

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:)	
)	Chapter 11
GULF PACKAGING, INC., ¹)	
)	Case No. 15-15249 (PSH)
Debtor.)	
)	

DISCLOSURE STATEMENT FOR DEBTOR’S FIRST AMENDED CHAPTER 11 PLAN

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Dated: November 4, 2015

¹ The last four digits of the Debtor’s tax identification number are 5030.

IMPORTANT INFORMATION FOR YOU TO READ

All creditors and equity interest holders are advised and encouraged to read this Disclosure Statement and the Plan in their entirety. Plan summaries and statements made in this Disclosure Statement, including the following summary, are qualified in their entirety by reference to the Plan and other exhibits annexed to the Plan. The statements contained in this Disclosure Statement are made only as of the date hereof, and there can be no assurance that the statements contained herein will be correct at any time after the date hereof.

This Disclosure Statement has been prepared in accordance with section 1125 of the Bankruptcy Code and Rule 3016 of the Federal Rules of Bankruptcy Procedure and not necessarily in accordance with federal or state securities laws or other applicable law.

As to contested matters, adversary proceedings, and other actions or threatened actions, this Disclosure Statement shall not constitute or be construed as an admission of any fact or liability, a stipulation, or a waiver.

This Disclosure Statement shall not be admissible in any nonbankruptcy proceeding involving the Debtor or any other party, nor shall it be construed to be conclusive advice on the tax or other legal effects of the Plan on holders of Claims or Equity Interests.

Debtor is providing this Disclosure Statement to holders of Claims and Equity Interests, for their information only. **Nothing in this Disclosure Statement may be used or relied upon by any person or entity for any other purpose.**

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DISCLOSURE STATEMENT DATED NOVEMBER 4, 2015

SOLICITATION OF VOTES WITH RESPECT TO THE CHAPTER 11 PLAN OF GULF PACKAGING, INC.

THE DEBTOR, THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS AND FCC, THE DEBTOR’S SECURED LENDER, ALL SUPPORT THE PLAN AND URGE YOU TO VOTE TO ACCEPT IT

This Disclosure Statement (the “Disclosure Statement”) solicits acceptance of the First Amended Chapter 11 Plan, dated November 4, 2015 (the “Plan”), of Gulf Packaging, Inc. (“GPI”, the “Company” or the “Debtor”), as debtor and debtor in possession in the above-captioned chapter 11 case. The Plan is being proposed by the Debtor and is supported by the Official Committee of Unsecured Creditors and the Debtor’s secured lender, FCC.

The purpose of this Disclosure Statement is to enable a Claim or Equity Interest holder whose Claim or Equity Interest is impaired under the Plan, and who may receive a distribution under the Plan, to make an informed decision in exercising its right to vote to accept or reject the Plan.

The Plan, which is attached hereto as Exhibit “A”, contemplates the liquidation of the Debtor by distributing all Cash held or to be received by the Debtor to the Creditor Trust for the benefit of creditors.

A summary of the classification and treatment of Claims and Equity Interests under the Plan are as follows:

Class	Description	Entitled to Vote	Estimated Claims ²	Approximate Estimated Recovery	Treatment
Class 1	Priority Non-Tax Claims	No	\$39,386.51	100%	Full satisfaction in Cash paid on the later of (a) the Effective Date or (b) 15 days after allowance
Class 2	FCC Claims	Yes	\$9,204,863.76, plus the amount of the FCC Superpriority Claim, plus the amount of the FCC 506(b) Claim	Unknown	FCC shall receive (A) with respect to the FCC Secured Claim, 100% of the proceeds from any and all sales or liquidation of FCC’s Collateral by the Trustee or any other party and (B) with respect to the FCC Superpriority Claim, as set forth more fully in section 6.2 of the Plan,

² Amounts in this column are based on proofs of claim on file, some of which may be overstated or otherwise invalid.

					80% of the proceeds of liquidation of all Creditor Trust Assets (other than FCC's Collateral) until the FCC Superpriority Claim has been paid in full. FCC's Liens shall remain in place and unaffected upon transfer of the Creditor Trust Assets to the Creditor Trust until all of FCC's Collateral has been fully liquidated and all proceeds thereof paid to FCC. In accordance with the Cash Collateral Order, the FCC Secured Claim is an Allowed Secured Claim and the FCC Superpriority Claim is an Allowed Administrative Expense Claim, and neither the FCC Secured Claim nor the FCC Superpriority Claim shall be subject to objection.
Class 3	Other Secured Claims	Yes	\$411,281.22	100%	At the Trustee's option either: (i) payment in full in Cash from the Creditor Trust Assets; (ii) a return of the Collateral securing such Allowed Secured Claim; or (iii) other treatment that renders such Allowed Secured Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.
Class 4	General Unsecured Claims	Yes	\$26,645,634.62	Unknown	Unless otherwise agreed, (i) a Pro Rata share of 20% of the proceeds of liquidation of Creditor Trust Assets that do not constitute FCC's Collateral, net of the fees, costs and expenses of the Creditor Trust, until the FCC Superpriority

					Claim is paid in full and, thereafter (ii) its Pro Rata share of Net Cash, all in one or more distributions made from time to time as may be determined in the Trustee's discretion pursuant to the terms of the Trust Agreement.
Class 5	Equity Interests	No		\$0.00	Cancellation, and to the extent – there is Cash remaining with the Creditor Trust after all Creditor Trust Assets have been liquidated and all Allowed Administrative Expense Claims, Fee Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Claims and General Unsecured Claims have been paid in full, holders of Equity Interests shall receive their Pro Rata share of such remaining Cash, if any.

The Debtor, the Committee and FCC believe that the Plan is in the best interests of holders of Claims. Accordingly, Claim holders who are entitled to vote are urged to vote in favor of the Plan. **To be counted, your ballot must be fully completed, executed and actually received by BMC Group, Inc. (the “Tabulation Agent”) at the following address no later than 5:00 p.m. (prevailing Central Time) on December 4, 2015 (the “Voting Deadline”):**

IF BY MAIL:

BMC Group, Inc.
Attn: Gulf Packaging, Inc.
Ballot Processing Center
P. O. Box 90100
Los Angeles, California 90009

**IF BY HAND-DELIVERY OR
OVERNIGHT DELIVERY:**

BMC Group, Inc.
Attn: Gulf Packaging, Inc.
Ballot Processing Center
300 N. Continental Bld., #570
El Segundo, CA 92045

IF BY ELECTRONIC MAIL:

gpi@bmcgroup.com
Please indicate "GPI Ballot"
in the "subject" line of the email

IF BY FACSIMILE:

(310) 321-5592

Holders of Claims who are entitled to vote should carefully read this Disclosure Statement and the Plan in their entirety prior to voting on the Plan. Each holder of a Claim or Equity Interest should consult its individual attorney, accountant and/or financial advisor as to the effect of the Plan on such holder.

Section 1128(a) of the Bankruptcy Code requires a hearing, after notice, on confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a chapter 11 plan. Pursuant to section 105(d)(2)(B)(vi) of the Bankruptcy Code, the Debtor is seeking a combined hearing on approval of the Disclosure Statement and confirmation of the Plan (the "Combined Hearing") **to commence on December 15, 2015 at 11:00 a.m., prevailing Central Time**, before the Honorable Pamela S. Hollis, United States Bankruptcy Judge, in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division (the "Bankruptcy Court"), Courtroom No. 644, Dirksen Federal Building at 219 South Dearborn Street, Chicago, Illinois. At the Combined Hearing, the Bankruptcy Court will consider whether the Plan and Disclosure Statement satisfy the requirements of the Bankruptcy Code.

The Bankruptcy Court has directed that objections, if any, to final approval of the Disclosure Statement or confirmation of the Plan be filed no later than **5:00 p.m. prevailing Central Time on December 4, 2015** (the "Objection Deadline") and simultaneously served on the following parties:

Counsel to the Debtor:

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U.S. Trustee:

Office of the United States Trustee
For the Northern District of Illinois
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Counsel to the Committee:

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Richard S. Lauter
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rlauter@freeborn.com

Counsel to FCC:

GOLDBERG KOHN LTD.
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Suite 3300
Chicago, Illinois 60603-5792
Email: dimitri.karcazes@goldbergkohn.com

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. If an **objection to confirmation is not timely filed and served, the Bankruptcy Court may not consider it.**

For the convenience of Claim holders, this Disclosure Statement summarizes the terms of the Plan. However, the Plan and any Exhibits and Schedules thereto are the operative documents, and govern.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN AS A DESCRIPTION OF THE PLAN AND THE CHAPTER 11 CASE, AND NOTHING CONTAINED HEREIN SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, OR BE DEEMED

CONCLUSIVE EVIDENCE OF THE LEGAL EFFECT OF THE PLAN ON HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS, BY ITS NATURE, FORWARD LOOKING, AND CONTAINS ESTIMATES, FORECASTS AND ASSUMPTIONS WHICH MAY PROVE TO BE MATERIALLY DIFFERENT FROM ACTUAL RESULTS.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN SHALL, UNDER ANY CIRCUMSTANCES, CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE OF THIS DISCLOSURE STATEMENT OR THE DATE ON WHICH THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT OR INDEPENDENT VERIFICATION. THE INFORMATION CONTAINED HEREIN AND THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT INACCURACY.

NO REPRESENTATIONS OR ASSURANCES CONCERNING THE DEBTOR, ITS BUSINESS OR THE PLAN ARE AUTHORIZED BY THE DEBTOR OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED HERETO, INCORPORATED BY REFERENCE OR REFERRED TO HEREIN. ANY REPRESENTATIONS OR INDUCEMENTS MADE BY ANY PERSON OTHER THAN THOSE CONTAINED HEREIN SHOULD NOT BE RELIED UPON AND SHOULD BE REPORTED TO COUNSEL TO THE DEBTOR.

THE SECURITIES AND EXCHANGE COMMISSION HAS NEITHER APPROVED NOR DISAPPROVED THIS DISCLOSURE STATEMENT, NOR HAS IT PASSED UPON THE ADEQUACY OR ACCURACY OF THE STATEMENTS CONTAINED HEREIN.

All capitalized terms used but not otherwise defined herein shall have the meanings ascribed to those terms in the Plan.

I. GENERAL INFORMATION

A. PURPOSES OF THIS DISCLOSURE STATEMENT

This Disclosure Statement has been prepared by the Debtor, with input from the Committee and FCC, to provide information that the Bankruptcy Court has determined to be material and necessary to enable holders of Claims, who are entitled to vote on the Plan, to make an informed judgment about the Plan. Confirmation of a plan pursuant to chapter 11 of the Bankruptcy Code depends, in part, upon the receipt of a sufficient number of votes in favor of the Plan. However, those who hold Claims that are unimpaired are deemed to have conclusively

accepted the Plan and are not entitled to vote thereon. As set forth in this Disclosure Statement, holders of Claims in Classes 1 and 3 are unimpaired and deemed to have accepted the Plan. Holders of Claims in Class 5 are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

The Bankruptcy Court has conditionally approved this Disclosure Statement, pursuant to section 1125 of the Bankruptcy Code, as containing “adequate information.” “Adequate information” is information of a kind, and in sufficient detail, to enable a hypothetical investor typical of the holders of Claims in the Chapter 11 Case, that would enable such hypothetical investor to make an informed judgment about the Plan. Final approval of the Disclosure Statement will be sought at the Combined Hearing.

B. GENERAL INFORMATION CONCERNING CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code, pursuant to which a debtor in possession attempts to reorganize, or liquidate, its business for the benefit of itself, its creditors and equity interest holders.

The commencement of a chapter 11 case creates an estate, comprised of all legal and equitable interests of the debtor in property as of the date the petition is filed, wherever located and by whomever held. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a “debtor in possession” unless the bankruptcy court orders the appointment of a trustee. The Debtor is operating as a debtor in possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362(a) of the Bankruptcy Code provides for, among other things, an automatic stay of all attempts to collect prepetition debts against the debtor or to otherwise interfere with the debtor’s property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the time a plan of reorganization is confirmed.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. A plan sets forth the means for satisfying the claims against and equity interests in the debtor. Generally, unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case (the “Exclusive Period”). A debtor is generally then given 60 additional days (the “Solicitation Period”) during which it may solicit acceptance of its plan. The Exclusive Period and the Solicitation Period may be extended or reduced by the court upon a showing of “cause.”

C. GENERAL INFORMATION CONCERNING TREATMENT OF CLAIMS AND INTERESTS

A chapter 11 plan may provide for anything from a complex restructuring of a debtor’s business and its related obligations to a simple liquidation of a debtor’s assets. After a chapter

11 plan has been filed, certain holders of claims against or equity interests in a debtor are permitted to vote to accept or reject the plan.

Section 1123 of the Bankruptcy Code provides that a plan of reorganization must classify the claims of a debtor's creditors and equity interest holders. In compliance therewith, the Plan divides claims and equity interests into classes and sets forth the treatment for each class. In accordance with section 1123(a) of the Bankruptcy Code, Administrative Expense Claims have not been classified in the Plan. A debtor is also required, under section 1122 of the Bankruptcy Code, to classify claims against and equity interests in a debtor into classes that contain claims and equity interests that are substantially similar to the other claims and equity interests in such class. The Debtor believes that the Plan has classified all Claims and Equity Interests in compliance with the provisions of Bankruptcy Code section 1122.

Pursuant to sections 1122(a) and 1123(a)(1) of the Bankruptcy Code, Claims against and Equity Interests in the Debtor are classified as set forth previously at the beginning of this Disclosure Statement.

D. CLASSES IMPAIRED UNDER A PLAN

Only classes of impaired claims or equity interests may vote to accept or reject a plan. A class is "impaired" if the legal, equitable, or contractual rights relating to the claims or equity interests in that class are modified by the plan. Modification for purposes of determining impairment, however, does not include curing defaults or reinstating maturity. Classes of claims or equity interests that are not "impaired" under a plan of reorganization, and each member of such class, are conclusively deemed to have accepted the plan and thus are not entitled to vote. Similarly, classes of claims or equity interests that will neither receive nor retain any property under a plan are deemed not to have accepted the plan and are thus not entitled to vote. Accordingly, acceptances of a plan will only be solicited from holders of claims and/or equity interests in impaired classes that may receive distributions under the plan.

As set forth in section 1124 of the Bankruptcy Code, a class of claims or interests is impaired under a plan of reorganization unless, with respect to such class, the plan: (1) leaves unaltered the legal, equitable, and contractual rights of the holder of such claim or interest; or (2) notwithstanding any contractual provision or applicable law that entitles the holder of a claim or interest to demand or receive accelerated payment of such claim or interest after the occurrence of a default: (a) cures any such default that occurred before or after the commencement of the case, other than a default of a kind specified in section 365(b)(2) of the Bankruptcy Code or of a kind that section 365(b)(2) expressly does not require to be cured; (b) reinstates the maturity of such claim or interest as it existed before such default; (c) compensates the holder of such claim or interest for any damages incurred as a result of any reasonable reliance on such contractual provision or such applicable law; (d) if the claim or interest arises from a failure to perform a non-monetary obligation (other than a default from failure to operate a nonresidential real property lease subject to section 365(b)(1)(A)), compensates the holder (other than the debtor or an insider) for any actual pecuniary loss incurred by the holder as a result of such failure; and (e) does not otherwise alter the legal,

equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest.

E. VOTING RIGHTS

The holders of Claims in Classes 1 and 3 are unimpaired, conclusively deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. The holders of Claims in Classes 2 and 4 are impaired and entitled to vote to accept or reject the Plan. Holders of Equity Interests in Class 5 shall neither receive nor retain any property on account of such Equity Interests, are deemed to reject the Plan, and are not entitled to vote to accept or reject the Plan.

A Ballot casting a vote on the Plan may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such Ballot was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

All proofs of claim by creditors of the Debtor (not including Governmental Units), must have been filed by July 31, 2015 at 5:00 p.m. (prevailing Central time); proofs of claim by Governmental Units were due by October 26, 2015 at 5:00 p.m. (prevailing Central time) (the last date to file a claim is referred to as the “Bar Date”). If the claim in question was scheduled by the Debtor as not being contingent, unliquidated, or disputed, a proof of claim need not have been filed by the Debtor. The schedules for the Debtor were filed with the Bankruptcy Court on May 29, 2015, and are available for inspection on the Bankruptcy Court’s website at www.ilnb.uscourts.gov, or upon written request to the Debtor’s counsel. Any references in the Plan or Disclosure Statement to any Claims or Equity Interests shall not constitute an admission of the existence, nature, extent or enforceability thereof.

F. CONFIRMATION

There are two methods by which a plan may be confirmed: (i) the “acceptance” method, pursuant to which all impaired classes of claims and interests have voted in the requisite amounts to accept the plan and the plan otherwise complies with section 1129(a) of the Bankruptcy Code; and (ii) the “cram-down” method under section 1129(b) of the Bankruptcy Code, which is available even if classes of claims vote against the Plan.

1. Acceptance of the Plan

A plan is accepted by an impaired class of claims if the holders of at least two-thirds ($\frac{2}{3}$) in amount and more than one-half ($\frac{1}{2}$) in number of the allowed claims in such class actually voting vote to accept the plan. A plan is accepted by an impaired class of equity interests if holders of at least two-thirds ($\frac{2}{3}$) in amount of allowed equity interests in such class actually voting vote to accept the plan.

BALLOTS OF HOLDERS OF ALLOWED CLAIMS THAT ARE SIGNED BUT THAT DO NOT EXPRESSLY INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN, OR INDICATE BOTH AN ACCEPTANCE AND A

REJECTION OF THE PLAN, WILL NOT BE COUNTED AS A VOTE TO ACCEPT OR REJECT THE PLAN.

In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or equity interest in an impaired class entitled to vote or that the plan otherwise be found by the bankruptcy court to be in the best interests of each holder of a claim or equity interest in such class (*see* discussion of “Best Interests Test” below).

2. Confirmation Without Acceptance By All Impaired Classes

Under section 1129 of the Bankruptcy Code, the Debtor has the right to seek confirmation of the Plan notwithstanding the rejection of the Plan by a class of holders of Claims or Equity Interests.

A plan may be confirmed notwithstanding its rejection by one or more classes of claims or equity interests if, in addition to satisfying the applicable requirements of section 1129(a) of the Bankruptcy Code, the plan (1) is “fair and equitable” with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan and (2) does not “discriminate unfairly.”

A plan is “fair and equitable” under the Bankruptcy Code with respect to a dissenting class of secured claims if either (a)(i) the holders of such secured claims retain the liens securing such claims and (ii) each holder of a claim in such class receives deferred cash payments equal to the present value of such claim; (b) the property subject to the holders’ liens is sold, subject to the creditors’ right to credit bid, with the creditors’ liens to attach to the proceeds of sale; or (c) the holders receive the “indubitable equivalent” of their claims.

A plan is “fair and equitable” under the Bankruptcy Code with respect to a dissenting class of unsecured claims if, with respect to such dissenting class either (a) the plan provides that each holder of a claim of such class receive or retain property of a value equal to the allowed amount of such claim, or (b) no holders of junior claims or equity interests receive or retain any property under the plan on account of such junior claims or interests.

A plan is “fair and equitable” under the Bankruptcy Code with respect to a dissenting class of equity interests if, with respect to such dissenting class, either (a) each holder of an interest of such class shall receive or retain on account of such interest property of a value equal to the greater of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest, or (b) the holder of any interest that is junior to the interest of such class shall not receive or retain any property on account of such junior interest.

This fair and equitable standard, also known as the “absolute priority rule,” requires, among other things, that unless a dissenting unsecured class of claims or equity interests receives full compensation for its allowed claims or allowed interests, no holder of claims or interests in any junior class may receive or retain any property under the plan on account of such claims or

interests. The Debtor believes that if a non-consensual confirmation is necessary, the requirements for non-consensual confirmation will be met and the Plan will be confirmed despite its rejection by any impaired dissenting Class.

The requirement that a plan not “discriminate unfairly” means, among other things, that a dissenting class must be treated substantially equally with respect to other classes of equal rank. The Debtor believes that the Plan meets this requirement with respect to any Class of Unsecured Claims that might reject the Plan, because all Classes of Unsecured Claims are being treated the same.

3. **Best Interests Test**

Notwithstanding acceptance of the Plan by each impaired Class, in order for the Plan to be confirmed the Bankruptcy Court must determine that the Plan is in the best interests of each holder of a Claim or Equity Interest in an impaired Class who has not voted to accept the Plan. Accordingly, if an impaired Class does not unanimously accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides for each holder of a Claim or Equity Interest in such Class to receive or retain on account of such Claim or Equity Interest property of a value, as of the Effective Date of the Plan, that is not less than the amount each such holder would receive if the Debtor was liquidated under chapter 7 of the Bankruptcy Code on such date.

In this case, the Debtor is liquidating. As a result, constituents will receive under the Plan at least what they would otherwise receive if the Chapter 11 Case was converted and the Debtor was liquidated in chapter 7. A liquidation analysis is attached hereto as Exhibit “B.”

II. BACKGROUND AND EVENTS LEADING UP TO CHAPTER 11

A. THE DEBTOR’S BUSINESS AND OPERATIONS

GPI was a national distributor of packaging equipment and supplies, which sold its product by and through several independent entities (“Affiliates”).³ Many of these Affiliates are also guarantors under GPI’s credit facility with FCC, discussed more fully below. When combined with the Affiliates, GPI had over twenty (20) warehousing locations, both public and private, to better serve its customer base. When the Debtor is combined with the Affiliates, the overall aggregate amount of historical pre-petition monthly sales was approximately \$9.5 million.

BUSINESS HISTORY AND CAPITAL STRUCTURE

Gulf-Great Lakes Packaging Corporation was started in 1975 in Chicago, followed by Gulf Systems, Inc. in 1977, in Houston. As sales and the customer base increased, new “Gulf-

³ As used herein and unless otherwise stated, “Affiliate” means a company that has a relationship – formal or informal – to the Debtor, and sells packaging products under a variation of the Gulf name. Unless otherwise set forth, use of the term “Affiliate” is not intended to have the same meaning as the “affiliate” term of art defined in section 101(2) of the Bankruptcy Code. All rights with respect to this issue are reserved.

related” entities were formed to serve particular geographic locations. These new entities were separate and independent companies, with the manager of the location in question often receiving a portion of the equity in the new entity. It was advantageous to the business to maintain offices in various locations as a way to maintain and increase customer satisfaction, reduce shipping times and cost, and enhance customer service.

GPI was formed as a Texas corporation on February 14, 2012. The concept at the time was for the independent Affiliates to “roll-up” into GPI and operate, at least publicly, as one large national company. The Affiliates would remain as separate legal entities with their own separate ownership, but GPI would centralize all of the accounting, marketing and other administrative tasks to take advantage of synergies and minimize costs.

GPI is a private company, with its equity held in equal parts by Fleck Family Partnership, LLC and CWJ Eagle, LLC (which is affiliated with the Cutshall family). The members of GPI’s board of directors are Jeff Cutshall, Bill Cutshall, Maggie Fleck and Joe Fleck. As set forth below, individuals within the Cutshall and Fleck families have also provided limited guarantees of the debt owing to GPI’s secured lender, FCC.

In furtherance of the contemplated roll-up of GPI and the Affiliates, GPI entered into that certain Loan and Security Agreement dated as of March 31, 2014 between GPI and FCC (as amended, modified and/or supplemented from time to time, the “FCC Facility”), pursuant to which FCC made loans and other financial accommodations to or for the benefit of the Debtor. In connection with the FCC Facility, GPI also entered into certain other collateral and ancillary documents (such documents, together with the FCC Facility, are collectively referred to as the “FCC Loan Documents”). Advances under the FCC Facility are secured by a first lien on substantially all of GPI’s assets. Guarantees have also been issued to FCC, from the following persons and Affiliates:

- Gulf Arizona Packaging Corporation (“Gulf Arizona”)
- Carolina-Gulf Packaging, LLC (“Gulf Carolina”)
- Florida Gulf Properties, LLC (“Florida Gulf”)
- Gulf Packaging-Sacramento, LLC (“Gulf Sacramento”)
- Gulf Systems, Inc. (“GSI”)
- Gulf-Pacific Packaging Corporation (“Gulf Pacific”)
- Gulf-Great Lakes Packaging Corporation (“GGL” or “Gulf Great Lakes”)
- Carl Fleck
- Maggie Fleck
- Carol Cutshall
- Jeff Cutshall

The Affiliate guarantees are secured. Although the guarantees from the individuals are limited and unsecured, the equity owners of GPI (Fleck Family Partnership and CWJ Eagle) have pledged their equity interests in the Debtor to FCC as security.

Under the FCC Facility, GPI could borrow up to 85% of eligible accounts receivable, and 50% of eligible inventory value. As draws were made by GPI under the FCC Facility, the funds are deposited into GPI's operating account at Merchants and Manufacturer's Bank ("MMB"), and used for normal operating expenses. As of the Petition Date, approximately \$9.4 million was owing to FCC under the FCC Facility, and GPI had approximately 900 unsecured trade vendors owed approximately \$20 million in the aggregate.

In addition, MMB is lender to GPI for various equipment financings. These loans are secured by first priority liens on the underlying equipment or machinery being financed. Some of this equipment is situated at GPI's facilities, while some has been provided to GPI's customers. In some cases, a portion of the customer's accounts payable to GPI includes payments for the financed equipment on their premises, which funds were historically remitted to MMB upon receipt. Otherwise, GPI paid MMB for these financings in the ordinary course of business pre-petition. Both MMB and FCC are parties to an inter-creditor agreement that sets out the rights and obligations of each to the other.

For almost all of GPI's business,⁴ either ADP Total Source or the Affiliates employed the sales persons who generated sales to customers. Customers issued purchase orders to GPI through one of the Affiliates, and GPI then issued a purchase order to its own trade vendors, thereby creating an account payable for GPI. GPI had the obligation to pay for the purchase and delivery of the goods in question, which were delivered to the customers. GPI created an account receivable with the customer in the name of GPI with remittance by the customer to be made for the benefit of GPI to a Key Bank lock box account owned and controlled by FCC. On occasion, a customer may have paid an Affiliate rather than GPI. In those instances, the funds were sent by the Affiliate to the lock box account at Key Bank.

B. EVENTS LEADING TO THE CHAPTER 11 FILING

Sales were generally down in 2013, while GPI experienced increased costs and capital expenditures to make acquisitions and help initiate the informal roll-up. In late 2013, one of GPI's lenders decided to exit the asset-based finance business, necessitating a refinancing of that credit facility. Roughly concomitant with this event, MMB implemented certain risk minimization measures and informed GPI that its working capital facility would be significantly reduced in size. This led GPI to seek replacement financing, which was ultimately obtained from FCC.

⁴ In addition to the standard sale of packaging products and supplies as described herein, GPI historically sold packaging equipment (that is, equipment used to package products). On occasion GPI would historically lease equipment to a customer with a buyout option at the end of the term. In other instances, GPI may have provided a piece of equipment free of charge in exchange for the customer purchasing consumable products, with which the equipment was used, from GPI. In this scenario, the equipment remained the property of GPI. Finally, GPI also had consignment arrangements with certain of its customers. In these instances, GPI kept its inventory on the customer's floor and reconciled once per month. GPI would bill the customer for the monthly usage and then replenish the stock back to appropriate levels.

Upon the closing of the FCC facility on April 1, 2014, the Company began the process of formalizing the roll-up and attempted to consolidate common operations to eliminate redundancies and capture operating efficiencies. Unfortunately, the Company failed to realize cost reductions from the roll-up in time to benefit from variable cost efficiencies during the historically busy sale season of the second and third quarters in 2014. As a result, the FCC Facility was drawn to capacity. The ensuing lack of liquidity necessary for GPI to purchase inventory created an extended sales backlog. In October 2014, FCC provided notice to the Company regarding the existence of a state of default under the FCC Facility.

In late December 2014, GPI discovered a discrepancy in cash handling resulting from the incomplete consolidation of Affiliate bank account controls. Instead of customer receivables being sent to the Key Bank "lockbox" account, some remittances were incorrectly sent to the Affiliates' remittance addresses used before the onset of the roll-up. These Affiliates paid their routine payables, such as utility bills, from their accounts using these funds not realizing that they were being paid from the lender's unapplied collateral. This cash management error resulted in GPI's accounts receivables being reduced with the receipt of customer payments by the Affiliates, but without the required pay-down on the FCC Facility through application of those cash payments against the FCC debt.

As a result on or about December 31, 2014, FCC informed GPI that it was in a state of over-advance on the FCC Facility, and froze advances for seven days to allow accounts receivable receipts to bring the loan back into balance.

These even tighter liquidity constraints left GPI unable to purchase inventory to satisfy its growing sales backlog. Then, in January of 2015, the West Coast port slowdown, which resulted from labor issues, also prevented certain sales from being fulfilled. A significant portion of GPI's business on the West Coast is connected to customers active in the export hay industry: GPI provides sleeves for bailing hay and also sells complementary packaging materials to those exporters. The dock strike all but crippled the export of hay, which resulted in GPI having to sit on inventory that would have normally turned over on a monthly basis. As a consequence, GPI ordered the product from its vendors creating a payable liability, but was unable ship and, thus, collect the revenues that would have been generated from delivery. This situation effectively held hostage \$600,000 of liquidity in the form of inventory purchased, but that could not be invoiced or collected, leading to an approximate \$700,000 missed invoicing opportunity on that inventory plus aggregate lost sales of between approximately \$2 million and \$2.5 million in complementary products.

In an attempt to address its financial issues, GPI approached several groups for an infusion of capital, and eventually entered into a letter of intent with a potential equity partner who would have provided much-needed liquidity and, among other things, completed the roll-up in conjunction with a sale of the majority ownership of the Company and its Affiliates. The letter of intent targeted a closing during the first week of April 2015. After a few weeks of due diligence, however, in late March 2015, the letter of intent with this potential equity partner was terminated. By this point, GPI's vendor community was reacting to GPI's financial distress, and sales were down from previous years. Vendors began to establish or tighten credit terms, demanding pay-down of open balances with new orders, and attempted to exercise self-help

remedies. As a result of this distress and a perceived inability for GPI to fill orders by purchasing product, some of the sales teams at the Affiliates – who are integral to GPI’s business – began to leave and take customers with them.

In late March 2015, GPI hired the firm of Gavin/Solmonese, LLC as crisis manager, to help evaluate GPI’s options and otherwise help maximize the value of the business for the benefit of GPI’s constituents. Prior to the filing of this Chapter 11 Case, Edward T. Gavin, CTP, was appointed as the Debtor’s Chief Restructuring Officer.

III. THE BANKRUPTCY FILING

The Debtor’s Chapter 11 Case was commenced by the filing of a voluntary chapter 11 petition on April 29, 2015 (the “Petition Date”). The Chapter 11 Case is pending in the Bankruptcy Court under Case No. 15-15249 (PSH), before the Honorable Pamela S. Hollis.

A. POST-FILING ACTIVITIES

1. Employment of Professionals

The Debtor engaged the following professionals in the Chapter 11 Case as authorized by order of the Court: Gray Reed & McGraw, P.C. (“Gray Reed”) as lead counsel; Frank Gecker, LLP (“Frank Gecker”) as local counsel; BMC Group, Inc. as noticing agent; Gavin/Solmonese, LLC as crisis managers; Equity Partners HG, LLC as investment banker; ASK LLP, as special preference counsel; and University Management Associates and Consultants Corp., as collection agent.

2. Official Unsecured Creditors’ Committee Formation

On May 11, 2015, the Office of the United States Trustee filed a Notice of Appointment of Committee of Unsecured Creditors. The members of the Committee are: Signode Industrial Group LLC; AEP Industries, Inc.; Maillis Strapping Systems, USA, Inc.; Intertape Polymer Corp.; Berry Plastics Corporation; Sigma Stretch Film; Stacktight, LLC; Strapack, Inc.; and Leicatex Limited (the “Committee”).

The Committee has retained, with approval of the Bankruptcy Court, the law firm of Freeborn & Peters, LLP as its counsel and Crowe Horwath LLP as financial advisor.

3. Certain First Day and Other Motions

(a) Administrative and Procedural Matters

On the Petition Date, the Debtor filed several motions seeking the following administrative and procedural orders, each of which was approved by the Bankruptcy Court. Specifically, these were an order establishing certain notice procedures entered and an order extending the Debtor’s time to file their respective schedules and statements of financial affairs (the “Schedules and Statements”). The Debtor’s Schedules and Statements were filed on May 29, 2015.

(b) **Business Related Matters**

To smooth the transition into chapter 11 and ensure the continued operation of the business, the Debtor filed several motions relating to its on-going operations, which the Bankruptcy Court granted, as follows: (i) orders authorizing continued use of cash management payment systems, bank accounts and business forms; (ii) orders authorizing use of cash collateral and providing adequate protection and security to FCC; (iii) orders authorizing the Debtor to pay certain prepetition taxes and fees; (iv) orders authorizing the Debtor to pay certain prepetition wages, salaries and other employee expenses; and (v) order approving procedures for the sale of certain assets ("Sales Procedures").

4. **Sales of Assets and Receivables Collections**

During the course of the chapter 11 case, the Debtor has sold assets to a variety of third parties. By motion approved on June 30, 2015, the Debtor sold its assets in Houston and Brownsville, Texas to Gulf Atlantic Packaging Corp. for an aggregate consideration of \$933,256.33, which included the assumption of approximately \$369,000 in liabilities.

The Debtor also filed a motion to sell substantially all of its remaining inventory and assets at auction. Although the Debtor originally had a stalking horse bidder to set a floor for the auction, that bidder backed out at the last minute. As a result, an open auction was conducted with two bidders on July 29, 2015. In attendance at the auction was the Debtor's investment banker, counsel to the Debtor, the Debtor's CRO, counsel to FCC, counsel to the Committee and a Committee representative, and the two competing bidders. After several rounds of bidding, the Debtor determined, with the input of FCC and the Committee, that none of the bids received were sufficient. As a result, all bids were rejected and the auction was concluded. Since that time, the Debtor has continued to sell assets and inventory.

To date, the Debtor has sold assets for an aggregate amount of \$2,648,352.39, including the assumption of certain liabilities, the proceeds of which have been paid to FCC on account of the FCC Facility. This represents only an approximate 30% overall discount from book value. The Debtor has also continued to collect receivables, which have similarly been paid to FCC on account of the FCC Facility. To that end, the Debtor recently filed several adversary proceedings to collect in excess of \$530,000 in receivables from certain Affiliates and other third parties.

Since the Petition Date, the Debtor has paid down the FCC Facility by \$4,717,272 from the proceeds of sales and the collection of accounts receivable.

B. BAR DATES

As previously set forth, the Bar Date for all creditors of the Debtor, except Governmental Units was July 31, 2015. The Bar Date for Governmental Units was October 26, 2015.

Under section 2.1 of the Plan, requests for payment of Administrative Expense Claims arising prior to the Effective Date must be filed within thirty (30) days after the Effective Date.

Professional Persons holding Fee Claims must also file such Claims within thirty (30) days after the Effective Date.

C. CLAIMS AGAINST THE DEBTOR

1. **In General**

The following is a summary of the proofs of claim filed against the Debtor’s Estate as of August 18, 2015 and the total claims scheduled by the Debtor. The Debtor expects that objections will be filed to a variety of Priority Tax and Priority Non-Tax Claims and reserves all rights with respect to all claims and objections

	Proofs of Claim Filed as August 18, 2015	Amounts Scheduled by Debtor
Secured Claims:	\$9,436,144.98	\$9,062,638.77
Priority Tax Claims:	\$64,882.62	\$18,406.46
Priority Non-Tax Claims:	\$645,501.12	\$33,638.00
General Unsecured Claims:	\$16,535,688.40	\$20,607,192.02

2. **Secured Claims**

During the Chapter 11 Case, over \$4.4 million was paid to FCC to reduce the indebtedness owing under the FCC Facility. As of October 30, 2015, the remaining indebtedness owing to FCC approximately \$4,513,499. The Debtor’s bankruptcy schedules indicate that other liens are held by Garrido Printing Equipment, Inc. and NYP Corp. in unknown amounts. The Debtor’s schedules reflect that approximately \$143,130.80 is owing to M&M Bank as a secured claim; however, M&M Bank timely filed a secured claim in the amount of \$165,572.67 in respect of certain machinery and equipment. Other than FCC, holders of secured claims will either be paid in full, the underlying collateral will be sold with the proceeds turned over to such creditors, or the collateral will be turned over to such creditors.

3. **Administrative Expense Claims**

As of October 30, 2015, there are approximately \$375,000 in unpaid Administrative Expense Claims. These amounts are comprised of the following:

- Approximately \$125,000 in unpaid legal and advisory fees and expenses for the Debtor’s professionals; and
- Approximately \$250,000 in unpaid legal and advisory fees and expenses for Committee professionals.

These amounts will increase by the Confirmation Date. Under the Plan, Allowed Administrative Expense Claims will be paid in full on the Effective Date. Requests for payment of Administrative Expense Claims must be filed no later than thirty (30) days following the Effective Date, unless an earlier date is set by separate Bankruptcy Court order. The Plan provides for a Disputed Claim and Administrative Reserve in an amount sufficient to satisfy (i) all distributions to which holders of Disputed Claims would be entitled to receive if all such Disputed Claims were to be subsequently Allowed in full, (ii) Allowed Administrative Expense Claims, and (iii) the costs and expenses of administering the Chapter 11 Case from the Effective Date until the time the Chapter 11 Case is closed including, but not limited to, any fees payable under 28 U.S.C. § 1930.

4. **Priority Non-Tax Claims**

As stated previously, approximately \$679,132.00 in Priority Non-Tax Claims have been filed. However, the vast majority of these claims either (i) are mis-categorized as priority claims, (ii) exceed the priority claim cap of \$12,475, (iii) were filed by individuals who were not direct employees of the Debtor, or (iv) seek payment of amounts that do not qualify for payment as a priority claim under the provisions of the Bankruptcy Code. After accounting for these claims, the Debtor believes the actual potential amount of Priority Non-Tax Claims is something less than \$39,386.51. To the extent any Priority Non-Tax Claims are ultimately Allowed, such Claims will be paid in full under the Plan.

5. **Priority Tax Claims**

As stated previously, an aggregate of approximately \$64,882.62 in Priority Tax Claims have been filed. However, the vast majority of these claims are either (i) amended or inactive claims, (ii) assessed against a non-Debtor entity, (iii) seek payment of penalties or interest, or (iv) include estimates for time periods either prior to the date of the Debtor's formation or cover periods for which taxes are not yet due and owing. After accounting for these claims and issues, the Debtor believes the actual amount of Allowed Priority Non-Tax Claims will be in an amount less than \$22,136.87. Allowed Priority Tax Claims will be paid in full on the Effective Date of the Plan.

IV. THE PLAN

A hearing on final approval of this Disclosure Statement and confirmation of the Plan is scheduled for **December 15, 2015 at 11:00 a.m. prevailing Central Time.**

As stated earlier, the Plan contemplates that the remaining tangible and intangible assets of the Debtor's Estate will be transferred to the Creditor Trust for the benefit of creditors. FCC's collateral will be liquidated and FCC will receive the proceeds of sale. Any other remaining assets and causes of action will be liquidated and the proceeds paid to creditors pursuant to the terms of the Plan. FCC will receive 80% of proceeds of causes of action as payment for its Superpriority Claim, in the amount of \$4,513,499, with unsecured creditors sharing the other 20% pro rata. Once the FCC Superpriority Claim has been paid in full, creditors will share in all further proceeds on a pro rata basis. Set forth below is the treatment of each class of Claims and

Equity Interests and the consideration to be paid to each member of each class under the Plan. The treatment and payment of Administrative Expense Claims are also discussed.

As of the Effective Date, the initial Trustee of the Creditor Trust shall be Joseph Myers. The Trustee's curriculum vitae is attached hereto as Exhibit "C."

A. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN

1. Class 1: Priority Non-Tax Claims

Except to the extent that a holder of an Allowed Priority Non-Tax Claim against the Debtor agrees to a less favorable treatment, each such holder shall receive, in full satisfaction of such Claim, payment in full in Cash on (or as soon as reasonably practicable after) the later of (A) the Effective Date or (B) fifteen (15) days after such Priority Non-Tax Claim becomes Allowed.

2. Class 2: FCC Claims

FCC shall receive (A) with respect to the FCC Secured Claim, 100% of the proceeds from any and all sales or liquidation of FCC's Collateral by the Trustee or any other party and (B) with respect to the FCC Superpriority Claim, as set forth more fully in section 6.2 of the Plan, 80% of the proceeds of liquidation of all Creditor Trust Assets (other than FCC's Collateral) until the FCC Superpriority Claim has been paid in full. FCC's Liens shall remain in place and unaffected upon transfer of the Creditor Trust Assets to the Creditor Trust until all of FCC's Collateral has been fully liquidated and all proceeds thereof paid to FCC. In accordance with the Cash Collateral Order, the FCC Secured Claim is an Allowed Secured Claim and the FCC Superpriority Claim is an Allowed Administrative Expense Claim, and neither the FCC Secured Claim nor the FCC Superpriority Claim shall be subject to objection.

3. Class 3: Other Secured Claims

On the Effective Date (or as soon as reasonably practicable thereafter), except to the extent that a holder of an Allowed Secured Claim agrees to less favorable treatment, each holder of an Allowed Secured Claim shall, at the Trustee's option and sole discretion, receive one of the following treatments: (i) payment in full in Cash from the Creditor Trust Assets; (ii) the Collateral securing such Allowed Secured Claim; or (iii) other treatment that renders such Allowed Secured Claim unimpaired in accordance with section 1124 of the Bankruptcy Code.

4. Class 4: General Unsecured Claims

Except to the extent that a holder of an Allowed General Unsecured Claim agrees to a different treatment, each holder of an Allowed General Unsecured Claim shall receive (i) a Pro Rata share of 20% of the proceeds of liquidation of Creditor Trust Assets that do not constitute FCC's Collateral, net of the fees, costs and expenses of the Creditor Trust, until the FCC Superpriority Claim is paid in full and, thereafter (ii) its Pro Rata share of Net Cash, all in

one or more distributions made from time to time as may be determined in the Trustee's discretion pursuant to the terms of the Trust Agreement.

5. **Class 5: Equity Interests**

On the Effective Date, all Equity Interests in the Debtor shall be cancelled, and shall be of no further force or effect. Holders of Equity Interests shall neither receive nor retain any property on account of their Equity Interests. To the extent, however, there is Cash remaining with the Creditor Trust after all Creditor Trust Assets have been liquidated and all Allowed Administrative Expense Claims, Fee Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Claims and General Unsecured Claims have been paid in full, holders of Equity Interests shall receive their Pro Rata share of such remaining Cash, if any.

B. ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS

The Bankruptcy Code requires that all Administrative Expense Claims against the Debtor's Estate be paid in full in cash on the Effective Date of the Plan, unless the holder of such a Claim agrees to a different treatment. Administrative Expense Claims and Priority Tax Claims are not classified under the Plan. Except to the extent the holder of an Administrative Expense Claim has agreed to a different treatment, each such holder shall receive Cash in full payment of the Allowed amount of such Administrative Expense Claim on the later of (i) the Effective Date or (ii) fifteen (15) days after such Administrative Expense Claim becomes Allowed by Final Order. Except to the extent that a holder of a Priority Tax Claim has agreed to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, on the Effective Date, Cash in an amount equal to the Allowed amount of such Claim.

To the extent interest is required to be paid on any Priority Tax Claim, the rate of such interest shall be the rate determined under applicable nonbankruptcy law, as set forth in section 511 of the Bankruptcy Code. To the extent the holder of an Allowed Priority Tax Claim has a Lien on the Debtor's property, such Lien shall remain in place until such Allowed Priority Tax Claim has been paid in full. On and after the Effective Date, the Debtor will pay (or reserve for) all *ad valorem* property taxes (if any) as they become due in the ordinary course.

Pursuant to section 2.1 of the Plan, holders of Administrative Expense Claims arising from the Petition Date through the Effective Date, other than Professional Persons holding Fee Claims, must file with the Bankruptcy Court a request for payment of such Claims within thirty (30) days after the Effective Date, unless an earlier date has been set by separate order of the Bankruptcy Court. Pursuant to section 2.2 of the Plan, Professional Persons holding Fee Claims that have not been the subject of a final fee application and accompanying Bankruptcy Court order shall similarly file a final application for payment of fees and reimbursement of expenses no later than the date that is thirty (30) days after the Effective Date.

C. IMPLEMENTATION OF THE PLAN

1. General

On the Effective Date, the Creditor Trust shall be established for the benefit of holders of Allowed Claims as set forth in the Plan. The Plan contemplates that FCC's Collateral will be liquidated with 100% of the proceeds paid to FCC on account of the FCC Secured Claim. Additionally, 80% of the proceeds of liquidating that portion of the Creditor Trust Assets other than FCC's collateral will be paid to FCC on account of the FCC Superpriority Claim until the FCC Superpriority Claim is paid in full, with the remaining 20% of such proceeds to be distributed or otherwise used as set forth in the Plan and the Trust Agreement. Thereafter, all Net Cash will be paid to holders of General Unsecured Claims as set forth in the Plan. After such Claims are paid in full, if at all, any excess amounts will be paid Pro Rata to holders of Equity Interests. Distributions will be made as and when the Trustee deems appropriate based on the progress of liquidating the Causes of Action and other Creditor Trust Assets and closing down the Chapter 11 Case. After all costs and expenses closing down the Chapter 11 Case have been paid or reserved for, a final distribution will be made to holders of Allowed Claims and Allowed Equity Interests as set forth in the Plan.

2. Settlement of FCC 506(b) Claim and FCC Superpriority Claim

Pursuant to Bankruptcy Rule 9019, the Debtor, FCC and the Committee have reached a global resolution of FCC's Claims in the Chapter 11 Case (the "Settlement"), as follows: (A) in respect of the FCC Superpriority Claim, FCC shall receive 80% of the proceeds of all Creditor Trust Assets that do not otherwise constitute FCC's Collateral, until the FCC Secured Claim is paid in full, with the other 20% of such proceeds being paid to holders of General Unsecured Claims as set forth in section 4.4 of the Plan and the Trust Agreement; (B) for purposes of distributions made under the Plan, the FCC 506(b) Claim shall be subordinated to all Allowed General Unsecured Claims; and (C) FCC shall use commercially reasonable efforts to collect on any guarantees that support repayment of the FCC Secured Claim; *provided that* FCC may use its business judgment in deciding how and when to attempt to collect on such guarantees, as well as the order of collection.

3. Release of Liens

Except as otherwise provided in the Plan, upon the occurrence of the Effective Date, any Lien securing a Secured Claim shall be deemed released, and the holder of such Secured Claim shall be authorized and directed to release any Collateral or other property of the Debtor (including any Cash collateral) held by such holder and to take such actions as may be requested the Trustee to evidence the release of such Lien, including the execution, delivery and filing or recording of releases. As of the Effective Date, the Trustee shall be authorized to file on behalf of holders of Secured Claims form UCC-3s or such other forms as may be necessary to implement the provisions of this section of the Plan.

4. **Cancellation of Equity Interests**

Upon the Effective Date, the Debtor's Equity Interests shall be deemed cancelled and terminated and of no further force or effect, and the obligations of the Debtor thereunder, if any, shall be deemed satisfied in full and discharged.

5. **Dissolution of Committee and Cessation of Fee and Expense Payments**

The Committee, and any other statutory committee appointed in the Debtor's Chapter 11 Case, shall be dissolved on the Effective Date. Neither the Debtor nor the Trustee shall be responsible for paying any fees or expenses incurred by the Committee (or any other committee) after the Effective Date; *provided, however*, that the Committee shall nonetheless have post-Effective Date standing to object to Administrative Expense Claims and Fee Claims, appeal any confirmation order, and shall be entitled to file a Fee Claim for amounts related thereto, subject to the rights of any party in interest to object thereto.

6. **Restructuring and Other Corporate Actions and Transactions**

(a) **Dissolution of Debtor.** On the Effective Date, or as soon as practicable thereafter, Debtor shall be dissolved and shall cease to exist as a legal entity.

(b) **General Corporate Actions.** Upon the Effective Date, all actions contemplated by the Plan shall be deemed authorized and approved in all respects. Such authorizations and approvals shall be effective notwithstanding any requirements under non-bankruptcy law.

(c) **Officers and Board of Directors of the Debtor.** Upon the Effective Date, all officers and directors of the Debtor shall be automatically deemed to have resigned from such positions from the Debtor without further notice.

7. **The Creditor Trust**

(a) **Establishment of the Creditor Trust.** On the Effective Date, the Creditor Trust shall be established pursuant to the Trust Agreement, for the purposes of administering the Creditor Trust Assets and making distributions to the holders of Claims in Classes 2, 3 and 4 which are or may be Allowed, as provided in the Plan. On the Effective Date, the Trust Agreement shall be executed and all other necessary steps shall be taken to establish the Creditor Trust and the beneficial interests therein.

(b) **Creditor Trust Assets.** The assets of the Creditor Trust shall consist of the Creditor Trust Assets. On the Effective Date, in accordance with section 1141 of the Bankruptcy Code, the Creditor Trust Assets shall automatically vest in the Creditor Trust, free and clear of all Liens, Claims and encumbrances, except to the extent otherwise provided in the Plan.

(c) **Purpose of the Creditor Trust.** The Creditor Trust shall be established for the sole purpose of liquidating and distributing its assets to holders of interests in the Creditor Trust (who are holders of Classes 2, 3 and 4 Claims which are or may be Allowed), in

accordance with Treasury Regulation section 301.7701-4(d), with no objective to continue or to engage in the conduct of a trade or business. The Creditor Trust, through the Trustee, shall (i) collect and reduce the assets of the Creditor Trust to Cash, (ii) prosecute, settle and otherwise administer the Creditor Trust Assets, (iii) make distributions to the beneficiaries of the Creditor Trust in accordance with the terms of the Plan and the Trust Agreement and (iv) take all such other actions as may be reasonably necessary to accomplish the purposes of section 6.7 of the Plan, as more specifically set forth in the Trust Agreement.

(d) The Trustee. The Trustee shall be a representative of the Estate pursuant to sections 1123(a)(5)(B) and 1123(b)(3)(B) of the Bankruptcy Code, and shall be vested with standing to prosecute, settle and otherwise administer all Creditor Trust Assets and Causes of Action transferred to the Creditor Trust, without the need for Bankruptcy Court approval or any other notice of approval, except as set forth in the Trust Agreement. The Trustee shall be exempt from giving any bond or other security in any jurisdiction.

(e) Nontransferability of Creditor Trust Interests. Beneficial interests in the Creditor Trust shall not be transferable, except as otherwise provided in the Trust Agreement.

(f) Costs and Expenses of the Creditor Trust and the Trustee. All costs and expenses of the Creditor Trust, including the reasonable fees and expenses of the Trustee and any professionals retained by the Trustee, shall be paid solely out of the Creditor Trust Assets.

(g) Compensation for Trustee and Trust Board Members. The compensation for the Trustee and the members of the Trust Board shall be as set forth in the Trust Agreement.

(h) Distributions. The Trustee shall reduce the Creditor Trust Assets to Cash and make interim distributions of Cash to Creditor Trust beneficiaries holding Allowed Claims at such time as the Trustee may deem appropriate, in accordance with the terms of the Plan and the Trust Agreement.

(i) Trust Certificates. The beneficial interests in the Creditor Trust shall not be represented by certificates, receipts, or in any other form or manner, except as maintained on the books and records of the Creditor Trust by the Trustee, as set forth in the Trust Agreement.

(j) Retention and Compensation of Professionals by the Trustee. Subject to the terms of the Trust Agreement and any necessary approvals contained therein, the Trustee may retain and reasonably compensate counsel and other professionals out of the Creditor Trust Assets, on such terms as the Trustee deems appropriate. The Trustee may retain any professional who represented parties in interest in the Chapter 11 Case.

(k) Trust Board.

(1) The initial members of the Trust Board shall be as set forth in the Plan Supplement and such members' tenure shall thereafter be governed by the terms of the Trust Agreement. The members of the Trust Board shall have the right to direct and remove the Trustee, and shall have such other rights as set forth in the Trust Agreement and as are not

inconsistent therewith or with the terms of the Plan. No other beneficiary of the Creditor Trust shall have any consultation or approval rights in respect of the management and operation of the Trust, except as may be set forth in the Trust Agreement.

(2) The Trust Board shall have the authority and responsibility to advise, assist and supervise the Trustee in the administration of the Creditor Trust and shall have the authority to remove the Trustee in accordance with the terms of the Trust Agreement. The Trustee shall consult with and provide information to the Trust Board in accordance with and pursuant to the terms of the Trust Agreement. The Trust Board shall have the authority to select and engage such professional advisors as the Trust Board may deem necessary or desirable to assist in the fulfilling its obligations under the Trust Agreement and the Plan, including, without limitation, any professional previously retained by any beneficiary of the Creditor Trust, the Committee or the Debtor. The Creditor Trust shall pay the reasonable and documented fees of such advisors and reimburse such advisors for their reasonable and documented out-of-pocket costs and expenses.

(3) The Trust Board shall conduct business, have regular meetings and otherwise act in a manner pursuant to and as set forth in the Trust Agreement.

(1) Federal Income Tax Treatment of the Creditor Trust.

(1) For all federal income tax purposes, all parties (including the Debtor, the Creditor Trust, the Trustee and the Creditor Trust beneficiaries) shall treat the transfer of the Creditor Trust Assets to the Creditor Trust for the benefit of the Creditor Trust beneficiaries, whether their Claims are Allowed on or after the Effective Date, as (a) a transfer of the Creditor Trust Assets directly to those holders of Allowed Claims receiving interests in the Creditor Trust (other than to the extent allocable to Disputed Claims), followed by (b) the transfer by such Persons to the Creditor Trust of the Creditor Trust Assets in exchange for beneficial interests in the Creditor Trust (and in respect of the Creditor Trust Assets allocable to the Disputed Claims and Administrative Reserve, as a transfer to the Disputed Claims and Administrative Reserve by the Debtor). Accordingly, those holders of Allowed Claims receiving Creditor Trust interests shall be treated for federal income tax purposes as the grantors and owners of their respective shares of the Creditor Trust Assets. The foregoing treatment also shall apply, to the extent permitted by applicable law, for state and local income tax purposes.

(2) Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including receipt by the Trustee of a private letter ruling if the Trustee so requests one, or the receipt of an adverse determination by the IRS, upon audit, or otherwise if not contested by the Trustee), the Trustee shall (i) file returns for the Creditor Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with the Trust Agreement and section 6.6 of the Plan and (ii) annually send to each holder of a Creditor Trust interest a separate statement setting forth such holder's share of items of income, gain, loss, deduction, or credit and will instruct all such holders and parties to report such items on their federal income tax returns. The Trustee also shall file (or cause to be filed) any other statements, returns or disclosures relating to the Creditor Trust that are required by any governmental unit.

(3) As soon as possible after the Effective Date, but in no event later than ninety (90) days thereafter (i) the Trustee will determine the fair market value as of the Effective Date of all assets transferred to the Creditor Trust and (ii) the Trustee shall apprise, in writing, the Creditor Trust beneficiaries of such valuation. In connection with the preparation of the valuation contemplated hereby, the Trustee shall be entitled to retain such professionals and advisors as the Trustee shall determine to be appropriate or necessary, and the Trustee shall take such other actions in connection therewith as it determines to be appropriate or necessary in connection therewith. The Creditor Trust shall bear all of the reasonable costs and expenses incurred in connection with determining such value, including the fees and expenses of any Persons retained by the Trustee in connection therewith.

(4) The Trustee may request an expedited determination of taxes of the Creditor Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Creditor Trust for all taxable periods through the dissolution of the Creditor Trust.

(5) The Trustee shall be responsible for payments, out of the Creditor Trust Assets and the proceeds thereof, of any taxes imposed on the Creditor Trust or the Creditor Trust Assets.

(6) The Trustee may require any of the Creditor Trust beneficiaries to furnish to the Trustee its Employer or Taxpayer Identification Number as assigned by the IRS and the Trustee may condition any distribution or payment to any of them upon receipt of such identification number.

(m) Indemnification. From and after the Effective Date, the Trustee, each member of the Trust Board, (collectively, the “Indemnified Persons”) shall be indemnified and held harmless by the Creditor Trust, to the fullest extent permitted by law and to the extent of its assets legally available for that purpose, from and against any and all losses, costs, damages, reasonable and documented out-of-pocket expenses (including reasonable fees and expenses of attorneys and other advisors and any court costs incurred by any Indemnified Person) or liability by reason of anything any Indemnified Person did, does, or refrains from doing for the business or affairs of the Creditor Trust, except to the extent that the loss, cost, damage, expense or liability resulted (x) from the Indemnified Person’s gross negligence, bad faith, willful misconduct or knowing violation of law or (y) from an act or omission from which the Indemnified Person derived an improper personal benefit. To the extent reasonable, the Creditor Trust shall pay in advance or reimburse reasonable and documented out-of-pocket expenses (including advancing reasonable costs of defense) incurred by the Indemnified Person who is or is threatened to be named or made a defendant or a respondent in a proceeding should change concerning the business and affairs of the Creditor Trust. The Creditor Trust may purchase fiduciary liability insurance for the benefit of the Trustee and the Trust Board members.

(n) Dissolution.

(1) The Creditor Trust shall commence on the Effective Date and terminate no later than the fifth (5th) anniversary of the Effective Date; *provided, however*, that, on or prior to the date that is ninety (90) days prior to such termination, the Bankruptcy Court,

upon motion by the Trustee or any other party in interest, may extend the term of the Creditor Trust if it is necessary to the liquidation of the Creditor Trust Assets. Notwithstanding the foregoing, multiple extensions may be obtained so long as Bankruptcy Court approval is obtained not less than ninety (90) days prior to the expiration of each extended term; *provided, however*, that in no event shall the term of the Creditor Trust extend past the tenth (10th) anniversary of the Effective Date; *provided further* that neither the Trust Agreement nor the continued existence of the Creditor Trust shall prevent the Trustee from closing the Chapter 11 Case pursuant to section 350 of the Bankruptcy Code and obtaining a final decree pursuant to Bankruptcy Rule 3022.

(2) The Creditor Trust may be terminated earlier than its scheduled termination if (i) the Bankruptcy Court has entered a Final Order closing of the Chapter 11 Case pursuant to section 350(a) of the Bankruptcy Code and (ii) the Trustee has administered all Creditor Trust Assets and performed all other duties required by the Plan, the Confirmation Order, the Trust Agreement and the Plan.

If at any time the Trustee determines that the expense of administering the Creditor Trust is likely to exceed the value of the remaining Creditor Trust Assets, the Trustee shall (i) donate any balance to a 501(c)(3) charitable organization, such as the Anthony H.N. Schnellling Endowment Fund of the American Bankruptcy Institute, to assist in the provision of resources for research and education and (ii) dissolve the Creditor Trust.

V. ADDITIONAL PROVISIONS AND EFFECT OF THE PLAN

A. LEGAL EFFECT OF THE PLAN

1. Exculpations

Neither Debtor, the Disbursing Agent, the Committee, Professional Persons employed by the Debtor and the Committee, FCC, nor any of their respective members, managers, officers, directors, employees, equity holders, partners, affiliates, funds, advisors, attorneys or agents, or any of their successors or assigns, shall have or incur any liability to any holder of a Claim or an Equity Interest, or any other party in interest, or any of their respective agents, employees, equity holders, partners, members, affiliates, funds, advisors, attorneys or agents, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the administration of the Chapter 11 Case, the negotiation and pursuit of approval of the Disclosure Statement, the preparation of the Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the funding of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, and shall be deemed to have acted in good faith in connection therewith and entitled to the protections of section 1125(e) of the Bankruptcy Code. Notwithstanding anything to the contrary contained in the Plan, section 11.2 of the Plan shall not exculpate any party from any liability based upon gross negligence or willful misconduct as determined by Final Order by a court of competent jurisdiction, and in all respects they shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. For the avoidance of doubt, the exculpation in section 11.2 of the Plan shall not apply to any actions

taken prior to the Petition Date, nor shall it apply to any of the Debtor's Affiliates. This exculpation shall be in addition to, and not in limitation of, all other releases, indemnities, exculpations and any other applicable law or rules protecting the parties exculpated in section 11.2 of the Plan from liability. Nothing in section 11.2 of the Plan shall be deemed to release or exculpate any party from any Avoidance Actions or Causes of Action.

2. **Injunction and Stay**

Except as otherwise expressly provided in the Plan, all Persons or entities who have held, hold, or may hold Claims against or Equity Interests in the Debtor are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim against or Equity Interest in the Debtor, the Creditor Trust, the Trustee, or the Creditor Trust Assets, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtor, the Creditor Trust, the Trustee, or the Creditor Trust Assets with respect to any such Claim or Equity Interest, (iii) creating, perfecting or enforcing any encumbrance of any kind against the Debtor, the Creditor Trust, the Trustee, or the Creditor Trust Assets, as applicable with respect to any such Claim or Equity Interest, (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtor or Creditor Trust, or against the property or interests in property of the Creditor Trust with respect to any such Claim or Equity Interest, and (v) pursuing any Claim released under the terms of the Plan or the Confirmation Order.

Unless otherwise provided, all injunctions or stays arising under or entered during the Debtor's Chapter 11 Case under sections 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 Effective Date.

3. **Preservation of Claims**

Except as otherwise provided in section 11.2 of the Plan, as of the Effective Date, pursuant to sections 1123(b)(3)(B) of the Bankruptcy Code, any actions, causes of action, Avoidance Actions, liabilities, obligations, rights, suits, debts, sums of money, damages, judgments, Claims, and demands whatsoever, whether known or unknown, in law, equity, or otherwise (collectively, "Causes of Action") accruing to the Debtor or its Estate shall be immediately transferred to and vest in the Creditor Trust on the Effective Date. Thereafter, the Trustee, as a representative of the Debtor pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, shall have the standing and authority to commence and prosecute Causes of Action for the benefit of the beneficiaries of the Creditor Trust.

B. CONDITIONS PRECEDENT TO EFFECTIVE DATE

1. **Conditions to Confirmation**

Confirmation of the Plan shall not occur, and the Confirmation Order shall not be entered, until each of the following conditions precedent have been satisfied or waived:

(a) An order, in a form and substance satisfactory to the Debtor, FCC and the Committee, finding that the Disclosure Statement contains adequate information pursuant to section 1125 of the Bankruptcy Code, shall have been entered;

(b) The Plan Supplement shall have been filed with the Bankruptcy Court as set forth in the Plan; and

(c) The Confirmation Order shall be in a form and substance satisfactory to the Debtor, FCC and the Committee.

2. **Conditions to Effective Date of Plan**

The Effective Date of the Plan shall not occur until each of the following conditions precedent have been satisfied or waived:

(a) The clerk of the Bankruptcy Court shall have entered the Confirmation Order in the Chapter 11 Case, in a form and substance satisfactory to the Debtor, and the same shall have become a Final Order; and

(b) All other actions and all agreements, instruments or other documents necessary to implement the terms and provisions of the Plan shall have been executed and delivered by the parties thereto, and, in each case, all conditions to their effectiveness shall have been satisfied or waived as provided therein.

Within five (5) Business Days of the Effective Date, the Debtor shall file a notice of the occurrence of the Effective Date with the Bankruptcy Court.

3. **Waiver of Conditions Precedent**

Any of the foregoing conditions (with the exception of the conditions set forth in sections 10.1(a) and 10.2(a)) of the Plan may be waived by the Debtor, after consultation with FCC and the Committee, without notice to or order of the Bankruptcy Court. The failure to satisfy or waive any condition may be asserted by the Debtor regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of the Debtor to exercise any of the foregoing rights shall not be deemed a waiver of any other rights and each such right will be deemed an on-going right that may be asserted at any time.

4. **Effect of Failure of Conditions; Reservation of Rights**

If the foregoing conditions have not been satisfied or waived in the manner provided in sections 10.2 and 10.3 of the Plan, then (i) the Confirmation Order shall be of no further force or effect; (ii) no distributions under the Plan shall be made; (iii) the Debtor, the Trustee, and all holders of Claims against and Equity Interests in the Debtor shall be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; (iv) all of the Debtor's and the Trustee's obligations with respect to Claims and Equity Interests shall remain unaffected by the Plan; (v) nothing contained in the Plan shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or

the Trustee or any other Person or to prejudice in any manner the rights of the Debtor or the Trustee, or any Person in any further proceedings involving the Debtor or the Trustee; and (vi) the Plan shall be deemed withdrawn. Upon such occurrence, the Debtor shall file a written notification with the Bankruptcy Court and serve it on the parties appearing on the limited service list maintained in the Chapter 11 Case.

The Plan shall have no force or effect unless and until the Effective Date occurs. Prior to the Effective Date, none of the filing of the Plan, any statement or provision contained in the Plan, or action taken by the Debtor, the Trustee, FCC or the Committee with respect to the Plan shall be, or shall be deemed to be, an admission or waiver of any rights of any of the Debtor, the Trustee, FCC or the Committee, or any other party with respect to any Claims or Equity Interests or any other matter.

C. MODIFICATION OR REVOCATION OF THE PLAN; SEVERABILITY

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code, alterations, amendments or modifications of the Plan may be proposed in writing by the Debtor, with the consent of FCC and the Committee, at any time prior to or after the Confirmation Date. Holders of Claims and Equity Interests that have accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified; *provided, however*, that any holders of Claims and Equity Interests who were deemed to accept the Plan because such Claims and Equity Interests were unimpaired shall continue to be deemed to accept the Plan only if, after giving effect to such amendment or modification, such Claims and Equity Interests continue to be unimpaired.

If the Bankruptcy Court determines that any provision of the Plan is unenforceable either on its face or as applied to any Claim or Equity Interest, the Debtor may modify the Plan in accordance with section 13.4 of the Plan so that such provision shall not be applicable to the holder of any Claim or Equity Interest. Any determination of unenforceability shall not (i) limit or affect the enforceability and operative effect of any other provisions of the Plan; or (ii) require the resolicitation of any acceptance or rejection of the Plan unless otherwise ordered by the Bankruptcy Court.

D. RETENTION OF BANKRUPTCY COURT JURISDICTION

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, or related to, the Debtor's Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (a) To hear and determine pending applications for the assumption, assignment or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;
- (b) To determine any and all adversary proceedings, applications, and contested matters in the Chapter 11 Case and grant or deny any application

involving the Debtor that may be pending on the Effective Date or that are retained and preserved under section 11.4 of the Plan;

- (c) To ensure that distributions are effected as provided in the Plan;
- (d) To hear and determine any timely objections to Administrative Expense Claims or to proofs of Claim, including any objections to the classification of any Claim, and to allow or disallow any Disputed Claim, in whole or in part;
- (e) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (f) To take any action and issue such orders as may be necessary to construe, enforce, implement execute and consummate the Plan or maintain the integrity of the Plan following consummation;
- (g) To consider any amendments to or modifications of the Plan, or to cure any defect or omission, or to reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;
- (h) To hear and determine all requests for payment of Fee Claims;
- (i) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, the documents that are ancillary to and aid in effectuating the Plan or any agreement, instrument, or other document governing or relating to any of the foregoing;
- (j) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including the expedited determination of taxes under section 505(b) of the Bankruptcy Code);
- (k) To hear any other matter not inconsistent with the Bankruptcy Code;
- (l) To hear and determine all disputes involving the existence, scope, and nature of the exculpations, releases and injunctions issued and granted under sections 11.2 through 11.3 of the Plan;
- (m) To issue injunctions and effect any other actions that may be necessary or desirable to restrain interference by any entity with the consummation or implementation of the Plan; and
- (n) To enter a final decree closing the Chapter 11 Case.

E. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Rejection of Contracts and Leases

As of the Effective Date, each executory contract and unexpired lease to which the Debtor is a party shall be deemed rejected, unless such contract or lease (i) was previously assumed, assumed and assigned or rejected by the Debtor, (ii) previously expired or terminated pursuant to its own terms, or (iii) is the subject of a motion to assume, assume and assign, or reject filed by the Debtor on or before the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court under sections 365 and 1123(b) of the Bankruptcy Code approving the lease and contract rejections described above, as of the date of the Confirmation Order.

Unless otherwise specified, each executory contract and unexpired lease shall include any and all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease.

2. Rejection of Contracts and Leases and Rejection Claims

All Claims arising out of the rejection of executory contracts and unexpired leases (if any) must be served upon the Trustee and his or her counsel of record within thirty (30) days after the earlier of (i) the date of entry of an order of the Bankruptcy Court approving such rejection or (ii) the entry of the Confirmation Order. Any Claims not filed within such time shall be forever barred from assertion against the Creditor Trust, the Credit Trust Assets, the Debtor, its Estate and its property.

F. DISTRIBUTIONS UNDER THE PLAN

1. Date of Distributions

Unless otherwise provided in the Plan or the Creditor Trust Agreement, any distributions and deliveries to be made under the Plan shall be made on the Effective Date or as soon as practicable thereafter. In the event that any payment or act under the Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act shall be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

2. Minimum Amount of Distributions

After all remaining costs of administering the Creditor Trust and the Chapter 11 Case have been reserved for or paid, the Disbursing Agent shall make a final distribution. If the final distribution will be in an amount less than \$25 to any holder of an Allowed Claim or Equity Interest, the Disbursing Agent shall donate such sums to a 501(c)(3) charitable organization, such as the Anthony H.N. Schnelling Endowment fund of the American Bankruptcy Institute, to assist in the provision of resources for research and education.

3. **Sources of Cash for Plan Distributions**

Except as otherwise provided in the Plan or in the Confirmation Order, all Cash required for the payments to be made under the Plan shall come from Cash on hand with the Debtor or Cash received from the liquidation of Creditor Trust Assets.

4. **Disbursing Agent**

All distributions under the Plan shall be made by the Disbursing Agent. The Disbursing Agent shall not be required to give any bond, surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

5. **Rights and Powers of Disbursing Agent**

The Disbursing Agent shall be empowered to (a) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan, (b) make all distributions contemplated hereby, (c) employ professionals to represent it with respect to its responsibilities and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

6. **Record Date for Distributions**

At the close of business on the Distribution Record Date, the transfer ledgers or registers for the holders of Claims against or Equity Interests in the Debtor shall be closed, and there shall be no further changes in the record holders of such Claims or Equity Interests. Neither the Debtor, the Disbursing Agent nor the Trustee shall have any obligation to recognize any transfer of any of the foregoing occurring after the Distribution Record Date, and shall be entitled instead to recognize for all purposes hereunder, including to effect distributions hereunder, only those record holders stated on the transfer ledgers or registers maintained by the Debtor as of the close of business on the Distribution Record Date.

7. **Recipients of Distributions**

All distributions under the Plan shall be made to the holder of the Claim or Equity Interest in question as of the Distribution Record Date. Changes as to the holder of a Claim after the Distribution Record Date shall only be valid and recognized for distribution if notice of such change is filed with the Bankruptcy Court, in accordance with Bankruptcy Rule 3001 (if applicable) and served upon the Debtor, the Trustee and their respective counsel.

8. **Delivery of Distributions**

Subject to Bankruptcy Rule 9010, all distributions under the Plan shall be made at the address of each holder of an Allowed Claim or Allowed Equity Interest as set forth in the books and records of the Debtor, unless the Debtor and the Trustee have been notified in writing of a change of address. If any distribution to the holder of an Allowed Claim or Allowed Equity Interest is returned as undeliverable, no further distributions to such holder shall be made unless

and until the Trustee is notified of such holder's then-current address, at which time all missed distributions shall be made to such holder without interest; *provided, however*, that such distributions shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of one hundred eighty (180) days after the date of the distribution in question. After such 180th day, and notwithstanding any applicable federal or state escheat, abandoned, or unclaimed property laws to the contrary (i) all unclaimed property or interest in property in respect of the distribution in question shall revert to the Creditor Trust and thereafter be distributed Pro Rata to the holders of other Allowed Claims or Allowed Equity Interests in accordance with the terms of the Plan, and (ii) any Claim or right to payment of any holder with respect to such unclaimed property or interest in property shall be discharged and forever barred.

9. **Means of Payment**

All distributions made pursuant to the Plan shall be in Cash.

10. **Setoffs and Recoupment**

The Trustee may, but shall not be required to, setoff against or recoup from any Claim or Equity Interest any rights to payment that the Creditor Trust may have against the holder of such Claim or Equity Interest. Neither the failure of the Trustee to setoff or recoup, nor the Allowance of any Claim or Equity Interest shall constitute a waiver or release by the Trustee of any right to payment, or right of setoff or recoupment.

11. **Disputed Claim and Administrative Reserve**

On the Effective Date, the Trustee shall establish the Disputed Claim and Administrative Reserve. Any amounts remaining in the Disputed Claim and Administrative Reserve after the Chapter 11 Case has been fully administered and all related costs and expenses have been paid, shall be distributed by the Trustee to holders of Allowed Claims and Allowed Equity Interests pursuant to the terms of the Plan and the Trust Agreement.

12. **Distributions After Effective Date**

Distributions made pursuant to the Plan after the Effective Date to holders of Disputed Claims that are not Allowed as of the Effective Date, shall be deemed to have been made on the Effective Date. Distributions to holders of Allowed Claims and Allowed Equity Interests shall be made at such time as the Trustee may deem appropriate, in accordance with the terms of the Plan and the Trust Agreement, and subject to appropriate funding for the Disputed Claim and Administrative Reserve.

13. **Withholding and Reporting Requirements**

In connection with the Plan and all instruments issued under the Plan, any party issuing any instrument or making any such distribution under the Plan shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or

reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Allowed Equity Interest that is entitled to receive a distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any applicable tax obligations, including income, withholding and other tax obligations, on account of such distribution. Any party issuing any instrument or making any distribution under the Plan to any holder of any Allowed Claim or Allowed Equity Interest has the right, but not the obligation, to not issue such instrument or make a distribution until such holder has made arrangements satisfactory to such issuing or disbursing party for payment of any such tax obligations.

14. **No Postpetition Interest**

Unless otherwise specifically provided for in the Plan or in the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not be paid, and no Person shall be entitled to interest accruing on or after the Petition Date., from the proceeds of Creditor Trust Assets.

15. **Time Bar to Payments**

Checks issued by the Disbursing Agent under the Plan shall be null and void if not negotiated within one hundred eighty (180) days after the date of issuance. Requests for reissuance of any check shall be made in writing directly to the Disbursing Agent by the person to whom such check was originally issued. Any request for re-issuance of a voided check must be made on or before the end of the 180-day period referenced in section 7.15 of the Plan. After such 180-day period, if no request for re-issuance of a voided check was timely made, such amounts shall constitute unclaimed property and be treated in accordance with section 7.8 of the Plan, and all Claims or Equity Interests in respect of such void checks shall be discharged and forever barred.

G. DISPUTED CLAIMS

1. **Objections to Claims**

Except insofar as a Claim is Allowed under the Plan or pursuant to Final Order of the Bankruptcy Court (including the Cash Collateral Order), the Trustee, or any other party in interest with standing, shall be entitled to object to Claims. Any objections to Claims shall be served and filed by the Claim Objection Deadline. Any Claim as to which an objection is timely filed shall be a Disputed Claim.

2. **No Distributions Pending Allowance**

If a timely objection is made with respect to any Claim, no payment or distribution under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes Allowed.

3. **Distributions After Allowance**

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the holder of such Allowed Claim, in accordance with the provisions of the Plan. As soon as reasonably practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest.

4. **Disallowance of Late Filed Claims**

Unless otherwise provided in a Final Order of the Bankruptcy Court, any Claim for which a proof of claim is filed after the applicable Bar Date shall be deemed disallowed. The holder of a Claim that is disallowed pursuant to section 8.4 of the Plan shall not receive any distribution on account of such Claim, and neither the Debtor, the Trustee nor the Disbursing Agent shall need to take any affirmative action for such Claim to be deemed disallowed.

H. **MISCELLANEOUS**

1. **Exemption from Transfer Taxes**

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under or in connection with the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any merger agreements or agreements of consolidation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax. All sale transactions consummated by the Debtor or the Trustee and approved by the Bankruptcy Court on and after the Confirmation Date, shall be deemed to have been made under, in furtherance of, or in connection with the Plan, and thus, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

2. **Payment of Statutory Fees**

All fees payable under 28 U.S.C. § 1930 shall be paid on the Effective Date, and thereafter, as appropriate.

3. **Binding Effect**

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in, the Debtor and such holder's respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

4. **No Payment of Attorneys' Fees**

Except for the fees of Professional Persons, no attorneys' fees shall be paid by the Debtor with respect to any Claim or Equity Interest unless otherwise specified in the Plan or a Final Order of the Bankruptcy Court.

5. **Governing Law**

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit to the Plan provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit), the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Illinois, without giving effect to the principles of conflict of laws that would require application of the laws of another jurisdiction.

VI. CERTAIN RISK FACTORS AND BEST INTERESTS TEST

A. RISKS TO CONFIRMATION AND EFFECTIVENESS

Confirmation of the Plan and occurrence of the Effective Date of the Plan are subject to certain conditions precedent, as set forth in sections 10.1 and 10.2 of the Plan. There can be no assurance that these conditions will be met or satisfied.

B. RISKS OF NON-CONFIRMATION

If the Plan is not confirmed or does not become effective, the Debtor, its creditors and equity interest holders would receive less than they would have received under the Plan. If an alternative plan could not be agreed to and confirmed, it is likely that the Chapter 11 Case would be converted to cases under Chapter 7 of the Bankruptcy Code. Were that to happen, a trustee would be appointed who would hire counsel and potentially other advisors, all of whom would be entitled to be paid prior to the professionals in the Chapter 11 Case, and prior to any other creditor or equity security holder.

VII. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE FOLLOWING DISCUSSION SUMMARIZES CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN TO THE DEBTOR AND TO THE HOLDERS OF CERTAIN ALLOWED CLAIMS AND EQUITY INTERESTS. THIS SUMMARY IS PROVIDED FOR INFORMATIONAL PURPOSES ONLY AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "TAX CODE"), THE TREASURY REGULATIONS PROMULGATED THEREUNDER (THE "REGULATIONS"), JUDICIAL AUTHORITY, AND CURRENT ADMINISTRATIVE RULINGS AND PRACTICE, ALL AS IN EFFECT AS OF THE DATE HEREOF AND ALL OF WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT THAT COULD ADVERSELY AFFECT THE DEBTOR, HOLDERS OF ALLOWED CLAIMS AND HOLDERS OF ALLOWED EQUITY INTERESTS. THE U.S. FEDERAL INCOME

TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES.

THIS SUMMARY DOES NOT ADDRESS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST IN LIGHT OF ITS PARTICULAR FACTS AND CIRCUMSTANCES OR TO CERTAIN TYPES OF HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS THAT ARE SUBJECT TO SPECIAL TREATMENT UNDER THE TAX CODE (INCLUDING, PERSONS WHO ARE RELATED TO THE DEBTOR WITHIN THE MEANING OF THE TAX CODE, FOREIGN PERSONS, HOLDERS LIABLE FOR THE ALTERNATIVE MINIMUM TAX, HOLDERS WHOSE FUNCTIONAL CURRENCY IS NOT THE U.S. DOLLAR, HOLDERS OF ALLOWED CLAIMS WHO ARE THEMSELVES IN BANKRUPTCY, REGULATED INVESTMENT COMPANIES, FINANCIAL INSTITUTIONS, BROKER-DEALERS, INSURANCE COMPANIES, PASS-THROUGH ENTITIES SUCH AS PARTNERSHIPS AND HOLDERS THROUGH SUCH PASS-THROUGH ENTITIES, AND TAX-EXEMPT ORGANIZATIONS) AND ALSO DOES NOT DISCUSS ANY ASPECTS OF STATE, LOCAL, OR FOREIGN TAXATION OR UNITED STATES TAX LAWS OTHER THAN FEDERAL INCOME TAXATION. THE FOLLOWING SUMMARY DOES NOT ADDRESS THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS WHOSE CLAIMS ARE UNIMPAIRED UNDER THE PLAN. HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS SHOULD CONSULT THEIR OWN TAX ADVISORS AS TO THE EFFECT SUCH OWNERSHIP MAY HAVE ON THE U.S. FEDERAL INCOME TAX CONSEQUENCES DESCRIBED BELOW.

IF A PARTNERSHIP HOLDS AN ALLOWED CLAIM OR EQUITY INTEREST, THE TAX TREATMENT OF A PARTNER OF SUCH PARTNERSHIP WILL GENERALLY DEPEND UPON THE STATUS OF THE PARTNER AND THE ACTIVITIES OF THE PARTNERSHIP. IF YOU ARE A PARTNER OF A PARTNERSHIP HOLDING ALLOWED CLAIMS OR EQUITY INTERESTS, YOU SHOULD CONSULT YOUR TAX ADVISORS.

THE FOLLOWING ASSUMES THAT THE PLAN WILL BE IMPLEMENTED AS DESCRIBED AND DOES NOT ADDRESS THE TAX CONSEQUENCES IF THE PLAN IS NOT CARRIED OUT. THIS DISCUSSION FURTHER ASSUMES THAT THE VARIOUS DEBT AND OTHER ARRANGEMENTS TO WHICH THE DEBTOR IS A PARTY WILL BE RESPECTED FOR U.S. FEDERAL INCOME TAX PURPOSES IN ACCORDANCE WITH THEIR FORM. IN ADDITION, A SUBSTANTIAL AMOUNT OF TIME MAY ELAPSE BETWEEN THE CONFIRMATION DATE AND THE RECEIPT OF A FINAL DISTRIBUTION UNDER THE PLAN. EVENTS SUBSEQUENT TO THE DATE OF THIS DISCLOSURE STATEMENT, SUCH AS ADDITIONAL TAX LEGISLATION, COURT DECISIONS, OR ADMINISTRATIVE CHANGES, COULD AFFECT THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREUNDER.

THIS SUMMARY OF THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN IS NOT BINDING ON THE INTERNAL REVENUE SERVICE (THE "SERVICE"), AND NO RULING WILL BE SOUGHT OR HAS BEEN SOUGHT FROM THE

SERVICE WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OBTAINED OR WILL BE OBTAINED BY THE DEBTOR WITH RESPECT THERETO. THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN ARE THEREFORE UNCERTAIN DUE TO THE LACK OF APPLICABLE LEGAL AUTHORITY AND MAY BE SUBJECT TO ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS THAT DIFFER FROM THE DISCUSSION BELOW. FOR THESE REASONS, THE DISCUSSION IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN.

INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE UNITED STATES INTERNAL REVENUE SERVICE, YOU ARE HEREBY NOTIFIED THAT ANY DISCUSSION OF TAX MATTERS SET FORTH IN THIS DISCLOSURE STATEMENT WAS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN AND WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY ANY PROSPECTIVE INVESTOR, FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER FEDERAL STATE, OR LOCAL TAX LAW. EACH PROSPECTIVE INVESTOR SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTOR, CREDITORS AND HOLDERS OF CLAIMS EQUITY INTERESTS

1. Certain United States Federal Income Tax Consequences to the Debtor.

The Debtor's transfer of its assets pursuant to the Plan will constitute a taxable disposition of such assets. It is not known at the present time whether the transfer of the Debtor's assets will result in any gain to the Debtor. If such a transfer results in gain, it is not known at the present time whether the Debtor will have sufficient losses or loss carryforwards to offset that gain. If the transfer results in gain and the Debtor does not have losses or loss carryforwards to offset that gain, the transfer of such assets will result in federal income tax liability.

Under general United States federal income tax principles, the Debtor will realize cancellation of indebtedness ("COD") income to the extent that its obligation to a holder is discharged pursuant to the Plan for an amount less than the adjusted issue price of such holder's Claim. For this purpose, the amount paid to a holder in discharge of its Claim will equal the fair market value of any consideration given to such holder in satisfaction of the Claim at the time of the exchange.

Because the Debtor will be a debtor in a bankruptcy case at the time it realizes COD income, the Debtor will not be required to include such COD income in its gross income, but rather it will be required to reduce certain of its tax attributes by the amount of COD income so excluded, generally in the following order: (a) net operating losses and net operating loss carryforwards (collectively, “NOLs”); (b) general business credit carryforwards; (c) minimum tax credit carryforwards; (d) capital loss carryforwards; (e) the tax basis of the debtor’s depreciable and nondepreciable assets (but not below the amount of its liabilities immediately after the discharge); (f) passive activity loss and credit carryforwards; and (g) foreign tax credit carryforwards. A debtor may elect to alter the preceding order of attribute reduction and, instead, first reduce the tax basis of its depreciable assets (and, possibly, the depreciable assets of its subsidiaries). Because attribute reduction is calculated only after the tax for the year of discharge has been determined, the COD Income realized by the Debtor under the Plan should not diminish the NOLs and other tax attributes that may be available to offset any income and gains recognized by the Debtor in the taxable year that includes the Effective Date.

A. Certain United States Federal Income Tax Consequences to Holders of Claims or Interests.

1. Consequences to Holders of Allowed Priority Non-Tax Claims.

Pursuant to the Plan, each Priority Non-Tax Claim will be paid in full in cash. If a holder of a Priority Non-Tax Claim receives cash in satisfaction of its claim, the satisfaction should be treated as a taxable exchange under section 1001 of the Internal Revenue Code. The holder should recognize capital gain or loss (which capital gain or loss would be long-term capital gain or loss if the holder has held the debt instrument underlying its Claim for more than one year) (subject to the “market discount” rules described below) equal to the difference between (x) the amount of cash received and (y) the holder’s adjusted tax basis in the debt instrument underlying its Claim. To the extent that the cash received in the exchange is allocable to accrued interest that has not already been taken into income by the holder, the holder may recognize ordinary interest income. See the “Accrued Interest” section below for further information.

2. Consequences to Holders of Secured Claims of FCC, Other Secured Claims and General Unsecured Claims.

Pursuant to the Plan, each holder of a Secured Claim of FCC, Other Secured Claim or General Unsecured Claim will be either paid in full or part in cash or have the collateral secured such claim returned. If a holder hereunder receives cash or has all collateral securing such Claim returned in satisfaction of its Claim, the satisfaction should be treated as a taxable exchange under section 1001 of the Internal Revenue Code. The holder should recognize capital gain or loss (which capital gain or loss would be long-term capital gain or loss if the holder has held the debt instrument underlying its Claim for more than one year) (subject to the “market discount” rules described below) equal to the difference between (x) the amount of cash or fair market value of property received and (y) the holder’s adjusted tax basis in the debt instrument underlying its Claim. To the extent that the cash received in the exchange is allocable to accrued interest that has not already been taken into income by the holder, the holder may recognize ordinary interest income. See the “Accrued Interest” section below for further information.

3. Consequences to Holders of Equity Interests.

Each Holder of an Equity Interest may only receive cash from the Creditor Trust after the other claims have been satisfied, and such holder's Equity Interest will be cancelled. Accordingly, in the event holders of Equity Interests do not receive any cash, holders of Equity Interests should recognize a capital loss for United States federal income tax purposes in an amount equal to the Holder's adjusted tax basis in its stock. The utilization of capital losses is subject to certain limitations under the Tax Code. If holders of Equity Interests receive cash from the Creditor Trust, holders of Equity Interests should recognize capital gain or loss (which capital gain or loss would be long-term capital gain or loss if the holder has held the debt instrument underlying its Claim for more than one year) (subject to the "market discount" rules described below) equal to the difference between (x) the amount of cash received and (y) the holder's adjusted tax basis in its stock.

B. ACCRUED INTEREST

To the extent that any amount received by a holder of a Claim is attributable to accrued but unpaid interest, not previously included in income for U.S. federal income tax purposes, such amount should be taxable to the holder as interest income. Conversely, a holder of a Claim may be able to recognize a deductible loss to the extent that any accrued interest on the Claims was previously included in the holder's gross income but was not paid in full by the Debtor. The Regulations generally treat a payment under a debt instrument first as a payment of accrued and unpaid interest and then as a payment of principal.

C. MARKET DISCOUNT

If the holder of a Claim purchased the Claim for an amount that is less than its stated redemption price at maturity, the amount of the difference may be treated as "market discount" for U.S. federal income tax purposes, unless the difference is less than a specified de minimis amount. Under the market discount rules, the holder of the Claim is required to treat any principal payment on, or any gain on the sale, exchange, retirement or other disposition of, the Claim as ordinary income to the extent of the market discount that the holder of the Claim has not previously included in income and which is treated as having accrued on the Claim at the time of its payment or disposition. Any market discount is considered to accrue ratably during the period from the date of acquisition to the maturity date of the Claim, unless the holder of the Claim elects to accrue on a constant interest method.

D. WITHHOLDING AND INFORMATION REPORTING

Generally, information reporting requirements will apply to all payments or distributions under the Plan, unless the recipient is exempt, such as a corporation. Additionally, a holder may be subject to backup withholding at applicable rates, unless the holder (i) is a corporation or other person exempt from backup withholding and, when required, demonstrates this or (ii) is a United States Person (as defined by section 7701(a)(30) of the Tax Code) that provides a correct taxpayer identification number ("TIN") on Internal Revenue Service Form W-9 (or a suitable substitute form) and provides the other information and makes the representations required by

such form and complies with the other requirements of the backup withholding rules. A holder may become subject to backup withholding if, among other things, the holder (i) fails to properly report interest and dividends for U.S. federal income tax purposes or (ii) in certain circumstances, fails to certify, under penalty of perjury, that it has furnished a correct TIN. A holder that does not provide a correct TIN also may be subject to penalties imposed by the Service.

Backup withholding is not an additional tax. The U.S. federal income tax liability of a person subject to backup withholding is reduced by the amount of tax withheld as backup withholding. If backup withholding results in an overpayment of U.S. federal income tax, the holder may obtain a refund of the overpayment by properly and timely filing a claim for refund with the Service.

THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. HOLDERS OF ALLOWED CLAIMS AND ALLOWED EQUITY INTERESTS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

VIII. CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtor, FCC and the Committee believe that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtor, FCC and the Committee urges all holders of Allowed Claims to vote to **ACCEPT** the Plan, and to duly complete and return their Ballots in accordance with the instructions on the Ballots. **The Voting Deadline is 5:00 p.m. prevailing Central Time on December 4, 2015.** To be counted, your Ballot must be fully completed, executed and actually received by the Tabulation Agent by the Voting Deadline.

Dated: November 4, 2015
Chicago, Illinois

GULF PACKAGING, INC.

By: _____


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