

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE SOUTHERN DISTRICT OF NEW YORK**

---

In re	)	Chapter 11 Case
	)	
GRUMMAN OLSON INDUSTRIES, INC.,	)	Case No. 02-B-16131 (SMB)
	)	
Debtor.	)	
	)	

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**FIRST AMENDED AND RESTATED CHAPTER 11 PLAN FOR GRUMMAN OLSON  
INDUSTRIES, INC. JOINTLY PROPOSED BY GRUMMAN OLSON INDUSTRIES INC.  
AND  
OLSON ACQUISITION CORPORATION**

**December 24, 2002**

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## INTRODUCTION

Grumman Olson Industries, Inc., Debtor and Debtor in Possession in this Chapter 11 Case, and Olson Acquisition Corporation hereby jointly propose the following Chapter 11 plan for the Debtor pursuant to section 1121(a) of the Bankruptcy Code.

This Plan provides for the sale of substantially all of the assets of the Debtor to Olson Acquisition Corporation pursuant to section 363 of the Bankruptcy Code. The proceeds from such sale will be used together with all other assets of the Debtor to fund this Plan. This Plan is structured and based substantially on the Asset Purchase Agreement between Grumman Olson Industries, Inc. and Olson Acquisition Corporation.

### **ARTICLE I.** **DEFINITIONS**

The capitalized terms set forth below shall have the following meanings:

**1.1. Administrative Claim** means an unsecured Claim for payment of costs or expenses of administration specified in sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation: (a) the actual, necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the business of the Debtor (such as wages, salaries, or commissions for services rendered); (b) allowed claims for reclamation of goods pursuant to section 546(c) of the Bankruptcy Code; and (c) all fees and charges assessed against the Estate pursuant to section 1930 of title 28 of the United States Code.

**1.2. Allowed Claim** means a Claim (a) either (i) to the extent such Claim is scheduled by the Debtor pursuant to the Bankruptcy Code and Bankruptcy Rules in a liquidated amount and not listed as contingent, unliquidated or disputed, or (ii) proof of which has been timely filed, or deemed timely filed with the Court pursuant to the Bankruptcy Code, the Bankruptcy Rules or any applicable orders of the Court, or late filed with leave of Court; and (b) either (i) not objected to within the period fixed by the Bankruptcy Code, the Bankruptcy Rules and/or applicable orders of the Court, or (ii) that has otherwise been allowed by a Final Order or pursuant to this Plan. An Allowed Claim includes a previously Disputed Claim to the extent such Disputed Claim becomes an Allowed Claim when the context so requires.

**1.3. Allowed [Class Designation] Claim or Allowed [Class Designation] Interest** means an Allowed Claim or an Allowed Interest in the specified Class. For example, an Allowed Class [4 Claim] is an Allowed Claim in the Claims Class designated herein as [Class 4].

**1.4. Asset Purchase Agreement** means the Amended and Restated Asset Purchase Agreement, dated as of December 24, 2002, between the Debtor and the Purchaser. A copy of the Asset Purchase Agreement is attached to this Plan as Exhibit A.

**1.5. Assets** mean all of the Debtor's right, title and interest of any nature in property, wherever located, as specified in section 541 of the Bankruptcy Code.

**1.6. Assumed Liability or Assumed Liabilities** means those liabilities of the Debtor that are being assumed by the Purchaser pursuant to the terms and conditions of the Asset Purchase Agreement.

**1.7. Ballot** means the ballot distributed to each eligible claimant by the Claims Agent, on which ballot such claimant may, *inter alia*, vote for or against this Plan.

**1.8. Ballot Deadline** means the date and time set by the Court by which the Claims Agent must receive all Ballots.

**1.9. Bank** means TBCC, the Debtor's principal pre-petition senior secured lender.

**1.10. Bank Claims** means all Claims of TBCC, as Bank and as Pre-Petition Bank Agent, arising under or relating to amounts outstanding under the Prepetition Loan Agreement, which are Allowed Claims and are not subject to any setoff, claim or defense.

**1.11. Bankruptcy Code** means title 11 of the United States Code, 11 U.S.C. §§ 101 et. seq., as now in effect or hereafter amended.

**1.12. Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure and the local rules of the Court, as now in effect or hereafter amended.

**1.13. Bar Date** means the date fixed by the Bankruptcy Court for the filing of proofs of claim other than claims of Governmental Units and other than for Administrative Claims.

**1.14. Business Day** means any day on which commercial banks are open for business in New York, New York.

**1.15. Cash** means cash and cash equivalents, including but not limited to bank deposits, checks, and other similar items.

**1.16. Chapter 11 Case** means the chapter 11 case of the Debtor pending before the Court.

**1.17. Claim** means a claim against the Debtor, as such term is defined in section 101(5) of the Bankruptcy Code.

**1.18. Claims Agent** means the entity designated by Court order to process proofs of claim and interest and distribute, collect and tally Ballots from claimants. Initially, the Claims Agent is \_\_\_\_\_.

**1.19. Class or Subclass** means any group of substantially similar Claims or Equity Interests classified pursuant to section 1123 (a)(1) of the Bankruptcy Code.

**1.20. Closing** has the meaning assigned to such term in the Asset Purchase Agreement.



**1.21. Closing Date** has the meaning assigned to such term in the Asset Purchase Agreement.

**1.22. Code** means the Internal Revenue Code of 1986, as amended.

**1.23. Collateral** means all of the Assets subject to and securing repayment of the Prepetition Loan Agreement or the DIP Facility, or both, including, but not limited to, accounts, inventory, cash, equipment, general intangibles including patents, trademarks, and applications for the same, real estate and proceeds of the foregoing.

**1.24. Committee** means the statutory committee of unsecured creditors appointed in the Chapter 11 Case by the Office of the United States Trustee in accordance with section 1102(a) of the Bankruptcy Code.

**1.25. Common Stock** means the outstanding shares of common stock, par value \$.01 per share, of the Debtor, all of which shares are beneficially owned by Olson Holdings LLC.

**1.26. Confirmation Date** means the date the Court enters the Confirmation Order on its docket.

**1.27. Confirmation Hearing** means the hearing pursuant to which the Court enters the Confirmation Order.

**1.28. Confirmation Order** means the order of the Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code, which shall be satisfactory in form and substance to TBCC and Olson Financing.

**1.29. Contingent or Unliquidated Claims** means those Claims listed as contingent or unliquidated in the Debtor's Schedules.

**1.30. Court** means the United States Bankruptcy Court for the Southern District of New York, or any other court exercising competent jurisdiction over the Chapter 11 Case or any proceeding therein.

**1.31. Creditor** means a creditor, as such term is defined in section 101 (10) of the Bankruptcy Code, of the Debtor.

**1.32. Creditor Distribution LLC** means the Grumman Olson Creditor Distribution Limited Liability Company as provided in Section 7.3 of this Plan.

**1.33. Debtor** means Grumman Olson Industries, Inc., a New York corporation.

**1.34. Debtor Designee** means a Person, to be designated by the Debtor prior to the Confirmation Hearing, who shall be specified in the Confirmation Order, with authority, inter alia, to file and resolve objections to Claims pursuant to section 7.4.2 of this Plan and request the determination described in section 7.4.3 of this Plan. Without limitation, the "Debtor Designee" may be the Manager.

**1.35. Debtor-in-Possession** means the Debtor in its capacity as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

**1.36. DIP Agent** means TBCC as the agent under the DIP Facility.

**1.37. DIP Facility** means the Debtor-in-Possession Loan and Security Agreement by and among the Debtor, the DIP Agent, the DIP Lenders and Olson Financing, as Subordinated DIP Lender, dated as of December 9, 2002, as approved by the DIP Order, together with all documents, instruments, agreements and amendments executed or entered into in connection therewith, and any amendments thereto.

**1.38. DIP Facility Claims** means all claims of DIP Lenders and the Subordinated DIP Lender under the DIP Facility which are Allowed Claims and are not subject to any setoff, claim or defense.

**1.39. DIP Lenders** means TBCC and the other lenders under the DIP Facility, and Olson Financing, as Subordinated DIP Lender, in each case under the DIP Facility.

**1.40. DIP Order** means the Final Order of the Bankruptcy Court approving the DIP Facility, and any subsequent Final Order of the Bankruptcy Court relating to the DIP Facility.

**1.41. Disbursing Agent** means the party to make distributions in accordance with Bankruptcy Rule 3020(a). Following the Effective Date, the Manager shall be the Disbursing Agent.

**1.42. Disclosure Statement** means the Disclosure Statement, which shall be in form and substance satisfactory to TBCC and Olson Financing, that relates to this Plan and is approved by the Court pursuant to section 1125 of the Bankruptcy Code, as such Disclosure Statement may be amended, modified, or supplemented (and all exhibits and schedules annexed thereto or referred to therein).

**1.43. Disclosure Statement Order** means the order of the Court approving the Disclosure Statement as containing adequate information pursuant to section 1125 of the Bankruptcy Code, which shall be satisfactory in form and substance to TBCC and Olson Financing.

**1.44. Disputed Claim** means a Claim or that portion (including, when appropriate, the whole) of a Claim that is not an Allowed Claim as to which: (a) a proof of claim has been filed, or deemed filed under applicable law or order of the Court, with the Court; or (b) an objection has been or may be timely filed if such objection has not been: (i) withdrawn; (ii) overruled or denied in whole or part by a Final Order, or (iii) granted in whole or part by a Final Order. For the purposes of this Plan, a Claim shall be considered a Disputed Claim in its entirety before the time that an objection has been or may be filed if: (A) the amount or classification of the Claim specified in the relevant proof of claim exceeds the amount or classification of any corresponding Claim scheduled by the Debtor in its Schedule of Assets and Liabilities; (B) any corresponding Claim scheduled by the Debtor has been scheduled as disputed, contingent or

unliquidated; or (C) no corresponding Claim has been scheduled by the Debtor in its Schedule of Assets and Liabilities.

**1.45. Disputed, Contingent and Unliquidated Claims Reserve** means the amount of Cash (including Cash from the collections of accounts receivable) to be reserved by the Disbursing Agent in a segregated, interest-bearing account to be established by the Disbursing Agent with a bank acceptable to the Bankruptcy Court, in respect of all Disputed Claims and all Contingent or Unliquidated Claims, as set forth more fully in Subsection 7.4.4 of this Plan.

**1.46. Distribution** means the payment or distribution under this Plan of property or interests in property to the holders of Allowed Claims or Equity Interests. Unless otherwise agreed by the holder of an Allowed Claim, any payment in Cash to be made by the Disbursing Agent shall be made, at the election of the Disbursing Agent, by check drawn on a domestic bank or by wire transfer from a domestic bank.

**1.47. Distribution Date** means, with respect to any Claim, the Effective Date, if such Claim is then an Allowed Claim, or the first Business Day after such Claim becomes an Allowed Claim, if not an Allowed Claim on the Effective Date.

**1.48. Distribution Address** means the address set forth in the relevant proof of claim or proof of interest. If no proof of claim or proof of interest is filed in respect to a particular Claim or Equity Interest, such defined term means the address set forth in the Debtor's Schedules of Assets and Liabilities or register maintained for registered securities. Notwithstanding anything to the contrary herein, to the extent a Distribution is required to be made to a Paying Agent, the Distribution Address for the relevant Claim or Equity Interest shall be the address of the relevant Paying Agent.

**1.49. Distribution Record Date** means the date and time so designated in the Confirmation Order for the Disbursing Agent to determine which holders of Claims and Equity Interests are entitled to a distribution hereunder.

**1.50. Effective Date** means the date on which all of the conditions specified in Article IX of this Plan have been satisfied or waived, which date shall be no later than June 20, 2003, unless TBCC and Olson Financing agree in writing to a later date.

**1.51. Encumbrance** means any lien, claim, security interest, mortgage, hypothecation, assignment, pledge, option, charge, easement, lease or other encumbrance or adverse interest, whether or not consensual, held by a Person in property.

**1.52. Equity Interest** means any ownership or equity interest in the Debtor, including without limitation, the Preferred Stock, Common Stock or warrants, options or other rights to purchase any ownership or equity interests in the Debtor.

**1.53. Estate** means the estate created pursuant to section 541 of the Bankruptcy Code upon the commencement of the Chapter 11 Case.

**1.54. Estimated Amount** shall have the meaning given such term in Section 7.4.3 of this Plan.

**1.55. Estimation Order** means an order or orders of the Court estimating for voting and/or distribution purposes (under section 502(c) of the Bankruptcy Code) the aggregate Face Amount of Disputed Claims in each Class. The defined term Estimation Order includes the Confirmation Order if the Confirmation Order grants the same relief that would have been granted in a separate Estimation Order.

**1.56. Excluded Assets** shall have the meaning given such term in the Asset Purchase Agreement.

**1.57. Executory Contract** means any contract, including any unexpired lease, to which the Debtor is a party, which is capable of being assumed or rejected pursuant to section 365 of the Bankruptcy Code.

**1.58. Face Amount** means: (a) with respect to any Claim for which a proof of claim is filed, an amount equal to: (i) the liquidated amount, if any, set forth therein; (ii) any other amount set forth in an Estimation Order; or (b) with respect to any Claim scheduled in the Debtor's Schedule of Assets and Liabilities, but for which no proof of claim is filed, the amount of the Claim scheduled as undisputed, noncontingent and liquidated.

**1.59. FC** means Ford Motor Credit Company, a Delaware corporation.

**1.60. FC Collateral** means the Collateral of FC consisting of Ford Motor Company truck chassis financed by FC and possessed by the Debtor from time to time.

**1.61. FC Secured Claim** means the Claim of FC against the Debtor which is secured by the FC Collateral.

**1.62. Fee Application** means an application of a Professional Person under Section 330 or 503 of the Bankruptcy Code for final allowance of compensation and reimbursement of expenses incurred in the Chapter 11 Case from the Petition Date to the Effective Date.

**1.63. Fee Claim** means a Claim that is subject of a Fee Application filed in the Chapter 11 Case.

**1.64. Final Order** means an order or judgment of the Court, as entered on the docket of the Court that has not been reversed, stayed, modified, or amended, and as to which: (a) the time to appeal, seek review or rehearing or petition for certiorari has expired and no timely-filed appeal or petition for review, rehearing, remand or certiorari is pending; or (b) any appeal taken or petition for certiorari filed has been resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought, provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or other rules governing procedure in cases before the Court, may be filed with respect to such order shall not cause such order not to be a Final Order.

**1.65. GMAC** means General Motors Acceptance Corporation, a New York corporation.

**1.66. GMAC Collateral** means the Collateral of GMAC consisting of General Motors Corporation truck chassis financed by GMAC and possessed by the Debtor from time to time.

**1.67. GMAC Secured Claim** means the Claim of GMAC against the Debtor which is secured by the GMAC Collateral.

**1.68. Governmental Unit** means any governmental unit, within the meaning of section 101 of the Bankruptcy Code.

**1.69. Intercompany Claim** means a Claim of the Debtor or any affiliate thereof, against the Debtor or any affiliate thereof arising prior to the Petition Date.

**1.70. Manager** means the manager of Creditor Distribution LLC, as described in the Operating Agreement.

**1.71. Member** means a member of Creditor Distribution LLC, as described in Subsection 7.3.1 of this Plan.

**1.72. Member Interest** has the meaning assigned to such term in Subsection 7.3.1 of this Plan.

**1.73. Non-Bank Secured Claim** means (i) a Claim (other than a DIP Facility Claim, Bank Claim, GMAC Secured Claim or FC Secured Claim) secured by a lien on any Assets or other third party assets, which lien is valid, perfected and enforceable under applicable law and is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law, and to which is duly established in the Chapter 11 Cases, but only to the extent of the value of the holder's interest in the Collateral that secures payment of the Claim; (ii) a Claim against the Debtor that is subject to a valid right of recoupment or setoff under section 553 of the Bankruptcy Code, but only to the extent of the Allowed amount subject to recoupment or set-off as provided in section 506(a) of the Bankruptcy Code; and (iii) a Claim allowed under this Plan as a Non-Bank Secured Claim.

**1.74. Northrop FC Guaranty** means the Guaranty (undated) made by Northrop Grumman in favor of FC.

**1.75. Northrop GMAC Guaranty** means the Guaranty, dated December 12, 1997 by Northrop Grumman in favor of GMAC.

**1.76. Northrop Grumman** means Northrop Grumman Corporation, a Delaware corporation.

**1.77. Northrop Grumman Claims** means the Claims of Northrop Grumman against the Debtor including, without limitation, Claims arising out of the (a) Northrop GMAC Guaranty, (b) Northrop FC Guaranty, (c) Northrop Grumman Letter of Credit and (d)

reimbursement obligations arising under that certain Agreement and Plan of Merger, dated as of December 19, 1997, by and among Northrop Grumman, Olson Holdings, LLC and Grumman Allied Industries, Inc., among others, and other related agreements contemplated therein.

**1.78. Northrop Grumman Letter of Credit** means the letter of credit dated December 15, 1997 in the face amount of \$5.0 million issued by Chase Manhattan Bank for the account of Northrop Grumman which names GMAC as beneficiary and secures the Northrop GMC Guaranty.

**1.79. Notice Address** means the address to which notices must be sent to parties in interest pursuant to Bankruptcy Rule 2002(g) and/or any orders of the Court.

**1.80. Notice of Confirmation** means the notice of entry of the Confirmation Order to be mailed by the Clerk of the Court or by the Claims Agent, as agent for the Clerk, to all holders of Claims and Equity Interests.

**1.81. Olson Financing** means Olson Financing Corporation, a Delaware corporation.

**1.82. Operating Agreement** means the limited liability company agreement of Creditor Distribution LLC, which shall govern Creditor Distribution LLC and include such other provisions as described in section 7.3 of this Plan.

**1.83. Paying Agent** means the Disbursing Agent, any stock transfer agents, agents contractually authorized and/or obligated to make Distributions to certain claimants and similar intermediaries and agents participating in making or conveying Distributions as required by this Plan.

**1.84. Person** means any individual, corporation, partnership, limited liability company, association, indenture trustee, organization, joint stock company, joint venture, estate, trust, governmental unit or any political subdivision thereof, the Creditors' Committee, Equity Interest holders, current or former employees of the Debtor, or any other entity.

**1.85. Petition Date** means December 10, 2002.

**1.86. Plan** means this Plan of Reorganization, dated as of the date set forth on the first page hereof, together with any amendments or modifications hereto as the Debtor may file hereafter (such amendments or modifications only being effective if approved by order of the Court).

**1.87. Plan Proponents** means the Debtor and the Purchaser.

**1.88. Preferred Stock** means the issued and outstanding shares of the Debtor's Class A Participating Preferred Stock, par value \$1.00 per share, all of which are beneficially owned by Northrop Grumman.

**1.89. Prepetition Bank Agent** means TBCC (as successor in interest to Transamerica Business Credit Corporation), as agent under the Prepetition Loan Agreement.

**1.90. Prepetition Loan Agreement** means that certain Loan and Security Agreement, dated as of October 28, 1999, among the Debtor, each of the financial institutions parties thereto, and the Prepetition Bank Agent.

**1.91. Prepetition Deficiency Claim** means a general Unsecured Claim against the Debtor arising from the deficiency portion, if any, of a Secured Claim.

**1.92. Priority Claim** means any Claim, if allowed, entitled to priority pursuant to section 507(a) of the Bankruptcy Code, other than: (a) an Administrative Claim; or (b) a Priority Tax Claim.

**1.93. Priority Tax Claim** means a Claim, if allowed, entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

**1.94. Professional Person** means a Person retained or required to be compensated for services rendered or costs incurred on or after the Petition Date and on or prior to the Effective Date pursuant to Sections 327, 328, 330, 331, 503(b), or 1103 of the Bankruptcy Code in this Chapter 11 Case.

**1.95. Purchase Price** means the purchase price payable by the Purchaser for the acquisition of the Acquired Assets (as defined in the Asset Purchase Agreement) pursuant to the terms and conditions of the Asset Purchase Agreement.

**1.96. Purchaser** means Olson Acquisition Corporation, a Delaware corporation.

**1.97. Reinstated or Reinstatement** means leaving unaltered the legal, equitable, and contractual rights to which a Claim entitles the holder of such Claim in accordance with section 1124 of the Bankruptcy Code, including, if applicable under section 1124 of the Bankruptcy Code: (a) curing all prepetition and postpetition defaults other than defaults relating to the insolvency or financial condition of the Debtor or its status as a debtor under the Bankruptcy Code; (b) reinstating the maturity date of the Claim; and (c) compensating the holder of such Claim for damages incurred as a result of its reasonable reliance on a provision allowing the Claim's acceleration.

**1.98. Released Party** means any current or former officer, director or employee of the Debtor.

**1.99. Schedule of Assets and Liabilities** means the schedule of assets and liabilities of the Debtor filed with the Court pursuant to sections 521(1) and 1106(a)(2) of the Bankruptcy Code.

**1.100. Secured Claim** means, pursuant to section 506 of the Bankruptcy Code, a Claim (other than a Prepetition Loan Agreement Claim) that is secured by a lien on property in which the Debtor has an interest.

**1.101. Subordinated DIP Lender** means Olson Financing as the subordinated DIP lender under the DIP Facility.

**1.102. Tax Claim** means a Claim against the Debtor that is of a kind specified in Section 507(a)(8) of the Bankruptcy Code.

**1.103. TBCC** means Transamerica Business Capital Corporation.

**1.104. Transfer Documents** means those documents pursuant to which the Debtor conveys to the Purchaser the Acquired Assets pursuant to the Asset Purchase Agreement.

**1.105. Unsecured Claim** means an unsecured Claim against the Debtor that is not an Administrative Expense Claim, Priority Claim, Priority Tax Claim, or Secured Claim but which includes, and is not limited to, (a) unsecured Claims of the Debtor's trade creditors, (b) unsecured Contingent or Unliquidated Claims, and (c) unsecured Claims arising as a result of the rejection of Executory Contracts pursuant to section 365 or 1123(b)(2) of the Bankruptcy Code.

**1.106. Other Definitions:** Unless the context otherwise requires, any capitalized term used herein and not defined herein or elsewhere in this Plan, but that is defined in the Bankruptcy Code or Bankruptcy Rules, shall have the meaning set forth therein. Wherever from the context it appears appropriate, each term stated in either of the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, the feminine and the neuter. The words "herein," "hereof," "hereto" and "hereunder" and others of similar import refer to this Plan as a whole and not to any particular section, subsection or clause contained in this Plan. The word "including" shall mean "including, without limitation."

## **ARTICLE II.**

### **CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

#### **2.1. Claims and Equity Interests Classified.**

For purposes of organization, voting and all confirmation matters, except as otherwise provided herein, all Claims (except for Administrative Claims and Priority Tax Claims) and all Equity Interests shall be classified as set forth in this Article II of this Plan.

#### **2.2. Administrative Claims, Priority Tax Claims, and DIP Facility Claims.**

As provided in section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Priority Tax Claims and DIP Facility Claims shall not be classified for purposes of voting under this Plan. Rather, all such Claims shall be unclassified and treated on the terms set forth in Article IV of this Plan.

#### **2.3. Claims and Equity Interests.**

This Plan classifies Claims against and Equity Interests in the Debtor as follows:

- (a) Class 1: Bank Claims
- (b) Class 2: Priority Claims



- (c) Class 3: Non-Bank Secured Claims
- (d) Class 4: GMAC Secured Claims
- (e) Class 5: FC Secured Claims
- (f) Class 6: Unsecured Claims
- (g) Class 7: Northrop Grumman Claims
- (h) Class 8: Equity Interests in the Debtor.

### **ARTICLE III.**

#### **IDENTIFICATION OF IMPAIRED CLAIMS AND EQUITY INTERESTS**

**3.1. Unimpaired Classes.** Classes 1, 2, and 3 are unimpaired under this Plan.

**3.2. Impaired Classes.** Classes 4, 5, 6, 7, and 8 are impaired under this Plan.

**3.3. Impairment Controversies.** If a controversy arises as to whether any Claim or Equity Interest, or any class of Claims or Equity Interests, is impaired under this Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy.

### **ARTICLE IV.**

#### **PROVISIONS FOR TREATMENT OF UNCLASSIFIED CLAIMS UNDER THIS PLAN**

**4.1. Treatment of Administrative Claims.**

All Administrative Claims shall be treated as follows:

(a) Time for Filing Administrative Claims. The holder of an Administrative Claim, other than (i) a Fee Claim, (ii) a liability incurred and payable in the ordinary course of business by the Debtor (and not past due), including a valid Claim for setoff and/or recoupment effectuated or taken in the ordinary course of business as of the Effective Date which arose after the Petition Date, or (iii) an Administrative Claim that has been Allowed on or before the Effective Date, must file with the Bankruptcy Court and serve on the Debtor, the Committee and the Office of the United States Trustee, notice of such Administrative Claim within twenty (20) days after service of notice of entry of the Confirmation Order. Such notice must include at a minimum (A) the name of the holder of the Claim, (B) the amount of the Claim, and (C) the basis of the Claim. **Failure to file and serve such notice timely and properly shall result in the Administrative Claim being forever barred and discharged.**

(b) Time for Filing Fee Claims. Each Professional shall be required to file with the Bankruptcy Court, and serve on all parties required to receive notice, a Fee Application within forty-five (45) days after the Effective Date. **The failure to file timely and serve such Fee Application shall result in the Fee Claim being forever barred and discharged.**

(c) Allowance of Administrative Claims. An Administrative Claim with respect to which notice has been properly filed and served pursuant to Section 4.1(a) of this Plan shall become an Allowed Administrative Claim if no objection is filed within sixty (60) days after the deadline for filing and serving a notice of such Administrative Claim specified in Section 4.1(a) hereof, or such later date as may be approved by the Bankruptcy Court on motion of a party in interest, without notice or hearing. If an objection is filed within such sixty-day period (or any extension thereof), the Administrative Claim shall become an Allowed Administrative Claim only to the extent allowed by Final Order. An Administrative Claim with respect to which a Fee Application has been properly filed pursuant to Section 4.1(b) of this Plan shall become an Allowed Administrative Claim only to the extent allowed by Final Order.

(d) Payment of Allowed Administrative Claims. All Allowed Administrative Claims which constitute Assumed Liabilities under the Asset Purchase Agreement shall be assumed by the Purchaser and paid-in-full, in Cash, by the Purchaser on the Closing Date, unless otherwise agreed in writing between the Purchaser and the holder of such an Allowed Administrative Claim. On the Distribution Date, each holder of an Allowed Administrative Claim which does not constitute an Assumed Liability under the Asset Purchase Agreement shall receive (i) the amount of such holder's Allowed Claim in Cash payment, or (ii) such other treatment as may be agreed upon in writing by the Debtor, the Purchaser and such holder.

**4.2. Treatment of Priority Tax Claims.** All Allowed Priority Tax Claims which constitute Assumed Liabilities under the Asset Purchase Agreement shall be assumed by the Purchaser and paid-in-full, in Cash, by the Purchaser on the Closing Date, unless otherwise agreed in writing between the Purchaser and the holder of such Allowed Priority Tax Claim. On the Distribution Date, each holder of an Allowed Priority Tax Claim which does not constitute an Assumed Liability under the Asset Purchase Agreement shall receive in full satisfaction of such holder's Allowed Priority Tax Claim, (i) the amount of such holder's Allowed Priority Tax Claim, in Cash, or (ii) such other treatment as may be agreed upon in writing by the Debtor and such holder. The Confirmation Order shall constitute and provide for an injunction by the Bankruptcy Court as of the Effective Date against any holder of a Priority Tax Claim from commencing or continuing any action or proceeding against any responsible person or officer or director of the Debtor that otherwise would be liable to such holder for payment of a Priority Tax Claim so long as no default has occurred with respect to such Priority Tax Claim under this Section 4.2 of this Plan.

**4.3. Treatment of DIP Facility Claims.** DIP Facility Claims which are Allowed Claims will be paid in Cash, in full, on the Effective Date.

## ARTICLE V.

### **TREATMENT OF CLAIMS AND EQUITY INTERESTS**

The classes of Claims against and Equity Interests in the Debtor shall be treated under this Plan as follows:

**5.1. Bank Claims (Class 1).** Bank Claims which are Allowed Claims in Class 1 are not impaired under this Plan. The Bank Claims will be paid in Cash, in full, on the Effective Date.

**5.2. Priority Claims (Class 2).** Allowed Priority Claims in Class 2 are not impaired under this Plan. All Allowed Priority Claims which constitute Assumed Liabilities under the Asset Purchase Agreement shall be assumed by the Purchaser and paid in full, in Cash, by the Purchaser on the Closing Date, unless otherwise agreed in writing by the Purchaser and the holder of such an Allowed Claim. On the Distribution Date, each holder of an Allowed Priority Claim which does not constitute an Assumed Liability under the Asset Purchase Agreement shall receive (i) the amount of such holder's Allowed Claim in Cash, or (ii) such other treatment as may be agreed upon in writing by the Debtor and such holder.

**5.3. Non-Bank Secured Claims (Class 3).** Non-Bank Secured Claims which are Allowed Claims in Class 3 are not impaired by this Plan. Each holder of an Allowed Non-Bank Secured Claim shall either (a) receive or retain on the Distribution Date the property securing such Claim, (b) receive on the Distribution Date Cash equal to the value of the secured portion of such Allowed Claim or (iii) have the holder's Allowed Claim assumed by the Purchaser as an Assumed Liability pursuant to the Asset Purchase Agreement to the extent of the value of the secured portion of such Claim, and shall retain its lien on the Property securing such Claim.

**5.4. GMAC Secured Claims (Class 4).** GMAC Secured Claims which are Allowed Claims in Class 4 are impaired under this Plan. The GMAC Secured Claims shall be assumed by the Purchaser pursuant to the Asset Purchase Agreement and all existing liens of GMAC relating to GMAC Collateral shall continue thereafter in such GMAC Collateral. Additionally, the Purchaser shall provide GMAC with a third party guaranty in substitution of the Northrop GMAC Guaranty and shall provide GMAC with a letter of credit issued by a financial institution reasonably acceptable to GMAC in the amount of \$5.0 million in substitution of the Northrop Grumman Letter of Credit for purposes of securing the obligations of such third party under the replacement guaranty.

**5.5. FC Secured Claims (Class 5).** FC Secured Claims which are Allowed Claims in Class 5 are impaired under this Plan. The FC Secured Claims shall be assumed by the Purchaser pursuant to the Asset Purchase Agreement and all existing liens of FC relating to the FC Collateral shall continue thereafter in such FC Collateral. Additionally, the Purchaser shall provide FC with a third party guaranty in substitution of the Northrop FC Guaranty.

**5.6. Unsecured Claims (Class 6).** Unsecured Claims which are Allowed Claims in Class 6 are impaired by this Plan. Except as otherwise provided in the Asset Purchase Agreement, each holder of an Unsecured Claim which is an Allowed Claim will receive from the Disbursing Agent a (a) pro rata share of \$1,100,000 (subject to the prior payment of amounts payable under this Plan on other Claims), which will consist of (i) \$550,000 cash and (ii) \$550,000 payable through the issuance by the Purchaser of an unsecured promissory note for the benefit of allowed unsecured creditors, which promissory note shall be issued pursuant to the terms and conditions set forth in the Asset Purchase Agreement, shall bear interest at a rate of 6% per annum and shall be amortized equally over a five year period with a balloon payment

payable in thirty (30) months from the date of issuance, and (b) a pro rata portion of the Member Interests in full satisfaction of their Claims (one Member Interest for each U.S. Dollar of Allowed Claim amount).

**5.7. Northrop Grumman Claims (Class 7).** Northrop Grumman Claims which are Allowed Claims in Class 7 are impaired by this Plan. As provided for in Classes 4 and 5, the Purchaser shall provide GMAC and FC with substitute guaranties and letters of credit, thereby releasing Northrop Grumman from any liability under the Northrop GMAC Guaranty, the Northrop FC Guaranty and the Northrop Grumman Letter of Credit.

**5.8. Equity Interests (Class 8).** Equity Interests in Class 8 (including Preferred Stock and Common Stock) are impaired by this Plan. The Preferred Stock and Common Stock will be canceled and holders of Preferred Stock and Common Stock will not receive any distribution under this Plan (whether on account of Preferred Stock, Common Stock or any Claims related thereto or arising therefrom).

**5.9. Set Off Rights of the Debtor Preserved.** Except to the extent specifically provided for to the contrary in another provision of this Plan, the Debtor shall retain all rights to set off against any Claim in the amount of any claim that the Debtor or the Estate may hold against the holder of such Claim. To the extent such Claim may become an Allowed Claim, the amount thereof shall be reduced by the amount of such set off.

## **ARTICLE VI.**

### **ACCEPTANCE OR REJECTION OF PLAN**

**6.1. Classes Entitled to Vote.** Each impaired Class of Claims and Equity Interests shall be entitled to vote separately to accept or reject this Plan; provided, however, each holder of an Equity Interest in Class 8 of this Plan will neither receive nor retain any property under this Plan and such holders are therefore deemed to have rejected this Plan without actually voting on it. Holders of Claims in Classes 1, 2, 3 and 4 (the unimpaired Classes) shall not be entitled to vote to accept or reject this Plan, as they are conclusively presumed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code.

**6.2. Class Acceptance Requirement.** Only holders of Claims that are of record and as to which an objection is not pending on the date set forth in the Disclosure Statement Order shall be entitled to accept or reject this Plan. A class of Claims shall have accepted this Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such class that have voted on this Plan.

**6.3. Nonconsensual Cramdown.** In the event that any impaired Class of Claims or Equity Interests fails to accept this Plan as required by section 1129 (a) of the Bankruptcy Code, the Debtor may request the Bankruptcy Court to confirm this Plan in accordance with section 1129(b) of the Bankruptcy Code, or, as an alternative to such cramdown, this Plan may be modified in accordance with section 13.5 of this Plan.

**ARTICLE VII.**  
**MEANS FOR IMPLEMENTATION AND EXECUTION OF THIS PLAN**

**7.1. Asset Purchase Agreement.** On the Effective Date, the Purchaser shall, among other things, acquire from the Debtor substantially all of the Assets and the Assumed Liabilities for the Purchase Price. The Confirmation Order shall to the fullest extent allowed by the Bankruptcy Court provide that (a) the Asset Purchase Agreement is approved by the Bankruptcy Court; (b) pursuant to section 363(f) of the Bankruptcy Code, the Assets transferred pursuant to the Asset Purchase Agreement (excluding the Excluded Assets) shall be sold and transferred to the Purchaser free and clear of all Encumbrances to the extent permissible by the Bankruptcy Court; (c) the Purchaser shall be deemed a good faith purchaser under section 363(m) and (n) of the Bankruptcy Code; (d) the Purchaser shall not be deemed a successor to the Debtor for any Encumbrance and the transfer of Assets to the Purchaser shall not subject the Purchaser to any liability with respect to the operation of the Debtor's business prior to the closing date under the Asset Purchase Agreement; (e) the transfer of Assets pursuant to the Asset Purchase Agreement qualifies as a transfer under section 1146(c) of the Bankruptcy Code; and (f) the Debtor is authorized to take all actions as may be reasonably necessary to implement the Asset Purchase Agreement. The Debtor and the Purchaser believe that this Plan will be substantially consummated upon the payment and distribution of the Purchase Price from the Asset Purchase Agreement in accordance with this Plan.

**7.2. Cash Payments.** On the Effective Date and upon the consummation of the transactions contemplated by the Asset Purchase Agreement, the Debtor shall transfer to the Disbursing Agent an amount of Cash necessary to pay or make the distributions required by this Plan in respect of Administrative Claims, Priority Tax Claims, and Priority Claims which are Allowed Claims (except to the extent any such Claims are assumed by the Purchaser, as described in this Plan and in the Asset Purchase Agreement). In addition, on the Effective Date or as soon thereafter as practicable, the Debtor shall transfer to the Disbursing Agent an amount of Cash necessary to pay or make the Cash distributions provided by clause (a) of section 5.6 of this Plan.

**7.3. Unsecured Creditors and Creditor Distribution LLC.**

7.3.1 Formation of Creditor Distribution LLC. On the Effective Date, the Grumman Olson Creditor Distribution Limited Liability Company (the "Creditor Distribution LLC") shall be established for the benefit of Creditors holding Unsecured Claims. Interests in Creditor Distribution LLC (the "Member Interests") shall be distributed as described in clause (b) of section 5.6 of this Plan to holders of Unsecured Claims which are Allowed Claims.

7.3.2 Execution of Operating Agreement.

(a) On the Effective Date, the Debtor, on its own behalf and on behalf of the Creditors for whom Creditor Distribution LLC is established, shall execute the Operating Agreement and shall take all other steps necessary to establish Creditor Distribution LLC. On the Effective Date, the Debtor (or the Debtor Designee) shall provide for transfer of the Debtor's right, title and interest in the remaining property of the Debtor described in the

Operating Agreement (including causes of action) to Creditor Distribution LLC by the means described below.

(b) The Operating Agreement will govern, among other things, the powers and duties of the Manager regarding issuance of Member Interests and the exercise of the rights of Creditor Distribution LLC. In addition, the Operating Agreement shall govern the replacement of the initial Manager with any substitute Manager and any subsequent succession of any other Manager.

(c) To the extent terms of the Operating Agreement contradict any provisions of this Plan, the terms of the Operating Agreement shall govern.

(d) No holder of a Claim or any Member shall have any claim or cause of action of any kind against Creditor Distribution LLC or the Manager (or any successor thereto) except, and to the extent, set forth in the Operating Agreement.

(e) The Operating Agreement shall limit the right of the Manager to transfer certain of the property of Creditor Distribution LLC to Affiliates of the Purchaser.

#### 7.3.3 Transfer of Assets.

(a) The transfer of the assets of the Debtor (other than Assets acquired by the Purchaser pursuant to the Asset Purchase Agreement) to Creditor Distribution LLC will be made for the benefit of the holders of Unsecured Claims that are Allowed Claims. In this regard, in satisfaction of such Claims, all of the assets dedicated to Creditor Distribution LLC will be transferred to such holders of Unsecured Claims, to be held by the Debtor Designee on their behalf. Immediately thereafter, on behalf of the holders of such Claims, the Debtor Designee will transfer such assets to Creditor Distribution LLC in exchange for Member Interests.

(b) For all federal income tax purposes, all parties (including the Debtor, the Debtor Designee, the Manager, the Disbursing Agent and the Members) will treat the transfer of assets to Creditor Distribution LLC in accordance with the terms of this Plan, as a transfer to the holders of Unsecured Claims which are Allowed Claims followed by a transfer by such Creditors to Creditor Distribution LLC.

#### 7.3.4 Reporting Duties.

(a) The Manager shall cause Creditor Distribution LLC to be treated, and shall file its tax returns, as a partnership for federal, and, to the extent permitted by applicable law, state, local and all other governmental income tax and other tax purposes.

(b) The Manager will also file (or cause to be filed) any other statements, returns or disclosures relating to Creditor Distribution LLC that are required by any Governmental Unit.

7.3.5 Manager Compensation. The Manager will be compensated for its services in the amounts and at the intervals set forth in the Operating Agreement. The funds for such compensation will be included in the amount of money contributed to Creditor Distribution LLC as described in Subsection 7.2 of this Plan.

7.3.6 Creditor Distribution LLC Implementation. On the Effective Date, Creditor Distribution LLC will be established and become effective. The Operating Agreement will contain provisions customary to such agreements utilized in comparable circumstances (provided, however, that such Operating Agreement shall comport with and adhere to the provisions and requirements of this Plan). All parties (including the Debtor, the Debtor Designee, the Manager, the Disbursing Agent and the Members) will execute any documents or other instruments as necessary to cause title to the applicable assets to be transferred to Creditor Distribution LLC.

7.3.7 Non-Transferability. Upon issuance thereof, the Member Interests shall be non-transferable other than by bequest or by the laws of descent or operation of law.

#### **7.4. Disputed, Contingent and Unliquidated Claims.**

7.4.1 No Distribution. Notwithstanding any other provision of this Plan, no Cash, Member Interests or other property shall be distributed under this Plan on account of any Disputed Claim or Contingent or Unliquidated Claim.

7.4.2 Disputed Claims. The Debtor (through the Debtor Designee) shall be responsible for filing and serving all objections to Claims, and shall be authorized and otherwise have the right to file and serve all objections to Claims; provided, however, that to the extent any liability for Claims is assumed by the Purchaser under this Plan, neither the Debtor nor the Debtor Designee shall have the responsibility to object to such Claims.

7.4.3 Estimation of Disputed, Contingent or Unliquidated Claims. If requested by the Debtor (or the Debtor Designee), the Bankruptcy Court, prior or subsequent to the Confirmation Date, to effectuate distributions pursuant to this Plan and avoid undue delay in the administration of the Chapter 11 Case, may estimate the amount of any Disputed Claim or Contingent or Unliquidated Claim for which the Disputed, Contingent and Unliquidated Claims Reserve has been or will be established (the amount so estimated for each Claim being the "Estimated Amount"). Notwithstanding any other term of this Subsection of this Plan, there shall be no estimation of any Claim the liability for which has been assumed by the Purchaser under the Asset Purchase Agreement or this Plan.

#### **7.4.4 Disputed, Contingent and Unliquidated Claims Reserve.**

(a) On or prior to the Effective Date the Disbursing Agent shall establish the Disputed, Contingent and Unliquidated Claims Reserve in an aggregate amount sufficient to pay to each Creditor holding a Disputed Claim or Contingent or Unliquidated Claim as contemplated elsewhere by this Plan, including Disputed Claims or Contingent or Unliquidated Claims that are Administrative Claims, Priority Tax Claims, Priority Claims, Non-Bank Secured Claims, property tax claims or Unsecured Claims, the lesser of (a) the Estimated Amount or (b) the amount of Cash that such Creditor would have been entitled to receive under

this Plan if such claim had been an Allowed Claim on the Effective Date (provided, however, that no reserve shall be made for any Claim to the extent liability therefor is assumed by the Purchaser under the Asset Purchase Agreement or this Plan).

(b) Absent definitive guidance from the United States Internal Revenue Service or a court of competent jurisdiction to the contrary (including the issuance of applicable Treasury regulations, the receipt by the Debtor, the Debtor Designee or the Disbursing Agent of a private letter ruling if the Debtor, the Debtor Designee or the Disbursing Agent so requests one, or the receipt of an adverse determination by the United States Internal Revenue Service upon audit if not contested by the Debtor, the Debtor Designee or the Disbursing Agent), the Disbursing Agent shall:

(i) treat the account constituting the Disputed, Contingent and Unliquidated Claims Reserve as a discreet trust for federal income tax purposes, consisting of separate and independent shares to be established in respect of each Disputed Claim, or Contingent or Unliquidated Claim, in accordance with the trust provisions of the Code (sections 641 et seq.), and

(ii) to the extent permitted by applicable law, report consistently for state and local income tax purposes.

In addition, all parties shall report consistently with such treatment.

7.4.5 Investment. The Disbursing Agent shall be permitted, from time to time, to invest all or a portion of the Cash in the Disputed, Contingent and Unliquidated Claims Reserve in United States Treasury Bills, interest-bearing certificates of deposit, and investments permitted by section 345 of the Bankruptcy Code, using prudent efforts to enhance the rates of interest without increasing the risk of the investment.

7.4.6 Subsequent Allowance or Disallowance of Any Disputed Claims. If, on or after the Effective Date, any Disputed Claim or Contingent or Unliquidated Claim becomes an Allowed Claim, the Disbursing Agent shall, on behalf of the holder of such Allowed Claim, distribute from the Disputed, Contingent and Unliquidated Claims Reserve the amount of Cash that such holder would have been entitled to receive under this Plan from the Debtor or the Disbursing Agent if such Claim had been an Allowed Claim on the Effective Date in the amount in which it has become an Allowed Claim. The Disbursing Agent shall hold the proceeds from the Disputed, Contingent and Unliquidated Claims Reserve in trust for any holder of an Allowed Claim and, on the last Business Day of the first month following the month in which the Claim becomes an Allowed Claim, shall remit such proceeds to the holder of such Allowed Claim. Upon the remittance of such proceeds to the holder of the Allowed Claim, and the distribution to such holder of any other proceeds from the Disputed, Contingent and Unliquidated Claims Reserve pursuant to this Plan and the issuance of the Member Interests as described in Subsection 7.4.7 of this Plan, such Allowed Claim shall be discharged and the holder of such Claim shall have no recourse against the Plan Proponents, the Debtor Designee, or the Disbursing Agent. In no event shall any Creditor be entitled to interest in connection with any Allowed Claim in respect of which it receives distributions under this Subsection of this Plan. Notwithstanding any other term hereof, no, payment from the Disputed, Contingent and



Unliquidated Claims Reserve shall be made to any Creditor based on a Claim for which the Purchaser has assumed liability pursuant to this Plan or the Asset Purchase Agreement.

**7.4.7 Disputed Claims and Member Interests.** If, on or after the Effective Date, any Disputed Claim or Contingent or Unliquidated Claim becomes a General Unsecured Claim which is an Allowed Claim, the Manager shall cause to be issued to the holder of such Allowed Claim, based on such Allowed Claim, an amount of Member Interests determined by the formula set forth in section 5.6 of this Plan (i.e. one Member Interest for each U.S. Dollar in amount of such Allowed Claim), such Member Interests being issued no later than the last Business Day of the first month following the month in which such Claim becomes an Allowed Claim. Upon the issuance of such Member Interests (and the payment of any distribution amount in Cash as provided for in clause (a) of section 5.6 of this Plan) such Allowed Claim shall be discharged and the holder of such Claim shall have no recourse against the Plan Proponents, the Debtor Designee or the Disbursing Agent. None of the Manager, the Debtor, the Debtor Designee or the Disbursing Agent shall have any obligation to distribute to or otherwise compensate any holder of an Allowed Claim receiving any Member Interest as described in this Subsection of this Plan for any distribution made by Creditor Distribution LLC prior to the date upon which either such Claim became an Allowed Claim or Member Interests were issued on account thereof.

**7.5. Transactions on Business Days.** If the Effective Date or any other date on which a transaction may occur under this Plan shall occur on a day that is not a Business Day, the transactions contemplated by this Plan to occur on such day shall instead occur on the next succeeding Business Day.

**7.6. Unclaimed Property.** If any Person entitled to receive a Cash payment or Member Interests under this Plan cannot be located on or before the Effective Date, such Cash and/or Member Interests shall be set aside and held in trust. Any such Cash shall be held in a segregated, interest-bearing fund to be maintained by the Disbursing Agent. If such Person is located within one year of the Effective Date, such Cash shall be paid or distributed and such Member Interests shall be issued to such Person. If such Person cannot be located within one year of the Effective Date, any such Cash and accrued interest thereon shall be distributed to the remaining Persons entitled to distributions on a pro rata basis, and such Member Interests shall be retired; provided, however, that nothing contained in this Plan shall require the Disbursing Agent to attempt to locate such Person. Any Cash which would have been distributed to a holder of Member Interests as described, herein shall be held in trust or otherwise disposed of subject to the terms described in this Section of this Plan.

**7.7. Professional Fees and Expenses.** Each Person retained or requesting compensation in the Chapter 11 Case pursuant to sections 327, 328, 330, 331 or 503(b) of the Bankruptcy Code shall be entitled to file an application for allowance of final compensation and reimbursement of expenses in the Chapter 11 Case before the thirtieth (30th) day after the Confirmation Date. Objections to each such application may be filed on or before the tenth (10th) day after the date such application is filed. In the event no objections to a given fee application are filed, the order approving any such fee application may be entered without a hearing.

**ARTICLE VIII.**  
**TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

**8.1. Assumption and Assignment.** On the Effective Date, and to the extent permitted by applicable law, Executory Contracts will be assumed by the Debtor and assigned to the Purchaser as set forth in the Asset Purchase Agreement and this Plan in accordance with the provisions of sections 365 and 1123 of the Bankruptcy Code, except (a) any and all Executory Contracts which are the subject of separate motions to reject filed by the Debtor pursuant to section 365 of the Bankruptcy Code prior to the Effective Date, (b) such Executory Contracts as are listed on any “Schedule of Rejected Executory Contracts” filed by the Debtor on or before the Effective Date, and all Executory Contracts that the Purchaser has not elected to assume, all of which Executory Contracts shall be rejected pursuant to the provisions of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date, and (c) any and all Executory Contracts rejected prior to the Effective Date. The Purchaser shall provide adequate assurance of the Purchaser’s future performance under the Executory Contracts that are being assigned to it.

**8.2. Claims for Damages.** Each Person who is a party to an Executory Contract rejected pursuant to section 8.1 hereof shall be entitled to file, not later than twenty-five (25) days after such rejection, a proof of claim for damages alleged to arise from the rejection of such Executory Contract, if any. Objections to any proof of claim shall be filed by the Debtor Designee not later than thirty (30) days after such proof of claim is filed, and the Bankruptcy Court shall determine any such objections. If the Bankruptcy Court overrules any timely objection to such proof of claim, then that Claim shall be classified as an Allowed General Unsecured Claim and paid in accordance with the provisions of this Plan on or before the later of (a) thirty (30) days after the expiration of the thirty (30) day period for filing an objection in respect of any proof of claim filed pursuant to this section 8.2 and (b) thirty (30) days after the Claim has been allowed by a Final Order, provided that no such payments shall be made before the Effective Date.

**ARTICLE IX.**  
**CONDITIONS PRECEDENT TO CONFIRMATION**

This Plan shall be of no force and effect, and the obligations of the Debtor (or the Debtor Designee) under this Plan shall not arise, unless the following conditions are met prior to the Confirmation Date.

**9.1. Confirmation Hearing.** The Debtor shall promptly seek confirmation of this Plan and will request that a hearing on this Plan shall commence approximately thirty (30) days after the entry of an order approving any disclosure statement filed by the Debtor pursuant to section 1125 of the Bankruptcy Code.

**9.2. Confirmation Order.** The Confirmation Order shall:

9.2.1 approve the Asset Purchase Agreement and all such documents necessary or useful in consummating the transactions described therein, and authorize the Debtor and the Debtor Designee to take all actions and make and receive all payments required under the Asset Purchase Agreement and this Plan;

9.2.2 approve the Operating Agreement;

9.2.3 provide that the sale of Assets to the Purchaser pursuant to the terms of the Asset Purchase Agreement and this Plan will be adjudicated to be conducted under sections 363, 365, 1123(a)(5)(D), 1123(b) and 1146(c) of the Bankruptcy Code and are permitted by such provisions of the Bankruptcy Code, and that the Purchaser has received a transfer of the Purchased Assets in good faith pursuant to all of those provisions and this Plan;

9.2.4 provide that the sale of the Assets to the Purchaser is in the best interests of the Debtor's Estate and Creditors;

9.2.5 provide that the sale of the Assets to the Purchaser will be adjudicated to be free and clear of all Encumbrances in respect of security deposits and other adverse interests (except to the extent such Claims constitute Assumed Liabilities), and will be subject only to the Permitted Encumbrances (and also be subject to the Assumed Liabilities);

9.2.6 direct that all filing officers accept for recording and record any and all Transfer Documents which are presented to them for recording immediately upon presentation thereof, without the payment of any tax within the purview of section 1146(c) of the Bankruptcy Code;

9.2.7 expressly adjudicate that (a) the conveyances, transfers and assignments of the (i) Assets to the Purchaser and Debtor, (ii) assets to the Creditor Distribution LLC, and (b) all other transactions pursuant to this Plan are exempt, pursuant to section 1146(c) of the Bankruptcy Code, from any stamp tax or other tax within the meaning of said section 1146(c), specifically including any sales, transfer, use or any similar tax or levy, and that each of the Assets, the Debtor, the Debtor Designee, the Creditors, the Member Interests, and Creditor Distribution LLC are expressly discharged from all liability for any of such taxes and any penalty, interest or addition relating thereto;

9.2.8 provide that all Governmental Units and any other taxing authorities are permanently enjoined from the commencement or continuation of any action to collect from any, all or any part of the Assets, the Purchaser, the Debtor, the Debtor Designee, any Creditor, any Member Interest, or Creditor Distribution LLC, any taxes from which the transfer of the Assets, the distributions to be transferred to Creditors or the Debtor assets to be transferred to Creditor Distribution LLC pursuant to this Plan is exempt, as provided in section 1146(c) of the Bankruptcy Code, and as adjudicated in such Confirmation Order, including any sales, transfer, use or any similar tax or levy, and any penalties, interest, or additions to the tax relating thereto;

9.2.9 direct and authorize the Debtor and the Debtor Designee, as appropriate, to take all actions reasonably necessary, in the discretion of Debtor (or the Debtor Designee) in consultation with the other Plan Proponents, and direct its employees and consultants, to take such actions and otherwise cooperate, to enable the Debtor (or the Debtor Designee, as appropriate) to (a) object to Claims pursuant to this Plan, (b) consummate this Plan and the Asset Purchase Agreement (and the Confirmation Order shall also approve the terms of such agreement and authorize the parties to execute the documents and instruments and

otherwise take the actions and make the payments contemplated thereby, including the execution and filing of all such instruments, certificates and other documents as may be necessary or desirable to establish Creditor Distribution LLC, including the organization and governance documents regarding such entity), and (c) close the Chapter 11 Case;

9.2.10 provide that, notwithstanding any other provision of this Plan, none of the Plan Proponents, the Debtor Designee, the Disbursing Agent, TBCC, as Bank, Prepetition Bank Agent, DIP Lender or DIP Agent, or any of their agents, representatives, attorneys, or employees, or their respective employees, agents, representatives or professionals shall have any liability for actions taken or omitted to be taken under or in connection with this Plan, or in connection with the Chapter 11 Case or the operation or administration of the Debtor during the Chapter 11 Case;

9.2.11 provide for appropriate dissolution of the Committee;

9.2.12 include such findings and provisions as specified in the Asset Purchase Agreement (to the extent not otherwise specified above);

9.2.13 include approval of all compromises and settlements effected under this Plan, and all releases effected thereby or contemplated therein;

9.2.14 include the release of the Purchaser from all successor, transferee or derivative liability of any kind (except specifically provided for in the Asset Purchase Agreement);

9.2.15 include any such other findings and provisions as may be required elsewhere in this Plan; and

9.2.16 be in form and substance satisfactory to TBCC and Olson Financing.

## **ARTICLE X.**

### **CONDITIONS PRECEDENT TO EFFECTIVENESS OF THIS PLAN**

**10.1. Conditions to the Effective Date of this Plan.** The Effective Date shall occur, and this Plan shall take effect on the same date as the Closing Date, but, in any event, the Effective Date shall not occur less than ten (10) Business Days (as calculated in accordance with Bankruptcy Rule 9006(a)) after the Confirmation Order has become a Final Order or more than thirty (30) days after entry of the Confirmation Order (unless extended by an order of the Bankruptcy Court with the consent of the Plan Proponents). In addition, the occurrence of the Effective Date and the substantial consummation of this Plan are subject to satisfaction of the following conditions precedent and, absent the satisfaction of these conditions precedent (or the waiver thereof), the obligations of the Debtor (or the Debtor Designee) under this Plan shall not arise:

10.1.1 Entry of the Confirmation Order. The Clerk of the Bankruptcy Court shall have entered the Confirmation Order, in form and substance satisfactory to the Plan

Proponents, TBCC and Olson Financing and the Confirmation Order shall have become a Final Order.

10.1.2 Satisfaction of Conditions of Asset Purchase Agreement. Each of the conditions to Closing (as defined in the Asset Purchase Agreement) set forth in the Asset Purchase Agreement including, but not limited to, obtaining acceptable purchase financing, shall have been satisfied or waived by the authorized representatives of the appropriate party to the Asset Purchase Agreement.

10.1.3 Execution and Delivery of Documents. All other actions and documents necessary to implement the terms and provisions of this Plan shall have been effected or executed and delivered.

**10.2. Waiver of Conditions Precedent.** Any of the conditions precedent in section 10.1 of this Plan may be waived, in whole or in part, by unanimous consent of the Plan Proponents, TBCC and Olson Financing each in their respective discretion. Any such waiver of a condition precedent in section 10.1 hereof may be effected at any time, without notice to any party or leave or order of the Bankruptcy Court and without any formal action other than a writing.

## **ARTICLE XI.**

### **RETENTION OF JURISDICTION**

**11.1. Retention of Jurisdiction.** Until the Closing Date, the Bankruptcy Court shall retain jurisdiction over all matters arising out of or relating to the Chapter 11 Case, including the following matters:

11.1.1 allowance or classification of Claims or Equity Interests and determination of any objections thereto;

11.1.2 interpretation and enforcement of this Plan, the Asset Purchase Agreement and the Operating Agreement and issuance of such orders as may be necessary for the implementation, execution and consummation of this Plan, the Asset Purchase Agreement and the Operating Agreement;

11.1.3 disputes regarding the implementation of this Plan, the Asset Purchase Agreement and the Operating Agreement;

11.1.4 applications for allowance of compensation or reimbursement of expenses;

11.1.5 requests for payment of Claims entitled to priority under section 507(a) (1) of the Bankruptcy Code, including compensation for services rendered and reimbursement of expenses of parties entitled thereto;

11.1.6 other requests for payment of Administrative Claims, Priority Tax Claims or Priority Claims;

11.1.7 disputes regarding the compliance of the Debtor, the Purchaser, the Manager, the Disbursing Agent and the Debtor Designee, and their respective employees and representatives, with the requirements of this Plan and the Confirmation Order;

11.1.8 applications pending on the Confirmation Date for the rejection, assumption or assignment of Executory Contracts and the allowance of any Claim resulting therefrom;

11.1.9 applications, motions, adversary proceedings, contested matters and other litigated matters that may be pending in the Bankruptcy Court on or initiated after the Effective Date;

11.1.10 modifications to this Plan pursuant to section 1127 of the Bankruptcy Code, or to remedy any apparent nonmaterial defect or omission in this Plan, or to reconcile any nonmaterial inconsistency in this Plan so as to carry out its intent and purposes;

11.1.11 matters under section 505 of the Bankruptcy Code with respect to any tax, fine, penalty or addition to tax, including any Exempt Taxes;

11.1.12 such other matters and purposes for which the Confirmation Order may provide;

11.1.13 compromises and settlements of Claims against or relating to the Debtor or the Estate;

11.1.14 all questions and disputes regarding title to the assets of the Debtor or the Estate; and

11.1.15 entry of an order or final decree closing the Chapter 11 Case.

## **ARTICLE XII.** **EFFECTS OF CONFIRMATION**

### **12.1. Discharge of Debtor.**

12.1.1 Except as otherwise expressly provided in this Plan, on and after the Effective Date, the terms of this Plan shall (a) bind all holders of Claims and Equity Interests, whether or not they accept this Plan, and (b) discharge and release the Debtor, effective immediately, from any Claim and any “debt” (as that term is defined in section 101 of the Bankruptcy Code) incurred before the Confirmation Date, and the Debtor’s liability in respect thereof shall be extinguished completely, including any liability of a kind specified in section 502(g) of the Bankruptcy Code.

12.1.2 Except as otherwise provided in this Plan, confirmation of this Plan pursuant to the Confirmation Order acts as a discharge and release, on or after the Effective Date, as to each holder of a Claim or Equity Interest receiving or entitled to receive any distribution under this Plan in respect of any direct or indirect right or Claim or Equity Interest

such Creditor or Equity Interest holder had or may have had against or in the Debtor, the Estate or the current officers thereof (except-no directors of the Debtor are released).

12.1.3 On and after the Confirmation Date, as to every discharged Claim, every holder of a Claim shall be precluded from asserting against the Debtor, the other Plan Proponents, the Debtor Designee or assets or properties of the Debtor any further Claim based on any document, instrument or act, omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date. On and after the Confirmation Date all Governmental Units shall be precluded from the commencement or continuation of any action to collect (a) from the Debtor, the Debtor Designee, the Purchaser or any Creditor of the Debtor, or the Assets purchased by the Purchaser (except as may be expressly permitted by this Plan), or (b) any taxes from which the transfer of the Assets or the assets being transferred to Creditor Distribution LLC, pursuant to the terms of this Plan, is exempt as provided in section 1146(c) of the Bankruptcy Code, and adjudicated in the Confirmation Order.

**12.2. Exculpation.** None of the Debtor, the Purchaser, TBCC, as Bank, Prepetition Bank Agent, DIP Lender or Dip Agent, Olson Financing the Committee, the Committee members, or the Disbursing Agent, or any of their respective officers, directors, employees, advisors, members or agents shall have or incur any liability to any Entity for any act or omission in connection with or arising out of the pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for gross negligence or willful misconduct as finally determined by the Bankruptcy Court, and in all respects shall be entitled to rely upon the advice of counsel and all information provided by other exculpated persons herein without any duty to investigate the veracity or accuracy of such information with respect to their duties and responsibilities under this Plan.

**12.3. Title to Assets.** Except as otherwise provided by this Plan, on the Effective Date, title to all Acquired Assets and Excluded Assets shall vest in the Purchaser or Creditor Distribution LLC, as applicable, free and clear of all Claims, Liens, Equity Interests, Encumbrances and other interests (except for Liens, Claims and Encumbrances specifically assumed by the Purchaser pursuant to the Asset Purchase Agreement), and the Confirmation Order shall be a judicial determination of the discharge of the liabilities of the Debtor, except as provided in this Plan. All holders of Claims and Equity Interests shall be precluded from asserting against the Debtor, the Assets or any property dealt with under this Plan, any or other further claim based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Confirmation Date.

**12.4. ERISA Releases.** Without limiting the benefits of any release, waiver, discharge or injunction described in or effected by the Confirmation Order or elsewhere in this Plan, confirmation of the Plan pursuant to the Confirmation Order acts as a release, waiver and discharge by and from all current and former employees of the Debtor (including employees who have resigned, retired, been laid off, been discharged, become disabled or died or otherwise have had a termination of employment), the dependents and beneficiaries of such current and former employees with respect to any plan at any time sponsored or contributed to by the Debtor under the Employee Retirement Income Security Act of 1974 (ERISA), the heirs and assigns of such current and former-employees, any bargaining unit which includes or included one or more of

any such employees, in favor of each of the Debtor, the Debtor Designee, TBCC, as Bank, Prepetition Bank Agent, DIP Lender and DIP Agent, Olson Financing, the Disbursing Agent, the Purchaser and its shareholders (except as to such obligations and liabilities expressly assumed in the Asset Purchase Agreement), Creditor Distribution LLC and its Members, and all officers, owners, employees, trustees, managers, successors, and any other representatives and agents thereof of and from any and all obligations, liabilities, causes of action, suits, debts, dues, warrants, accountings, or any other claim incurred or arising at any time from the beginning of the world through the Effective Date and thereafter.

**12.5. Other Release and Waiver.** Without limiting the benefits of any release, waiver, discharge or injunction contained in or effected by the Confirmation Order or elsewhere in this Plan, by and upon accepting or receiving any distribution of Cash or Member Interest as contemplated by this Plan or otherwise benefiting from any treatment contemplated for the holder of any Claim or Equity Interest by this Plan, each such holder of any Claim or Equity Interest (other than the holders of Claims described in sections 12.4 and 12.5 of this Plan, who are bound by the terms thereof) shall thereby be deemed to, and shall, release and forever discharge each of the Plan Proponents, the Bank, the Debtor, the Debtor Designee, the Disbursing Agent, Purchaser and its shareholders, Creditor Distribution LLC and its Members, and all officers, owners, employees, trustees, managers, successors, and any other representatives and agents thereof of and from any and all obligations, liabilities, causes of action, suits, debts, dues, warrants, accountings, or any other claim incurred or arising at any time from the beginning of the world through the Effective Date and thereafter arising from, related to or otherwise concerning such Claim or Equity Interest, all of which shall be permanently waived by such holders of Claims or Equity Interests; provided, however, that this paragraph shall not constitute a release by any such holder of a Claim or Equity Interest of any rights expressly assigned thereto under another provision of this Plan or the Confirmation Order. The Confirmation Order shall contain the provisions of the foregoing release, waiver and discharge, and shall permanently enjoin any party from bringing any suit, cause of action, claim or other action, or otherwise attempting in any way to enforce any alleged right or interest in contravention of the foregoing release, waiver and discharge.

**12.6. Injunctions Necessary to Success of Plan.** The injunctions described in sections 12.4, 12.5 and 12.6 of this Plan are necessary to the success of this Plan and to realizing the distributions and treatments contemplated by this Plan and to consummating the transactions contemplated by this Plan.

### **ARTICLE XIII.** **MISCELLANEOUS PROVISIONS**

**13.1. Notices.** Any notice required or permitted under this Plan shall be in writing and served either by (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery, or (c) reputable overnight delivery service, freight prepaid, addressed to the following parties:



Debtor's Counsel: Sanford P. Rosen & Associates, P.C.  
747 Third Avenue  
New York, New York 10017  
Attn: Sanford P. Rosen, Esq.

*and*

Baker & Daniels  
205 W. Jefferson Boulevard  
South Bend, Indiana 46601  
Attn: James Matthews, Esq.

Creditors Committee Counsel: Hahn & Hessen LLP  
488 Madison Avenue  
New York, New York 10022  
Attn: Mark T. Power

Purchaser's Counsel: White & Case LLP  
200 S. Biscayne Boulevard, Suite 4900  
Miami, Florida 33131  
Attn: Jeffrey M. Oshinsky, Esq.

TBCC's Counsel: Luskin, Stern & Eisler LLP  
330 Madison Avenue  
New York, New York 10021  
Attn: Michael Luskin, Esq.

U.S. Trustee: \_\_\_\_\_  
\_\_\_\_\_

**13.2. Determination of Pre-Effective Date Taxes.** The Debtor (or the Debtor Designee) shall request, or cause to be requested, within sixty (60) days after the Effective Date, in accordance with section 505(b) of the Bankruptcy Code a prompt determination of all of its Taxes (as defined in the Asset Purchase Agreement) for post-Petition Date periods ending on or prior to the Effective Date for which Tax Returns (as defined in the Asset Purchase Agreement) are required to be filed.

**13.3. Section Headings.** The headings of the articles, sections and subsections of this Plan are inserted for convenience only and shall not affect the interpretation hereof.

**13.4. Construction.** The rules of construction used in section 102 of the Bankruptcy Code shall apply to the construction of this Plan.

**13.5. Modification.** Modification of this Plan may be proposed in writing by the Debtor at any time before confirmation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. The Debtor may modify this Plan at any

time after confirmation of this Plan and before substantial consummation (as defined in section 1101 of the Bankruptcy Code), provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms this Plan as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modifications. A holder of a Claim that has accepted or rejected this Plan shall be deemed to have accepted or rejected, as the case may be, such plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection. Notwithstanding the foregoing, any material modification to this Plan must also have been agreed upon by the Purchaser, the Bank and Olson Financing.

**13.6. Revocation of this Plan; Effect of Withdrawal or Revocation.** The Debtor reserves the right to revoke and withdraw this Plan prior to the occurrence of the Effective Date. If the Debtor revokes or withdraws this Plan, or if the Effective Date does not occur, then this Plan and all agreements set forth in this Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtor or any other Person or to prejudice in any matter the rights of the Debtor or any Person in any further proceedings involving the Debtor.

**13.7. Income Tax and Related Information.** The Plan Proponents, the Debtor Designee and the Manager shall be authorized to collect such tax and fiscal information from Creditors (including, without limitation, social security numbers and/or other tax identification numbers) as they deem necessary to effectuate the terms of this Plan, and the Confirmation Order shall expressly provide this authority. Failure by any Creditor to provide this information in a timely fashion will cause a waiver of some or all of such Creditor's rights (if any) under this Plan and the Confirmation Order.

**13.8. Statutory Fees.** The Debtor will pay, or cause to be paid, on the Effective Date all fees payable under section 1930 of title 28, as determined by the Bankruptcy Court at the Confirmation Hearing.

**13.9. Rounded Claim Amounts.** For all purposes under this Plan, the amount of any Allowed Claim shall be rounded to the nearest whole U.S. Dollar.

**13.10. Injunctions and Stays.** All injunctions and stays provided for under section 105 or 362 of the Bankruptcy Code, this Plan, the Confirmation Order or otherwise in this Chapter 11 Case which are in existence on the Confirmation Date shall remain effective until and through the later of the date on which (a) the Closing Date occurs, and (b) the final distribution of all Cash, Member Interests, and any other interests in property to Creditors as contemplated in this Plan has been made.

**13.11. Governing Law.** Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules), the laws of the State of New York shall govern the construction of this Plan and any agreements, documents and instruments executed in connection with this Plan (except corporate governance documents concerning corporations or limited liability companies to be organized under the laws of the State of Delaware).

**13.12. No Interest or Attorney's Fees.** Except as expressly stated in this Plan, in the DIP Facility or as allowed by the Bankruptcy Court, no interest, penalty or late charge arising after the Petition Date, and no award or reimbursement of attorneys fees or related expenses or disbursements, shall be allowed on, or in connection with, any Claim.

**13.13. Binding Effect.** This Plan shall be binding upon and inure to the benefit of the Debtor, the holders of all Claims and Equity Interests, and their respective successors and assigns.

**13.14. Severability. SHOULD THE BANKRUPTCY COURT DETERMINE THAT ANY PROVISION OF THIS PLAN IS UNENFORCEABLE EITHER ON ITS FACE OR AS APPLIED TO ANY CLAIM OR EQUITY INTEREST OR TRANSACTION, THE DEBTOR MAY MODIFY THIS PLAN IN ACCORDANCE WITH SECTION 13.5 OF THIS PLAN SO THAT SUCH PROVISION SHALL NOT BE APPLICABLE TO THE HOLDER OF ANY CLAIM OR EQUITY INTEREST. SUCH A DETERMINATION OF UNENFORCEABILITY SHALL NOT (A) LIMIT OR AFFECT THE ENFORCEABILITY AND OPERATIVE EFFECT OF ANY OTHER PROVISION OF THIS PLAN OR (B) REQUIRE THE RESOLICITATION OF ANY ACCEPTANCE OR REJECTION OF THIS PLAN.**

Respectfully submitted,

GRUMMAN OLSON INDUSTRIES, INC.

By: /s/ Sajan P. George  
Sajan P. George  
Chief Restructuring Officer

Dated: December 24, 2002

OLSON ACQUISITION CORPORATION

By: /s/ John Bolduc  
John Bolduc  
Vice President

Dated: December 24, 2002