction as to such jurisdiction, will be ineffective to the extent of such invalidity or unenforceability, without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction.

13.9 **Interpretation.** This Agreement has been negotiated at arm's length and between parties and their representatives sophisticated and knowledgeable in the matters dealt with in this Agreement, and legal counsel has represented Buyer and Seller. Accordingly, each provision of this Agreement will be interpreted as though the parties equally participated in its drafting and no rule of law or legal decision that would require any ambiguity to be construed against the party that drafted this Agreement will apply. This Agreement will be interpreted in a reasonable manner to affect the purposes of this Agreement.

13.10 **Counterparts.** This Agreement may be executed by facsimile signature and in any number of counterparts, each of which will be deemed an original and all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

M-HEAT INVESTORS, LLC

By: 
Peter J. Jacullo, III, President
"Buyer"

BASIL SIMON, in his capacity as
Chapter 7 Trustee


"Seller"

ASSIGNMENT AND ASSUMPTION AGREEMENT

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT (this "Agreement") is dated and effective as of February 19, 2009 (the "Closing Date"), by and between M-HEAT INVESTORS, LLC, a Delaware limited liability company ("Assignee"), and BASIL SIMON, in his capacity as Chapter 7 trustee for the estate of Micro-Heat, Inc. ("Assignor").

WHEREAS, Assignor and Assignee have entered into that certain Asset Purchase Agreement, dated as of January 9, 2009 (the "Purchase Agreement"). Except as otherwise specifically defined herein, all initially-capitalized terms herein shall have the meanings set forth in the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the sufficiency of which is hereby acknowledged, it is hereby agreed as follows:

1. Assignment. Effective as of the Closing Date, Assignor hereby assigns to Assignee all of his right, title and interest in and to the Assumed Liabilities.
2. Assumption. Effective as of the Closing Date, Assignee hereby assumes, in accordance with their respective terms, the Assumed Liabilities.
3. Excluded Liabilities. Assignee does not assume any Excluded Liabilities and, except as specifically set forth in Section 2 above, does not assume any responsibility or liability of Assignor, or of any affiliate, successor or assign of Assignor. Assignee's assumption of the Assumed Liabilities as specifically set forth above shall not enlarge any rights of third parties under contracts or arrangements with Assignee or Assignor or any of their respective affiliates and shall not in any way negate, diminish or otherwise affect any of the representations, warranties and/or covenants made by Assignor in the Purchase Agreement or any document or instrument to which Assignor is a party in connection with the Purchase Agreement.
4. Conflict. Nothing contained in this Agreement shall be deemed to supersede, enlarge, diminish or otherwise modify any of the obligations, agreements, covenants, representations or warranties of Assignor or Assignee contained in the Purchase Agreement. If there is any conflict between the terms of this Agreement and the terms of the Purchase Agreement, the terms of the Purchase Agreement will prevail.
5. Further Assurances. Assignor and Assignee agree to execute and deliver such further instruments, agreements and assurances, as may be reasonably requested by the other, to evidence and provide for the assignment and assumption as set forth herein.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Closing Date first above written.

ASSIGNEE:

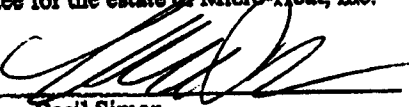
M-HEAT INVESTORS, LLC, a Delaware limited liability company

By: 

Name: Paul A. Jacullo, III
Its: President

ASSIGNOR:

BASIL SIMON, in his capacity as Chapter 7 trustee for the estate of Micro-Heat, Inc.

By: 
Basil Simon

BILL OF SALE AND ASSIGNMENT

KNOW ALL MEN BY THESE PRESENTS, that BASIL SIMON, in his capacity as Chapter 7 trustee for the estate of Micro-Heat, Inc. ("Seller"), for valuable consideration paid by M-HEAT INVESTORS, LLC, a Delaware limited liability company ("Buyer"), as set forth in that certain Asset Purchase Agreement dated as of February __, 2009 (the "Purchase Agreement"), by and between Seller and Buyer, the receipt of which consideration is hereby acknowledged, does hereby grant, sell, assign, transfer and deliver unto Buyer all right, title and interest in, to and under the Acquired Assets (but not the Excluded Assets) free and clear of all liens, claims, encumbrances, and other interests pursuant to Section 363 of the Bankruptcy Code. Except as otherwise specifically defined herein, all initially-capitalized terms herein shall have the meanings set forth in the Purchase Agreement.

TO HAVE AND TO HOLD all and singular said property unto Buyer and its successors and assigns, to their own use and behalf forever.


Seller hereby authorizes Buyer, its successors and assigns, for the benefit and at the expense of Buyer, to institute and prosecute all proceedings which Buyer may deem proper in order to collect, assert or enforce any claim, right or title of any kind in or to any of the Acquired Assets, to defend or compromise any and all actions, suits or proceedings in respect of any of the Acquired Assets, and to do all such acts and things in relation thereto as Buyer shall deem advisable, all subject to the requirements, terms and conditions of the Purchase Agreement.

Upon the request of Buyer, Seller shall hereinafter duly execute and deliver or cause to be executed and delivered all further instruments of sale, conveyance, transfer and assignment, and all notices, releases and other documents that may be necessary to sell, convey, transfer, assign and deliver to and vest in the Acquired Assets in accordance with the Purchase Agreement, hereby sold, conveyed, transferred, assigned and delivered or intended so to be.

Nothing contained in this Bill of Sale and Assignment shall be deemed to supersede, enlarge, diminish or otherwise modify any of the obligations, agreements, covenants, representations or warranties of Seller or Buyer contained in the Purchase Agreement. If there is any conflict between the terms of this Bill of Sale and Assignment and the terms of the Purchase Agreement, the terms of the Purchase Agreement will prevail.

IN WITNESS WHEREOF, Seller has executed this Bill of Sale and Assignment, effective as of February 15, 2009.

BASIL SIMON, in his capacity as Chapter 7 trustee for the estate of Micro-Heat, Inc.

By: 
Basil Simon

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE: Bankruptcy Case No. 08-65060-TJT
Chapter 7
MICRO-HEAT, INC. Hon. Tucker
Debtor.

ORDER GRANTING TRUSTEE'S MOTION FOR AN ORDER PURSUANT TO (I) SECTIONS 363(B), 363(F), 363(M) AND 365(A) OF THE BANKRUPTCY CODE AND RULES 2002(A)(2), 9006(C) AND 6004 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AUTHORIZING SALE OF SUBSTANTIALLY ALL OF DEBTOR'S ASSETS FREE AND CLEAR OF ALL LIENS, CLAIMS AND ENCUMBRANCES AND APPROVING BIDDING PROCEDURES

Upon the Motion Of Basil T. Simon, Trustee of Micro-Heat, Inc. (respectively the "Trustee") and (the "Debtor"), for entry of an order pursuant to sections 363(b), (f) and (m) and 365(a), of the Bankruptcy Code authorizing the Trustee to sell those assets¹ of Debtor identified in a Purchase Agreement dated January 9, 2009 (the "Sale Agreement") to M-Heat Investors, LLC ("Buyer") or the highest bidder therefore ("Sale Motion"); and the Court having considered the papers submitted in support of the Motion as well as the papers filed in opposition thereto; and the Court having heard and considered the record of the hearing held on February 4, 2009; the objections, if any, to the Sale Motion, the Sale or entry of this Order having been withdrawn or resolved; and the Court being otherwise fully advised in the premises; it is

ORDERED as follows:

1. The Sale Motion is granted in all respects and all objections, if any, to the Sale Motion and entry of this Order are resolved or have been withdrawn.
2. The Sale Agreement and the transactions contemplated thereby are hereby approved in all respects.
3. Pursuant to sections 363(b) and (f) of the Bankruptcy Code, the Trustee is authorized to and shall sell to Buyer or the highest and best bidder therefore, the Acquired Assets on the terms

¹ Capitalized terms identified in this Order shall have the same meaning as defined in the Trustee's Motion and the Sale Agreement.

and conditions set forth in the Sale Motion free and clear of all liens, claims, encumbrances and other interests with same being transferred to and attach to the proceeds of the sale under the Sale Agreement.

4. The Trustee is authorized to and shall execute any and all documents necessary to effectuate a transfer of the Acquired Assets to Buyer or to such other bidder who, in the exercise of his reasonable business judgment, the Trustee determines has submitted the highest and best bid.

5. In the event that any person or entity (as those terms are defined in the Bankruptcy Code) which has filed statements or other documents or agreements evidencing liens on or interests in the Acquired Assets has not delivered to the Trustee prior to the Closing (as such term is defined in the Sale Agreement), in proper form for filing and executed by the appropriate parties, termination statements, instruments of satisfaction, releases of liens and easements, and other documents for the purpose of documenting the release of all Liens, or other interests which such person or entity has with respect to the Acquired Assets, the Trustee or the Buyer, on behalf of the Trustee, is authorized and directed to execute and file or record such statements, instruments, releases, and other documents on behalf of the person or entity with respect to the Acquired Assets.

6. The Sale as approved by this Order complies with the requirements and conditions of sections 363(b), (f), (m), and 365 of the Bankruptcy Code.

7. The Trustee is authorized to enter into and implement the Bid Provisions, which terms are approved as set forth in the Sale Motion, and offers to acquire the Acquired Assets at the Auction shall conform with the procedures and conditions set forth in the Sale Motion and such other terms and conditions as are consistent with this order and that may be announced by the Trustee at the Auction.

8. That no competing bid will be considered unless the party submitting such competing bid has complied with the Bid Provisions. In addition, the deposit required by the Sale Motion shall be applied to the purchase price of the Acquired Assets upon consummation of a sale with such bidder or shall be forfeited in the event such party fails to consummate the contemplated transaction for any reason whatsoever other than the failure by the Trustee to secure an order of this Court approving the sale of the Acquired Assets to such party or its designee.

9. Upon the Closing, the Buyer shall not be deemed to (i) be the successor of the Debtor, (ii) have, *de facto* or otherwise, merged with or into the Debtor, or (iii) be a mere continuation or substantial continuation of the Debtor or the enterprise of the Debtor.

10. Except to the extent otherwise expressly provided in the Sale Agreement and this Order, at the Closing, the Buyer shall not assume any liability or obligation of the Debtor of any kind, character or description whether known or unknown, absolute or contingent, accrued or unaccrued, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise and whether the same is required to be accrued on the financial statements of the holder of the liability or obligation.

11. The Trustee is authorized and directed to execute, acknowledge, and deliver such corporate name change certificates, deeds, assignments, conveyances, and other assurances, documents, and instruments of transfer and take such other action that may be reasonably necessary to perform the terms and provisions of the Sale Agreement, and shall take any other action for purposes of assigning, transferring, granting, conveying, and confirming to the Buyer, or reducing to possession, any or all of the Acquired Assets and to execute such nonmaterial amendments to the Sale Agreement and related agreements as may be required to effectuate the letter and intent of the Sale Agreement and the consummation of the sale.

12. From and after entry of this Order, neither the Debtor nor any creditor, equityholder or potential bidder shall take or cause to be taken any action which would interfere with the transfer of the Acquired Assets to the Buyer or its assignees or designees in accordance with the terms of this Order.

13. All persons or entities who are presently, or at the Closing (as defined in the Sale Agreement), in possession of any of the Acquired Assets, or any documents, certificates, registrations or other evidence of title are hereby directed to surrender possession of such Acquired Assets or documents, certificates or other evidence of title to the Buyer or its assignees or designees at or before the Closing.

14. The Court retains jurisdiction over all matters relating to the transaction contemplated in the Sale Agreement, including matters relating to the title to the Acquired Assets, disputes and claims against the Acquired Assets.

15. The provisions of this Order authorizing the Trustee to enter into the Sale Agreement and authorizing and directing the transactions contemplated by the Sale Agreement and by this Order

shall be self-executing and neither the Trustee nor the Buyer shall be required to execute or file any releases, termination statements, assignments, consents, or other instruments in order to effectuate consummation to implement the foregoing provisions hereof except as provided in the Sale Agreement. Notwithstanding the foregoing, the Trustee, Buyer and all other parties are authorized and directed to take any and all actions necessary and appropriate to effectuate, consummate and implement fully the Sale Agreement and this Order.

16. This Order is binding upon and inures to the benefit of any successors or assigns of the Debtor or the Buyer, including any trustee appointed in any subsequent case of the Debtor under Chapter 7 of the Bankruptcy Code.

17. The entry of this Order does not affect General Motors' right to assert a defense of recoupment with respect to the G.M. Claims.

18. Within seven (7) days after the Auction, and to the extent such Auction is completed upon terms and conditions other than those set forth in the Sale Agreement, the Trustee shall file on an expedited basis a motion to approve the sale on the terms and conditions upon which the Auction was conducted.

Signed on February 04, 2009

/s/ Thomas J. Tucker
Thomas J. Tucker
United States Bankruptcy Judge

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE:
MICRO-HEAT, INC.

Bankruptcy Case No. 08-65060-TJT
Chapter 7
Hon. Tucker

Debtor.

**ORDER SUPPLEMENTING ORDER APPROVING SALE OF SUBSTANTIALLY ALL OF
DEBTOR'S ASSETS OF DEBTOR FREE AND CLEAR OF ALL LIENS, CLAIMS AND
ENCUMBRANCES PURSUANT TO SECTIONS 363(b), 363(f), 363(m) and 365(a) OF THE
BANKRUPTCY CODE AND FED. R. BANKR. P. 6004**

Upon the Motion of Basil T. Simon, Trustee of Micro-Heat, Inc. (respectively the "Trustee and the "Debtor"), for entry of an order supplementing this Court's previous order approving sale of substantially all of the Debtor's assets free and clear of all liens, claims and encumbrances pursuant to sections 363(b), (f) and (m) and 365(a) of the Bankruptcy Code as identified in a Purchase Agreement dated January 9, 2009 (the "Sale Agreement") to M-Heat Investors, LLC (Docket # 155, the "Motion"); and the Court having considered the papers submitted in support of the Motion as well as the papers filed in opposition thereto; and noting that no timely objections to the Motion were filed; and the Court being otherwise fully advised in the premises; it is

ORDERED as follows:

1. The Motion is granted.
2. The Sale Agreement except as to price, and the transactions contemplated thereby are hereby approved in all respects and the sale of substantially all of the Debtor's assets as described in the Motion pursuant to the Sale Agreement to M-Heat Investors, LLC is hereby confirmed. Unless expressly set forth herein, this Court's previous order approving the sale of substantially all of the Debtor's assets remains in full force and effect.

Signed on February 18, 2009

/s/ Thomas J. Tucker
Thomas J. Tucker
United States Bankruptcy Judge

EXHIBIT C

(Trustee's Objection to Claim)

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE:

MICRO-HEAT, INC.

Debtor.

Bankruptcy Case No. 08-65060-TJT
Chapter 7
Hon. Tucker

**TRUSTEE'S OBJECTIONS TO CLAIM NUMBER 67 FILED BY
GENERAL MOTORS CORPORATION**

BASIL T. SIMON, by and through his attorneys, Simon, Stella & Zingas, P.C., states as follows:

1. Debtor filed its Chapter 11 bankruptcy petition on October 13, 2008 ("Petition Date"). On November 13, 2008, the Chapter 11 case was converted to a case under Chapter 7 and Basil T. Simon was appointed the Chapter 7 Trustee.
2. As of the Petition Date, the Debtor was engaged in extensive litigation with the claimant, General Motors Corporation ("GM") in the Oakland County Circuit Court ("Litigation").
3. GM filed its claim herein on March 31, 2009 asserting a claim in the minimum aggregate amount of \$21,109,539.90.
4. In support of its claim, GM attached as Exhibit "A" a summary of the claims it purportedly holds against the Debtor and/or the bankruptcy estate. Upon information and belief, many of these claims are identical to claims, affirmative defenses or other defenses asserted by GM in the Litigation.
5. The Trustee objects to GM's claim for the following reasons:
 - a) the claim is contingent, unliquidated and unenforceable against the Debtor

and property of the bankruptcy estate under applicable law.

b) the claim is not supported by documentation sufficient to permit the Trustee to make a determination of its validity and/or amount.

c) The claim is not supported based on the discovery conducted in the Litigation before GM filed its own bankruptcy petition.

6. Trustee asserts that GM's claim should therefore be disallowed in its entirety.

WHEREFORE, Trustee prays that this Court enter and order sustaining his objections to GM's claim and grant such other and further relief as this Court deems just and equitable.

SIMON, STELLA & ZINGAS, P.C.

/S/ Stephen P. Stella

BY: STEPHEN P. STELLA (P33351)

Attorney for Trustee

422 W. Congress, Ste. 400

Detroit, MI 48226

(313) 962-6400

attorneystella@sszpc.com

Date: September 2, 2009

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE:

Bankruptcy Case No. 08-65060-TJT

Chapter 7

Hon. Tucker

MICRO-HEAT, INC.

Debtor.

_____/ (PROPOSED ORDER)

**ORDER REGARDING TRUSTEE'S OBJECTIONS TO CLAIM NUMBER 67 FILED BY
GENERAL MOTORS CORPORATION**

This matter having come before the Court upon the Trustee's Objections To Claim Number 67 Filed by General Motors Corporation; and the Court being otherwise fully advised in the premises;

NOW, THEREFORE, IT IS HEREBY ORDERED that Trustee's objection to Claim Number 67 filed by General Motors Corporation in the amount of \$21,109,539.90 be and hereby is sustained and said claim is disallowed in its entirety.

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE:

MICRO-HEAT, INC.

Debtor.

Bankruptcy Case No. 08-65060-TJT
Chapter 7
Hon. Tucker

NOTICE OF OBJECTION TO CLAIM

BASIL T. SIMON, TRUSTEE, has filed an objection to your claim in this bankruptcy case.

Your claim may be reduced, modified, or denied. You should read these papers carefully and discuss them with your attorney, if you have one.

If you do not want the court to deny or change your claim, then on or before October 5, 2009, you or your lawyer must:

1. File with the court a written response to the objection, explaining your position at:
U.S. Bankruptcy Court
211 W. Fort Street, Suite 2100
Detroit, Michigan 48226

If you mail your response to the court for filing, you must mail it early enough so that the court will receive it on or before the date stated above.

You must also mail a copy to:

Trustee - Basil T. Simon, 422 W. Congress, Ste. 400, Detroit, MI 48226
Objector's attorney - Stephen P. Stella, Esq., 422 W. Congress, Ste. 400, Detroit, MI 48226

2. Attend the hearing on the objection, scheduled to be held on October 14, 2009 at 9:00 a.m. in Courtroom 1925, United States Bankruptcy Court, 211 W. Fort Street, Detroit, Michigan, unless your attendance is excused by mutual agreement between yourself and the objector's attorney.

If you or your attorney do not take these steps, the Court may deem that you do not oppose the objection to your claim, in which event the hearing will be canceled, and the objection sustained.

Dated: 9-2-09

/s/ Stephen P. Stella
STEPHEN P. STELLA (P33351)
Attorney for Trustee
422 W. Congress, Suite 400
Detroit, MI 48226
313/962-6400; attorneystella@sszpc.com

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

IN RE:

Bankruptcy Case No. 08-65060-TJT

Chapter 7

Hon. Tucker

MICRO-HEAT, INC.

Debtor.

PROOF OF SERVICE

STATE OF MICHIGAN)

)

COUNTY OF WAYNE)

ANTINETTE GATY, being first duly sworn, deposes and says that on the 2nd day of September, 2009 she served a copy of Trustee's Objections To Claim Number 67 Filed By General Motors Corporation, Notice of Objections To Claim, proposed Order Regarding Trustee's Objections To Claim Number 67 Filed By General Motors Corporation and this Proof of Service to the following:

Karyn A. Thwaites, Esq.
31700 Middlebelt Rd.
Farmington Hills, MI 48334

by placing same in a U.S. mail receptacle in Detroit, Michigan, first class, postage prepaid.

Subscribed and sworn to before me
this 2nd day of September, 2009

/S/ Stephen P. Stella
STEPHEN P. STELLA, Notary Public
Oakland County, Michigan
My commission expires: 11-18-11

/S/ Antinette Gaty
ANTINETTE GATY
422 W. Congress, Ste. 400
Detroit, MI 48226
(313) 962-6400
attorneystella@sszpc.com
Assistant to Stephen P. Stella

EXHIBIT D

(Stay Order)

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

In re:

MICRO-HEAT, INC.,

Debtor.

Case No. 08-65060

Chapter 7

Judge Thomas J. Tucker

**ORDER STAYING FURTHER PROCEEDINGS ON THE
TRUSTEE'S OBJECTION TO THE CLAIM OF
GENERAL MOTORS CORPORATION
(NOW KNOWN AS MOTORS LIQUIDATION COMPANY)**

This case came before the Court for hearing on November 18, 2009 on the Chapter 7 Trustee's objection to claim entitled "Trustee's Objections to Claim Number 67 Filed by General Motors Corporation,"(Docket # 201). General Motors Corporation, now known as Motors Liquidation Company ("GM"), appeared at the hearing through counsel, as did counsel for the Trustee. Confirming action taken during the hearing, and for the reasons stated by the Court during the hearing,

IT IS ORDERED that further proceedings on the Trustee's objection to Claim No. 67 filed by GM, are stayed until relief from stay is obtained from the United States Bankruptcy Court of the Southern District of New York in the pending bankruptcy case filed by GM, or until the automatic stay arising from the filing of that case is otherwise terminated or modified, so as to permit litigation of the Trustee's objection to the GM claim.

IT IS FURTHER ORDERED that the Trustee must promptly notify the Court in writing, by filing a request for hearing, when and if he obtains relief from the automatic stay or if the automatic stay is otherwise terminated or modified as described in the preceding paragraph of this Order.

Signed on November 19, 2009

/s/ Thomas J. Tucker

Thomas J. Tucker

United States Bankruptcy Judge

EXHIBIT E

(Agreed Order)

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

-----X
In re :
MICRO-HEAT, INC., : Chapter 7 Case No. 08-65060 (TJT)
: :
Debtor. :
-----X

AGREED ORDER BETWEEN (i) THE CHAPTER 7 TRUSTEE OF MICRO-HEAT, (ii) M-HEAT INVESTORS, LLC AND (iii) MOTORS LIQUIDATION COMPANY

This Agreed Order (the “**Stipulated Order**”) is entered into by and between (i) Basil T. Simon, the chapter 7 trustee (the “**Chapter 7 Trustee**”) of the above-referenced Debtor (“**Microheat**” or the “**Debtor**”), (ii) M-Heat Investors, LLC (“**M-Heat**”), and (iii) Motors Liquidation Company (f/k/a General Motors Corporation) (“**MLC**,” and, together with the Chapter 7 Trustee and M-Heat, the “**Parties**”).

BACKGROUND AND RECITALS

A. On June 1, 2009, MLC and certain of its subsidiaries filed for chapter 11 protection under title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the Southern District of New York (the “**New York Bankruptcy Court**”). MLC’s chapter 11 case bears case number 09-50026.

B. Microheat commenced a case under chapter 11 of the Bankruptcy Code on October 13, 2008, in the Bankruptcy Court for the Eastern District of Michigan (the “**Michigan Bankruptcy Court**”). The case, styled case no. 08-65060, was subsequently converted to a case under chapter 7 on November 13, 2008.

The Microheat and General Motors Relationship

C. Before filing for bankruptcy, Microheat designed, manufactured and sold windshield washer fluid heating systems under the brand name "HotShot" to manufacturers of new cars and light trucks in North America, Australia and Germany, including General Motors Corporation ("GM").

D. Prior to the Microheat bankruptcy, GM offered the HotShot product as an option on several of its vehicle models.

E. Through August 31, 2008, Microheat delivered approximately 1.7 million HotShot units to GM.

F. In early 2008, the National Highway Traffic Safety Administration opened an investigation into reports of under-hood fires in certain GM model vehicles.

G. GM conducted an internal investigation of the cause of the under-hood fires. In August of 2008, GM concluded that the HotShot units were susceptible to short-circuiting in certain 2006-2008 model year GM vehicles, which caused the under-hood fires.

H. GM issued a recall of nearly 1 million 2006-2008 model year GM vehicles in order to install an in-line fuse which GM claimed would prevent electrical shorts from causing damage to the vehicles.

I. Microheat disputes GM's claims that the HotShot units had any safety defect that necessitated GM's recall.

J. On September 19, 2008, Microheat commenced a lawsuit against GM in the Oakland County Circuit Court of Michigan (the "**Michigan Lawsuit**"), alleging, among other things, that GM defamed Microheat and committed product disparagement by falsely claiming that the HotShot units were defective and were the cause of GM's recall.

K. Microheat also alleged that GM breached its purchase order contracts with Microheat by (a) refusing to pay Microheat for HotShot units shipped to GM in July, August, and September of 2008, and (b) refusing to pay Microheat certain past due amounts for products, tooling, and obsolescence.

The Microheat Bankruptcy

L. On October 13, 2008, Microheat filed for bankruptcy under chapter 11 of the Bankruptcy Code in the Michigan Bankruptcy Court.

M. On November 13, 2008, Microheat's chapter 11 case was converted to a case under chapter 7, and the Chapter 7 Trustee was appointed.

N. On February 4, 2009, the Michigan Bankruptcy Court entered an *Order Granting Trustee's Motion for an Order Pursuant to (i) Sections 363(b), 363(f), 363(m) and 365(a) of the Bankruptcy Code and Rules 2002(a)(2), 9006(c) and 6004 of the Federal Rules of Bankruptcy Procedure Authorizing Sale of Substantially all of Debtor's Assets Free and Clear of all Liens, Claims and Encumbrances and Approving Bidding Procedures* [Docket # 150], authorizing the sale of substantially all of Microheat's assets, including the claims it asserted against GM in the Michigan Lawsuit, to M-Heat.

O. On March 31, 2009, GM filed proof of claim number 67 in Microheat's bankruptcy case in the amount of \$21,109,539.90 (the "GM Claim"), which GM alleges represents the amount of damages it suffered as a result of the alleged defects in the HotShot units.

The General Motors Bankruptcy

P. On June 1, 2009, GM and certain of its subsidiaries commenced voluntary cases under chapter 11 of the Bankruptcy Code in the New York Bankruptcy Court. On July 10, 2009,

GM consummated the sale of substantially all of its assets to NGMCO, Inc. (n/k/a General Motors, LLC) (“**General Motors, LLC**”) pursuant to that certain Amended and Restated Master Sale and Purchase Agreement, dated June 26, 2009, as amended and an order of the New York Bankruptcy Court dated July 5, 2009 [Docket #2968] (“**MSPA**”). Simultaneous with the closing on the MSPA, GM changed its name to MLC.

Q. Pursuant to the MSPA, MLC and General Motors, LLC, agreed that MLC would have the rights to pursue the GM Claim in the Micro-Heat Bankruptcy Case and the right to any recovery resulting from the GM Claim.

Trustee’s Objection to the GM Claim

R. On September 2, 2009, the Chapter 7 Trustee in Microheat’s bankruptcy case filed the *Trustee’s Objection to Claim Number 67 Filed by General Motors Corporation* [Docket # 201] (“**Objection to the GM Claim**”), seeking to disallow the GM Claim in its entirety, maintaining, *inter alia*, that the GM Claim is contingent, unliquidated and unenforceable; that the GM Claim is not supported by documentation sufficient to permit the Chapter 7 Trustee to make a determination of its validity or amount; and that GM failed to properly respond to Microheat’s discovery requests in the Michigan Lawsuit.

S. On October 26, 2009, MLC filed *Motors Liquidation Company’s Response to Trustee’s Objection to Claim Number 67 Filed by General Motors Corporation* [Docket # 219], maintaining, *inter alia*, that the GM Claim constitutes *prima facie* evidence of its validity and amount; that the GM Claim represents the liquidated amount of GM’s damages; that even if the GM Claim represented contingent or unliquidated amounts, the GM Claim could still not be disallowed under 11 U.S.C. § 502; that MLC offered to produce the documentation supporting the GM Claim to the Chapter 7 Trustee; and that the Chapter 7 Trustee’s special counsel is in possession of such documentation.

T. On November 13, 2009, the Chapter 7 Trustee filed the *Trustee's Reply in Support of Objections to Claim No. 67 Filed by General Motors Corporation* [Docket # 226], maintaining, *inter alia*, that GM is responsible for causing any alleged short circuits in the HotShot units; that the documentation offered by MLC does not evidence any defect in the HotShot units; that GM did not supply M-Heat with the discovery it requested in connection with GM's internal analysis of the under-hood fires; and that GM did not allow M-Heat to access the fire-damaged vehicles and allegedly defective HotShot units.

U. The Michigan Bankruptcy Court held a hearing on November 18, 2009, in connection with the Chapter 7 Trustee's Objection to GM's Claim and concluded that the automatic stay in MLC's bankruptcy case prevented it from making any determinations regarding the matter. Accordingly, on November 19, 2009, the Michigan Bankruptcy Court entered an *Order Staying Further Proceedings on the Trustee's Objection to the Claim of General Motors Corporation* [Docket # 227].

M-Heat's Claim against MLC

V. On September 30, 2009, M-Heat filed a proof of claim in MLC's bankruptcy case in the amount of \$11,404,043.00 ("**M-Heat's Claim**"), which M-Heat alleges represents the amount owed by MLC to Microheat for, among other things, unpaid products, obsolescence and tooling.

W. On February 23, 2010, the New York Bankruptcy Court in MLC's bankruptcy case entered an *Order Pursuant to 11 U.S.C. § 105(a) and General Order M-390 Authorizing Implementation of Alternative Dispute Procedures, Including Mandatory Mediation*, which enforces the process set forth in the Alternative Dispute Resolution Procedures (the "**ADR Procedures Order**" and the "**ADR Procedures**") [Docket # 5037].

AGREEMENT

1. The foregoing Background and Recitals are incorporated as if fully set forth herein.
2. The 14-day stay of entry of this Stipulated Order provided for by Rule 6006(d) of the Federal Rules of Bankruptcy Procedure is waived, and the Stipulated Order shall be effective immediately upon entry by the Court (the “**Effective Date**”).
3. The Parties each agree to submit to non-binding mediation under the ADR Procedures Order for a joint resolution of the GM Claim and M-Heat’s Claim (together, the “**Claims**”), and the respective objections thereto.
4. Pursuant to Article II.B.2 of the ADR Procedures, M-Heat has proposed and MLC has agreed that the non-binding mediation will take place in Detroit, Michigan.
5. Pursuant to Articles II.A.4 and II.C.1 of the ADR Procedures, M-Heat, in the event that such non-binding mediation does not result in a joint resolution of the Claims, has notified MLC that it does not agree to submit to binding arbitration (although M-Heat reserves the right to agree to arbitration).
6. In the event that the non-binding mediation does not result in a joint resolution of the Claims, the Claims shall be resolved by the New York Bankruptcy Court, pursuant to Articles II.C.1 and II.E.2 of the ADR Procedures.
7. During the pendency of the non-binding mediation M-Heat shall not be required to file a response to any objection filed by MLC to M-Heat’s Claim, and M-Heat shall not lose any of its rights or defenses with respect to M-Heat’s Claim by not responding.

8. To the extent the automatic stay in each bankruptcy case poses an impediment to the resolution of the Claims, the automatic stay shall be lifted solely for the purpose of resolving the Claims pursuant to the terms of this Stipulated Order.

9. The lifting of the automatic stay set forth herein shall have no effect as to parties that are not a Party to this Stipulated Order, and the automatic stay shall remain in full force and effect with respect to such other parties and their claims or causes of action, if any, against Microheat and MLC, respectively.

10. This Stipulated Order constitutes the entire agreement between the Parties and supercedes all prior agreements and understandings, both written and oral, between the Parties with respect to the subject matter hereof and, except as otherwise expressly provided herein, is not intended to confer upon any other person any rights or remedies hereunder.

11. The undersigned persons represent and warrant that they have full authority to execute this Stipulated Order on behalf of the respective Parties and that the respective Parties have full knowledge of, and have consented to, this Stipulated Order.

12. Neither this Stipulated Order, nor any terms contained herein, shall be offered or received in evidence or in any way referred to in any legal action or administrative proceeding among or between the Parties hereto, other than as may be necessary (a) to obtain approval and to enforce this Stipulated Order, (b) to seek damages or injunctive relief in connection therewith, or (c) to prove that the automatic stay has been lifted.

13. Each of the Parties shall bear their own attorneys' fees and costs with respect to the execution and delivery of this Stipulated Order.

14. This Stipulated Order may be executed in counterparts, any of which may be transmitted by facsimile or electronic mail, and each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

15. This Stipulated Order shall be binding upon the Parties hereto and upon all of their affiliates, assigns and successors.

16. It is acknowledged that each Party has participated in and jointly consented to the drafting of this Stipulated Order and any claimed ambiguity shall not be construed for or against either Party on account of such drafting.

IT IS ORDERED that the foregoing is approved in all respects and is hereby adopted as the order of this Court.

Signed on December 08, 2010

/s/ Thomas J. Tucker
Thomas J. Tucker
United States Bankruptcy Judge