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

In re:	)	**Case No. 04-63788***
	)	
TECHNEGLAS, INC.,*	)	**Chapter 11**
	)	
	)	**Judge John E. Hoffman, Jr.**
Debtor.	)	
	)	
In re:	)	**Case No. 04-63851**
	)	
NIPPON ELECTRIC GLASS OHIO, INC.,	)	**Chapter 11**
	)	
	)	**Judge John E. Hoffman, Jr.**
Debtor.	)	
	)	
In re:	)	**Case No. 04-63847**
	)	
NIPPON ELECTRIC GLASS AMERICA, INC.,	)	**Chapter 11**
	)	
	)	
	)	**Judge John E. Hoffman, Jr.**
Debtor.	)	
	)	

FIRST AMENDED DISCLOSURE STATEMENT FOR THE FIRST AMENDED JOINT PLAN OF REORGANIZATION OF THE DEBTORS PURSUANT TO CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE

IMPORTANT DATES

- Hearing on Approval of the Disclosure Statement: August 17, 2005 at 2:00 p.m. **prevailing Eastern Time**
- Date by which Ballots must be received: **September 26, 2005 by 4:00 p.m. prevailing Eastern Time**
- Date by which objections to Confirmation of the Plan must be filed and served: **September 26, 2005 by 4:00 p.m. prevailing Eastern Time**
- **Date by which replies in support of Confirmation of the Plan must be filed and served: October 3,** 2005
- Hearing on Confirmation of the Plan: **October 6,** 2005 at **2:00** p.m**. Prevailing Eastern Time**

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Dated: August ~~——,~~22, 2005

TABLE OF CONTENTS

Page

ARTICLE I. INTRODUCTION **1**

ARTICLE II. OVERVIEW OF PLAN **3**
- A. Description of Property to be Distributed Under the Plan 3
- B. Summary and Treatment of Claims and Interests Under the Plan 4

ARTICLE III. GENERAL INFORMATION **6**
- A. Organizational Structure of the Debtors 6
- B. The Debtors' Businesses – Summary 6
  - 1. Techneglas 6
  - 2. NEG Ohio 9
  - 3. NEG America 10
- C. Significant Prepetition Indebtedness and Transactions 11
  - 1. Techneglas 11
  - 2. NEG Ohio 12
  - 3. NEG America 12

ARTICLE IV. THE DEBTORS' CHAPTER 11 CASES **13**
- A. Events Preceding the Chapter 11 Filings 13
  - 1. Techneglas 13
  - 2. NEG Ohio and NEG America 13
- B. Events During the Chapter 11 Cases 13
  - 1. Techneglas 13
  - 2. NEG Ohio .... ~~24~~**25**
  - 3. NEG America 26

ARTICLE V. THE FIRST AMENDED PLAN OF REORGANIZATION .... ~~**28**~~**29**
- A. Provisions for Payment of Unclassified Techneglas Debtor in Possession Financing, Administrative Expense Claims, and Priority Tax Claims. .... ~~29~~**30**
  - 1. DIP Facility Claims 30
  - 2. Administrative Expense Claims 30
  - 3. Priority Tax Claims .... ~~30~~**31**
- B. Classification and Treatment of Claims and Interests Under the Plan. .... ~~30~~**31**
  - 1. Techneglas 31
  - 2. NEG Ohio 33
  - 3. NEG America 35
- C. Release of NEG and Settlement of NEG Claims Against Techneglas, Inc. .... ~~36~~**37**
  - 1. Settlement of Claims Against NEG .... ~~36~~**37**
  - 2. Optional Release of NEG in the Techneglas Chapter 11 Case .... ~~37~~**38**
  - 3. PBGC Release 38
  - 4. Release of Debtors' Claims Against Released Parties, Including NEG .... ~~38~~**39**
  - 5. Consideration Provided By NEG to Techneglas Creditors .... ~~38~~**39**
- D. Provisions For Implementation of the Plan 39
  - 1. Establishment ~~Of~~**of** ~~T~~**t**he Post Confirmation Entity ~~A~~**a**nd Post Confirmation Trustee 39
  - 2. Establishment ~~Of~~**of** Real Estate Entity ~~A~~**a**nd Real Estate Trustee .... ~~39~~**40**
  - 3. Creation Of NEG Distribution NewCo 40

4. Reorganized Debtors 42
5. Corporate Action ..... ~~43~~**44**
6. Preservation of Causes of Action 44
7. Cancellation of Notes, Instruments, Debentures and Equity Securities ..... ~~47~~**48**
8. Reserves ..... ~~47~~**48**

E. Summary of Other Provisions of the Plan ..... ~~47~~**48**
1. Treatment of Disputed Claims ..... ~~47~~**48**
2. Provisions Governing Distributions 49
3. Executory Contracts and Unexpired Leases ..... ~~51~~**52**
4. Collective Bargaining Agreements ..... ~~52~~**53**
5. Pension Plans 53
6. The Official Committee of Unsecured Creditors ..... ~~52~~**54**
~~6.~~**7.** Conditions Precedent to Confirmation Date of the Plan ..... ~~52~~**54**
~~7.~~**8.** Conditions Precedent to the Effective Date of the Plan ..... ~~53~~**54**
~~8.~~**9.** Waiver of Conditions Precedent ..... ~~54~~**55**
~~9.~~**10.** Retention of Jurisdiction ..... ~~54~~**55**
~~10.~~**11.** Modification, Revocation or Withdrawal of Plan ..... ~~55~~**57**
~~11.~~**12.** Effect of Confirmation ..... ~~55~~**57**
~~12.~~**13.** Miscellaneous Provisions ..... ~~58~~**60**

ARTICLE VI. CERTAIN FACTORS TO BE CONSIDERED WHEN VOTING TO ACCEPT OR REJECT THE PLAN ..... ~~60~~62
A. Variances from Projections ..... ~~60~~**62**
B. Litigation ..... ~~61~~**62**
C. The Debtors May Not Be Able to Obtain Confirmation of the Plan ..... ~~61~~**62**
D. Parties in Interest May Object to the Debtors' Classification of Claims ..... ~~61~~**63**
E. The Debtors May Object to the Amount or Classification of a Claim ..... ~~61~~**63**
F. Certain Tax Matters ..... ~~61~~**63**

ARTICLE VII. VOTING PROCEDURES AND REQUIREMENTS ..... ~~62~~63
A. Parties in Interest Entitled to Vote ..... ~~63~~**64**
B. Classes Impaired and Entitled to Vote Under the Plan ..... ~~63~~**64**
C. Vote Required for Acceptance by Classes of Claims ..... ~~63~~**64**
D. Optional Release ..... ~~63~~**65**

ARTICLE VIII. CONFIRMATION OF THE PLAN ..... ~~64~~65
A. Confirmation Hearing ..... ~~64~~**65**
B. Requirements for Confirmation of the Plan ..... ~~64~~**65**
1. Acceptance ..... ~~64~~**66**
2. Fair and Equitable Test ..... ~~65~~**66**
3. Feasibility ..... ~~66~~**67**
4. "Best Interests" Test/Liquidation Analysis ..... ~~66~~**67**

ARTICLE IX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN ..... ~~67~~68

ARTICLE X. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN RELATED TO TECHNEGLAS, CLAIMS AGAINST TECHNEGLAS, AND INTERESTS IN TECHNEGLAS ..... ~~68~~69
A. Consequences to Techneglas ..... ~~68~~**70**

B. Federal Income Tax Treatment of Post Confirmation Entity ~~69~~**70**
- 1. Classification of Post Confirmation Entity ~~69~~**70**
- 2. Tax Reporting ~~69~~**70**
- 3. Reserve for Disputed Claims ~~69~~**71**
- 4. Transfer of Assets to Holders of Allowed Claims ~~70~~**71**

C. Federal Income Tax Treatment of Real Estate Entity ~~70~~**71**
- 1. Classification of Real Estate Entity ~~70~~**71**
- 2. Tax Reporting ~~70~~**72**

D. Federal Income Tax Treatment of NEG Distribution NewCo and Techneglas ~~71~~**72**
- 1. Transfer of Assets from Techneglas ~~71~~**72**
- 2. Cancellation of Indebtedness and Reduction of Tax Attributes ~~71~~**72**
- 3. Limitation of Net Operating Loss Carryovers and Other Tax Attributes ~~71~~**73**
- 4. IRC Section 269 ~~73~~**74**

E. Consequence to Holders of Claims ~~74~~**75**
- 1. Holders of Claims ~~74~~**75**
- 2. Distributions in Discharge of Accrued but Unpaid Interest ~~75~~**76**
- 3. Character of Gain or Loss; Tax Basis; Holding Period ~~75~~**76**

F. Consequences to Holders of Equity Interests ~~75~~**76**

G. Withholding ~~75~~**76**

H. Federal Income Tax Treatment of Reorganized NEG America ~~76~~**77**
- 1. Consequences to NEG America ~~76~~**77**
- 2. Consequences to Holders of Claims Against NEG America ~~76~~**77**
- 3. Consequences to Holders of Interests in NEG America ~~76~~**77**
- 4. Withholding by Reorganized NEG America ~~76~~**77**

ARTICLE XI. CONCLUSION AND RECOMMENDATION ~~77~~**78**

ARTICLE I.
INTRODUCTION

Techneglas, Inc. (“Techneglas”), Nippon Electric Glass Ohio, Inc. (“NEG Ohio”), and Nippon Electric Glass America, Inc. (“NEG America”), as debtors and debtors in possession (collectively, the “Debtors”), submit this Disclosure Statement, dated as set forth herein (the “Disclosure Statement”), in connection with the solicitation of acceptances and rejections of the First Amended Joint Plan of Reorganization of the Debtors pursuant to Chapter 11 of the United States Bankruptcy Code, dated as set forth therein (the “Plan”), a copy of which is annexed hereto as Exhibit A. Capitalized terms used and not otherwise defined herein shall have the same meanings ascribed to them in the Plan.

Each of the Debtors is a subsidiary of Nippon Electric Glass Co., Ltd. (“NEG”), a Japanese company. Techneglas and NEG America are both wholly-owned subsidiaries of NEG. NEG Ohio is a majority-owned subsidiary of NEG. On September 1, 2004, each of the Debtors filed a petition for relief under Title 11 of the United States Code (as amended from time to time, the “Bankruptcy Code”). The Debtors continue to operate their respective businesses as debtors and debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. The Debtors’ Chapter 11 Cases are not administratively or substantively consolidated. The Claims against and Interests in each of the Debtors will be treated by each of the respective Debtors, as set forth in the Plan.

The purpose of this Disclosure Statement is to set forth information (a) regarding the history of the Debtors, their businesses, and their Chapter 11 Cases, (b) concerning the Plan and alternatives to the Plan, (c) advising the Holders of Claims and Interests of their rights under the Plan, (d) assisting the Holders of Claims and Interests in making an informed judgment regarding whether they should vote to accept or reject the Plan, and (e) assisting the Bankruptcy Court in determining whether the Plan complies with the provisions of Chapter 11 of the Bankruptcy Code and thus should be confirmed.

By order dated on or about **August** ___, 2005 (the “Disclosure Statement Order”), the Bankruptcy Court approved this Disclosure Statement, in accordance with section 1125 of the Bankruptcy Code, as containing “adequate information” to enable a hypothetical, reasonable investor typical of Holders of Claims against, or Interests in, the Debtors to make an informed judgment as to whether to accept or reject the Plan, and authorized the use of the Disclosure Statement use in connection with the solicitation of votes with respect to the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN**. No solicitation of votes may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. In voting on the Plan, Holders of Claims and Interests should not rely on any information relating to the Debtors and their businesses, other than that contained in this Disclosure Statement, the Plan, and all exhibits hereto and thereto.

THIS DISCLOSURE STATEMENT IS NOT INTENDED TO REPLACE A CAREFUL AND DETAILED REVIEW AND ANALYSIS OF THE PLAN BY EACH HOLDER OF A CLAIM OR INTEREST. THIS DISCLOSURE STATEMENT IS INTENDED TO AID AND SUPPLEMENT THAT REVIEW. THE DESCRIPTION OF THE PLAN IN THIS DISCLOSURE STATEMENT IS A SUMMARY ONLY. HOLDERS OF CLAIMS AND INTERESTS AND OTHER PARTIES IN INTEREST ARE CAUTIONED TO ALSO REVIEW THE PLAN AND ANY RELATED ATTACHMENTS FOR A FULL UNDERSTANDING OF THE PLAN’S PROVISIONS. THIS DISCLOSURE STATEMENT IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN.

Pursuant to the provisions of the Bankruptcy Code, only classes of Claims or Interests that are (a) “impaired” by a plan of reorganization, and (b) entitled to receive a distribution under such a plan are entitled to vote on the plan. In these Chapter 11 Cases, only classified Claims and Interests in Classes 3A, 4A, 5A, 6A, 3B, 4B, 5B, 3C, 4C and 5C are impaired by the Plan, and the Holders of Claims and Interests in Classes 3A,

4A, 5A, 6A, 3B, 4B, 5B, 3C, 4C and 5C are the only Entities entitled to vote to accept or reject the Plan. Classified Claims and Interests in Classes 1A, 2A, 1B, 2B, 6B, 7B, 1C, 2C and 6C are unimpaired by the Plan, and the Holders thereof are conclusively presumed to have accepted the Plan.

THE RECORD DATE FOR DETERMINING THE HOLDERS OF CERTAIN CLAIMS OR INTERESTS THAT MAY VOTE ON THE PLAN IS ~~____________,~~AUGUST 22, 2005 (THE "RECORD DATE").

If you are entitled to vote to accept or reject the Plan, accompanying this Disclosure Statement should be a ballot ("Ballot") for casting your vote(s) on the Plan and a pre~~-~~-addressed envelope for the return of the Ballot. **BALLOTS FOR ACCEPTANCE OR REJECTION OF THE PLAN ARE BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASSES THAT MAY VOTE TO ACCEPT OR REJECT THE PLAN.** If you are the Holder of a Claim in one of these Classes and did not receive a Ballot, received a damaged or illegible Ballot, or lost your Ballot, or if you are a party in interest and have any questions concerning the Disclosure Statement, any of the Exhibits hereto, the Plan, or the voting procedures in respect thereof, or if you would like a copy of the Exhibit Book free of charge, please contact the respective Debtors' counsel or BMC Group, Inc., at Techneglas, c/o BMC Group, Inc., P.O. Box 905, El Segundo, California 90245-0905. You may also contact BMC Group by phone, at (888) 909-0100. You may also visit the website of BMC Group at http://www.bmccorp.net/techneglas. If you would like to request a disclosure statement book by electronic mail, you may do so at http://techneglas.bmccorp.net.

THE DEBTORS RECOMMEND THAT THE HOLDERS OF CLAIMS AND INTERESTS IN ALL SOLICITED CLASSES VOTE TO ACCEPT THE PLAN.

After carefully reviewing this Disclosure Statement and the Exhibits attached hereto, including those contained in the Exhibit Book, please indicate your vote with respect to the Plan on the enclosed Ballot and return it in the envelope provided. Voting procedures and requirements are explained in greater detail elsewhere in this Disclosure Statement. **PLEASE VOTE AND RETURN YOUR BALLOT TO THE ADDRESSEE LISTED THEREON. IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY THE SPECIFIED ADDRESSEE PRIOR TO 4:00 P.M. PREVAILING EASTERN TIME ON ~~______________,~~SEPTEMBER 26, 2005. ANY EXECUTED BALLOTS THAT ARE TIMELY RECEIVED BUT THAT DO NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE PLAN.**

The Debtors believe that prompt confirmation and implementation of the Plan is in the best interests of the Debtors and all Holders of Claims and Interests.

In accordance with the Disclosure Statement Order and section 1128 of the Bankruptcy Code, the Bankruptcy Court has fixed ~~____________,~~**October 6,** 2005 at ~~_____ a./~~**2:00** p.m. prevailing Eastern Time, at the United States Bankruptcy Court for the Southern District of Ohio, 170 North High Street, Columbus, Ohio 43215, the United States Courthouse, as the date, time and place of the hearing to consider Confirmation of the Plan, and ~~______________, 2005,~~**September 26, 2005 at 4:00 p.m. prevailing Eastern Time,** as the last date for filing objections to Confirmation of the Plan. The hearing on confirmation of the Plan may be adjourned from time to time without further notice except for the announcement of the adjourned date and time at the hearing on Confirmation or any adjournment thereof.

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof unless otherwise specified herein, and the delivery of this Disclosure Statement does not imply that there has been no change in the information set forth herein since such date. This Disclosure Statement has been prepared by the Debtors' respective Management and counsel, with the assistance of their advisors, based upon information provided by the Debtors. Holders of Claims and Interests entitled to vote should read the Plan

carefully and in its entirety, and where possible, consult with counsel or other advisors before voting on the Plan.

This Disclosure Statement may not be relied upon by any persons for any purpose other than by Holders of Claims and Interests entitled to vote for the purpose of determining whether to vote to accept or reject the Plan, and nothing contained herein shall constitute an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtors or any other party, or be deemed conclusive evidence of the tax or other legal effects of the Plan on the Debtors or on Holders of Claims or Interests.

This Disclosure Statement summarizes the terms of the Plan, which summary is qualified in its entirety by reference to the full text of the Plan. If any inconsistency exists between the terms and provisions of the Plan and this Disclosure Statement, the terms and provisions of the Plan are controlling. Certain of the statements contained in this Disclosure Statement are forward looking projections and forecasts based upon certain estimates and assumptions. There can be no assurance that such statements will be reflective of actual outcomes. All Holders of Claims entitled to vote should read carefully and consider fully Article VI below, entitled "Certain Factors to be Considered Before Voting to Accept or Reject the Plan."

ARTICLE II.
OVERVIEW OF PLAN

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provisions of the Plan, please refer to Article V below, entitled, "The First Amended Plan of Reorganization." The Plan is a plan of reorganization for the Debtors and entails (a) the liquidation of key assets and other non-core assets of Techneglas; (b) the reorganization of part of Techneglas' business; and (c) the reorganization of NEG Ohio and NEG America. The equity of the reorganized businesses will be retained by or distributed to NEG.

The Plan provides for the classification and treatment of Claims against and Interests in the Debtors. The Plan designates six Classes of Claims and one Class of Interests with respect to Debtor Techneglas, which together classify all Claims against and Interests in Techneglas. The Plan also designates five Classes of Claims and two Classes of Interests with respect to NEG Ohio, which together classify all Claims against and Interests in NEG Ohio. The Plan also designates five Classes of Claims and one Class of Interests with respect to NEG America, which together classify all Claims against and Interests in NEG America. These Classes take into account the differing nature and priority under the Bankruptcy Code of the various Claims and Interests as well as the negotiations referenced above.

The Plan represents the product of negotiations among Techneglas, NEG Ohio, NEG America, NEG, the PBGC, the OCUC, the USWA Union and the GMP Union.

A. DESCRIPTION OF PROPERTY TO BE DISTRIBUTED UNDER THE PLAN

The Plan includes five main components:

- First, the Plan provides Techneglas with the option of: (a) creating a single Post Confirmation Entity for liquidating (through prosecution, settlement or other disposition) Claims, Causes of Action, receivables, rights to payment of Techneglas, and other non-real estate assets; or (b) liquidating its non-real estate assets directly through Reorganized Techneglas. The Post Confirmation Entity or Reorganized Techneglas will fund distributions to all Techneglas Non-NEG Creditors.

- The second component of the Plan is the establishment of NEG Distribution NewCo, which will be created in the discretion of Techneglas as an ongoing business, wholly owned by NEG,

created on the Effective Date that will (a) receive the Distribution Assets, and (b) except as otherwise provided in the Plan, receive all of the assets that remain in the Reorganized Techneglas or Post Confirmation Entity (including any residual assets from the Real Estate Entity described below) following distributions to Techneglas Non-NEG Creditors; provided, however, in the event that there are no assets that are Distribution Assets all assets that would otherwise be distributed to NEG Distribution NewCo shall be distributed to NEG.

- The Plan's third component is the creation of a Real Estate Entity, to which Techneglas will transfer, for use and disposition, real estate assets that have not sold as of the Effective Date and that may potentially be subject to environmental liability and certain other assets sufficient to manage such real estate pending sale thereof.

- The Plan's fourth and fifth components are the continuation of the businesses of NEG Ohio and NEG America, as Reorganized NEG Ohio and Reorganized NEG America, which will fund distributions to all NEG Ohio Creditors and NEG America Creditors, respectively.

Article V of the Disclosure Statement describes each of these components in more detail.

PURSUANT TO THE PLAN, ALL EXISTING INTERESTS IN TECHNEGLAS (INCLUDING WITHOUT LIMITATION ALL ISSUED AND OUTSTANDING PREFERRED AND COMMON STOCK) WILL BE EXTINGUISHED AND CANCELED.

B. SUMMARY AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

The following charts summarize the treatment of Allowed Claims and Interests under the Plan. These charts are only a summary of the classification and treatment of Claims and Interests. Reference should be made to the entire Disclosure Statement and Plan for a complete description of the classification and treatment of Claims and Interests. Moreover, the columns entitled "Estimated Aggregate Amount of Allowed Claims" as described herein are merely the Debtors' good faith estimates, at the present time based on available information, of the total amount of Allowed Claims in the Debtors' Chapter 11 Cases. These estimates should not be deemed to be an admission, binding or otherwise, as to the amount of total Allowed Claims. The Debtors reserve the right to change their estimates and object to any Claim, unless previously Allowed by Final Order or otherwise.

Techneglas

Class	Claim/Interest	Treatment of Claim/Interest[1]	Estimated Aggregate Amount of Allowed Claims or Interests	Estimated Recovery Under Plan	Voting Rights
Unclassified	Debtor in Possession Financing	U	-0-	Paid in Full	Not Entitled to Vote
Unclassified	Administrative Claims	U	$4,000,000	Paid in Full	Not Entitled to Vote
Unclassified	Priority Tax Claims	U	$2,500,000	Paid in Full	Not Entitled to Vote
1A	Secured Claims	U	-0-	Paid in Full	Not Entitled to Vote
2A	Other Priority Claims	U	$500,000	Paid in Full	Not Entitled to Vote
3A	Union Priority Claims	I	$15,000,000	100%	Entitled to Vote

[1] U – Unimpaired; I – Impaired.

4A	Other Unsecured Claims	I	$23,630,000	31-63.5%[2]	Entitled to Vote
5A	PBGC Claims	I	$34,530,000 Total against Techneglas, NEG Ohio and NEG America	100% in aggregate	Entitled to Vote
6A	NEG Claims NEG Interests	I	$300,420,000 5,000 shares preferred stock 200 shares common stock	Approx. 15-20%[3]	Entitled to Vote

NEG Ohio

Class	Claim/Interest	Treatment of Claim/Interest	Estimated Aggregate Amount of Allowed Claims or Interests	Estimated Recovery Under Plan	Voting Rights
Unclassified	Administrative Claims	U	$11,023,253[4]	Paid in Full	Not Entitled to Vote
Unclassified	Priority Tax Claims	U	-0-	N/A	Not Entitled to Vote
1B	Secured Claims	U	-0-	N/A	Not Entitled to Vote
2B	Other Priority Claims	U	-0-	N/A	Not Entitled to Vote
3B	Other Unsecured Claims	I	$3,841,070	100%	Entitled to Vote
4B	PBGC Claims	I	$34,530,000 Total against Techneglas, NEG Ohio and NEG America	100% in aggregate	Entitled to Vote
5B	NEG Claims	I	$~~7,610,000~~7,610,254	13%	Entitled to Vote
6B	Other Interests	U	1800 shares common stock	Retains Interest	Not Entitled to Vote
7B	NEG Interests	U	7200 shares common stock	Retains Interest	Not Entitled to Vote

[2] Those creditors that do not opt-out of the Optional Release are guaranteed a distribution of 63.5% with the potential to receive up to 100% based on a number of factors; creditors that opt-out of the Optional Release will be entitled to a distribution of 31%.

[3] Estimate based on the following assumptions: (i) $2.9 million in cash at NEG Distribution NewCo; (ii) $7.5 million in real estate held for sale in the Real Estate Trust; (iii) $24.5 million in unliquidated assets remaining in the Techneglas estate; (iv) $3.0 million in dopant sources business value beyond asset value; and (v) $8-22 million in NOL value contingent upon the ability of NEG to use Techneglas NOLs (gross NOLs estimated at approximately $220 million). Also included is the benefit to NEG of Techneglas' decision not to pursue preference actions, as described in Art. III.B(1)(i) herein.

[4] Estimate as of May 31, 2005, which includes trade debt incurred in the ordinary course of business.

NEG America

Class	Claim/Interest	Treatment of Claim/Interest	Estimated Aggregate Amount of Allowed Claims or Interests	Estimated Recovery Under Plan	Voting Rights
Unclassified	Administrative Claims	U	$6,263,140[5]	Paid in Full	Not Entitled to Vote
Unclassified	Priority Tax Claims	U	-0-	N/A	Not Entitled to Vote
1C	Secured Claims	U	-0-	N/A	Not Entitled to Vote
2C	Other Priority Claims	U	-0-	N/A	Not Entitled to Vote
3C	Other Unsecured Claims	I		100%	Entitled to Vote
4C	PBGC Claims	I	$34,530,000 Total against Techneglas, NEG Ohio and NEG America	100% in aggregate	Entitled to Vote
5C	NEG Claims	I	$5,545,355	13%	Entitled to Vote
6C	NEG Interests	U	27,500 shares of common stock	Retains Interest	Not Entitled to Vote

THE TREATMENT OF ALLOWED CLAIMS AND INTERESTS PURSUANT TO THE PLAN IS IN FULL AND COMPLETE SATISFACTION OF THE ALLOWED CLAIMS AND INTERESTS ON ACCOUNT OF WHICH SUCH TREATMENT IS GIVEN.

ARTICLE III.
GENERAL INFORMATION

A. ORGANIZATIONAL STRUCTURE OF THE DEBTORS

Each of the Debtors is a United States subsidiary of NEG. NEG is a Japanese company with over $4.8 billion in assets and approximately $1.633 billion in liabilities as of the year ending March 31, 2004. Techneglas and NEG America are both 100% owned by NEG, while NEG Ohio is 80% owned by NEG, 15% owned by Sumitomo Corporation ("Sumitomo"), and 5% owned by Sumitomo Corporation Mexico, S.A. de C.V. ("Sumitomo Mexico"), a Mexican corporation. NEG is partially owned by NEC Corporation, a Japanese corporation, and the remainder of NEG is owned by other shareholders. NEG also has a number of foreign (non-U.S.) subsidiaries. Of NEG's subsidiaries, only Techneglas, NEG Ohio, and NEG America have filed for relief under the Bankruptcy Code.

B. THE DEBTORS' BUSINESSES – SUMMARY

1. Techneglas

(a) Operations

In 1946, Techneglas' predecessor began manufacturing glass for television picture tubes under the name Owens-Illinois TV Products Division ("Owens Illinois"). Three years later, Owens Illinois opened its Columbus plant to produce television bulbs, the component of the television that is now known as the funnel.

[5] Estimate as of May 31, 2005, which includes trade debt incurred in the ordinary course of business.

In March 1968, Owens Illinois opened a plant in Pittston, Pennsylvania, and within a few months, the plant began focusing exclusively on cathode ray tube panels. In 1973, Owens Illinois began producing technical products at its plant in Perrysburg, Ohio.

In 1988, Owens Illinois changed its name to OI-NEG TV Products, Inc. when NEG purchased fifty percent of Owens Illinois, and five years later, NEG purchased the remaining fifty percent of Owens Illinois. One year after that, in 1994, the now wholly-owned subsidiary of NEG named OI-NEG TV Products, Inc. filed a certificate changing its name to Techneglas, Inc.

During the fifty-eight years that Techneglas operated its plants, it remained an innovative manufacturer of television glass (cathode ray tube panels, cathode ray tube funnels, solder glass), dopant sources, and glass resins. This innovation started when Techneglas developed a new form of television glass that enabled the production of color televisions.

As of the Petition Date, Techneglas owned manufacturing plants in Columbus and Perrysburg, Ohio and Pittston, Pennsylvania. Commencing on August 3, 2004, Techneglas has substantially wound down its operations at Columbus and Pittston.

(i) Columbus Plant

Before an August 3, 2004, announcement that Techneglas would wind down certain of its operations, the Columbus Plant produced funnels for cathode ray tube ("CRT") televisions, the glass portion in the back of a CRT television that encases the electronic components. The plant is adjacent to the company's headquarters. At the Columbus plant, the company employed approximately 260 union employees pursuant to a collective bargaining agreement titled Agreement between Techneglas, In. and the Glass, Molders, Pottery, Plastics & Allied Workers International Union AFL-CIO, CLC, Local Union No. 306. This collective bargaining agreement expired on May 31, 2005. As of the Petition Date, approximately fifty nonunion and twenty union employees remained at the Columbus plant to wind down the operations.

(ii) Pittston Plant

For the 36 years before the Petition Date, the Pittston Plant produced panels for CRT televisions. A panel is the glass portion at the front of a CRT television that provides the image that is viewed when a person watches television. The plant previously employed approximately 100 nonunion employees and more than 500 union employees pursuant to a collective bargaining agreement titled Agreement between Techneglas, Inc. and the Glass, Molders, Pottery, Plastics and Allied Workers International Union AFL-CIO, CLC, Local Union No. 243. This collective bargaining agreement expires on June 30, 2005. As of the Petition Date, approximately eighty-five employees (approximately half of which were union employees) remained at the Pittston plant to complete the wind down of operations.

(iii) Perrysburg Plant

The Perrysburg Plant continues to produce a variety of products for CRT televisions and other technological devices. The Perrysburg Plant also produces products called "dopant sources," which are glass disks used in the production of semiconductors (and have nothing to do with televisions). The plant also produces "glass resins," a type of polymer used in applications to create, among other things, scratch resistant surfaces and flameproof coatings. The "solder glass" that was previously manufactured at the plant is essentially ground glass powder (known as frit) that is mixed with a liquid to form a paste that is used to seal a panel and its corresponding funnel, forming a picture tube. Techneglas continues to produce dopant sources and glass resins. The market with regards to dopant sources has remained relatively strong and has provided Techneglas with steady profits on approximately $4.0 million of revenue annually. The market for glass resins

is much smaller and generates approximately $500,000 per year in revenue. The pre-tax profitability for the dopant sources and glass resins businesses is approximately $1.2 million annually.

As of the Petition Date, the Perrysburg Plant employed approximately twenty nonunion employees and approximately thirty union employees pursuant to a collective bargaining agreement titled Agreement between Techneglas, Inc. Technical Products, 2100 North Wilkinson Way, Perrysburg, Ohio and the United Steelworkers of America, AFL-CIO-CLC, Local No. 600. This agreement expires on January 31, 2006. As the Perrysburg Plant continues to operate, the number of employees currently employed has remained relatively constant.

(iv) Distribution Business

In addition to the above operations, Techneglas currently distributes NEG's glass component products to customers in the United States. Such components include an array of different sized glass panels and glass funnels. These glass components are primarily manufactured by NEG and its affiliates, and are imported into the United States for distribution and sale to North American manufacturers of CRTs and related products. As of the date of this Disclosure Statement, Techneglas sells glass panels, funnels, and projection bulbs to primarily one customer, MT Picture Display Corporation of America (Ohio). Techneglas expects sales of glass panels, funnels, and projection bulbs to be approximately $60 million during the twelve months following the Effective Date.

(b) Potential Environmental Issues

Techneglas' past industrial operations involved use of lead, petroleum products, and other materials of environmental concern. The continuing presence of these materials on Techneglas' real estate assets may add to the cost of decommissioning the Techneglas Plants and could trigger obligations for environmental investigation or cleanup by Techneglas.

In order to evaluate these potential costs, Techneglas recently retained an environmental consultant to prepare "Phase I" and "Phase II" environmental assessments for the Columbus and Pittston Plants. These studies identified several "recognized environmental concerns" and developed cost estimates for addressing those areas of concern, in the event that cleanup were required. The consultant's preliminary cost estimate for the Columbus Plant was a range of $1.3 million to $6.2 million, and for Pittston Plant was approximately $0.2 million. The consultant did not describe the degree of likelihood that these expenditures would be required, and these estimates did not include certain matters for which data was incomplete, such as the condition of groundwater at Columbus, or the decommissioning costs arising from contamination in buildings and equipment.

A former owner of the company gave an indemnity to Techneglas' parent covering costs of contamination occurring during the former owner's period of ownership. Techneglas may be able to rely on this indemnity to cover a substantial portion of the costs described above.

Except as otherwise addressed by the establishment of the Real Estate Entity, Techneglas will remain liable after the bankruptcy case for any necessary cleanup as long as it continues to own or operate a Plant, and to the extent of any indemnity it may give to a buyer**. It is anticipated that Techneglas' real estate assets will be transferred to the Real Estate Entity and that any environmental liabilities not otherwise discharged or barred will be channeled to the Real Estate Entity in accordance with the Plan**. As the real estate assets are sold, Techneglas expects that any buyer will assume some or all of the potential environmental liabilities. Therefore, Techneglas expects that its environmental liability will be extinguished, **barred, channeled to the Real Estate Entity and/**or limited and capped, by the occurrence of the Effective Date. Should the sale of the real estate assets not be consummated by the Effective Date, Techneglas expects that in light of the limited costs identified by the "Phase II" assessments, any funding approved by the

Bankruptcy Court and any transfer of the Techneglas indemnity rights to any buyer, to the extent allowable in accordance with applicable non-bankruptcy law, will be sufficient to ensure continued compliance with environmental requirements until a sale of the real estate assets can be consummated**. Any environmental liability not otherwise discharged or barred shall be channeled to the Real Estate Entity under the Plan**.

Techneglas' continuing industrial operations are subject to regulation under various environmental laws. Maintaining compliance with such laws entails certain capital and operating costs, which are included in Techneglas' post-Effective Date operating budget.

Techneglas is not aware of any unresolved liability for past offsite waste disposal under any governmental decree or order, or any pending or threatened lawsuit or claim relating to environmental matters. No proofs of claim for any environmental matter have been filed in the Chapter 11 case.

2. NEG Ohio

(a) Operations

NEG Ohio is a Delaware corporation, and was formed in 1997 under the name Nippon Electric Glass California, Inc. In December 1998 Nippon Electric Glass California, Inc. changed its name to Nippon Electric Glass Ohio, Inc.

Prior to the filing of its Chapter 11 petition and until October 7, 2004, NEG Ohio was in the business of manufacturing and selling glass parts, namely panels and funnels, for cathode ray tubes used in television sets. NEG Ohio's manufacturing operations were conducted at a facility in Mexicali, Mexico, pursuant to a "maquila" agreement with a Mexican subsidiary, Nippon Electric Glass Mexico S.A. de C.V. ("NEG Mexico"). NEG Ohio owns all but one share of the 50,000 shares of stock of NEG Mexico, and the remaining one share is nominally owned by NEG America. "Maquila" refers to a program under which Mexican companies (called "maquiladoras"), commonly located near the U.S. border, perform assembly or manufacturing operations for United States companies, under laws affording favorable customs and tax treatment for machinery, equipment, materials and components imported into Mexico and the finished product exported from Mexico.

Under NEG Ohio's agreement with NEG Mexico, NEG Ohio supplied all equipment, machinery, raw materials and components used in the manufacturing operation. Thus, NEG Ohio owned the machinery and equipment and inventory, consisting of finished and unfinished glass components at the Mexicali facility. NEG Mexico owned the land and building on and in which the manufacturing was conducted. All sales of the finished inventory to customers were made by NEG Ohio, which received the revenue from the sale. NEG Ohio paid NEG Mexico for its services in an amount equal to NEG Mexico's costs of operations, plus an 8% fee.

(b) Fire Loss

On October 7, 2004, a fire started by a spark in a lighting fixture severely damaged and destroyed the Mexicali facility and contents located inside the building. All of NEG Ohio's inventory and manufacturing equipment located in the building was destroyed and transformed into broken glass and scrap metal. The building itself, owned by NEG Mexico, was also a total loss and had to be substantially torn down. The fire caused a total cessation of production at the Mexicali facility.

Since the fire, NEG Ohio's business has been a distribution business, in which NEG Ohio has purchased glass components from NEG or other NEG Affiliates and sold the product to NEG Ohio's customers.

Since the fire, NEG Ohio has pursued an insurance claim against its casualty insurer, Grupo National Provincial, S.A. ("GNP") for its fire loss. NEG Ohio has received to date $1.5 million in insurance proceeds and expects to receive approximately $7.6 million in additional insurance proceeds from GNP. NEG Ohio's fire related losses include not only the value of the equipment and inventory that was destroyed, but substantial cleanup and glass removal costs, as well as liability totaling approximately $620,000 to three of its customers for damages they incurred as a result of the fire. NEG Mexico also is pursuing an insurance claim for the loss of its building.

3. NEG America

(a) Operations

NEG America was incorporated in April 1989 in the state of Illinois, and is a United States based subsidiary of NEG. NEG America was founded for the purpose of enhancing the sales and distribution efforts of NEG throughout the Americas. Currently, NEG America operates as a wholesale company shipping to its customers directly from NEG, subsidiaries of NEG and third-party vendors. In order to meet customer requests for "just-in-time" inventory, NEG America keeps some stock in contract warehouses throughout the United States and occasionally ships product to customers from these locations. NEG America generates approximately $25 million of revenue annually. Below is a description of the various categories of business operations of NEG America.

(i) E-Fiber Distribution

NEG America distributes E-Fiber chopped into short lengths and combined with high-function resin to form fiber reinforced thermoplastic products. These produces are used extensively in electronic components and automotive parts. NEG America's sales of E-Fiber to resin and polymer manufacturers, generate approximately $8 million of revenue annually.

(ii) Low Thermal and Expansion Glass Ceramics

Neoceram, a low thermal expansion glass ceramics material, is used in a broad range of applications that include stove windows, shelves for microwave ovens and top plates for induction cookers. Increasingly, Neoceram's excellent heat-resistance and low thermal expansion properties are making it the material of choice for new applications in a growing number of high-tech fields. NEG America sells approximately $4 million of this product annually to customers such as Amana, Maytag and Electrolux.

(iii) Glass for Electronic Applications

High-precision ball lenses, glass capillaries, ferrules and other micro glass products are playing important roles in electronic or optoelectronic applications. NEG America sells the glass powders that are used in electronic parts for sealing, coating and other purposes. NEG America also sells the glass tubing for switches in electronic products. NEG America's sales of electronic glass total about $3 million per year.

(iv) ARG Fiber

NEG Japan's alkali resistant glass fiber ("ARG Fiber"), a high-zirconia alkali-resistant glass fiber developed for reinforcing cement or concrete is a key material for glass fiber reinforced concrete ("GFRC"). ARG Fiber is also used for calcium silicate products, gypsum board, and as a substitute material for asbestos. NEG America sells the ARG fibers as well as equipment and supplies to support the manufacture of GFRC to customers around the United States. These sales total approximately $4 million annually.

(v) Architectural Glass

NEG America also imports unique products for architectural applications. Neoparies is a unique glass ceramic alternative for marble, valued for its scratch-resistance and non-porous characteristics. Glass ceramic panels – Neoparies light have a similar look to ceramic tile but can be manufactured in large panels. Glass blocks and bricks with unique patterns and characteristics, such as solar-reflective glass blocks or luminescence, comprise a small amount of sales in the Americas. NEG America sells approximately $870 thousand of these products to architecture firms and contractors.

(vi) Exports

NEG America exports American-sourced raw materials to NEG parent and subsidiary companies as well as related third-party customers. About $5 million in pumice, lead and aluminum oxide are some of the products shipped to affiliates in Europe and Asia.

As of the Petition Date, NEG America had approximately 12 employees located in Illinois and Texas. NEG America has a bi-monthly payroll for all employees. NEG America's bi-monthly payroll, including benefits, paid just prior to the Petition Date, was approximately $28,000.00 in the aggregate. The last prepetition payroll occurred on August 31, 2004.

C. SIGNIFICANT PREPETITION INDEBTEDNESS AND TRANSACTIONS

1. Techneglas

Prior to the Petition Date, Techneglas did not have a traditional bank facility. However, as of the Petition Date, the Debtor had the following debt securities outstanding:

(a) NEG Loans

Techneglas entered into financial arrangements for Techneglas to borrow money from NEG (collectively, the "NEG Loans"). Each of the NEG Loans, which in the aggregate totaled $172 million, expired during the final four months of 2004, with approximately $30 million due on September 29, 2004, approximately $82 million due on November 30, 2004, and approximately $61 million due on December 29, 2004. The NEG Loans carry a variable interest rate equal to the six-month BBA yen LIBOR rate plus .75%.

(b) Loan from Bank of Tokyo-Mitsubishi

On May 31, 2002, Techneglas entered into a credit agreement with Bank of Tokyo-Mitsubishi, Ltd. ("BOTM") whereby BOTM agreed to loan $30 million to Techneglas through May 30, 2007, at an annual interest rate of 5.44%. Under the terms of the credit agreement, Techneglas was scheduled to make quarterly installment payments of $2.5 million beginning on August 31, 2004, through May 31, 2007. The credit agreement with BOTM does not provide BOTM with a security interest in Techneglas' assets, but it purports to restrict Techneglas' ability to borrow money on a secured basis. NEG is a guarantor of Techneglas' obligations under the BOTM credit agreement. Since the Petition Date, BOTM has been paid by NEG and has assigned its claims against Techneglas to NEG in the total amount of approximately $31.3 million.

(c) Letters of Credit

As part of operating its business, Techneglas posted letters of credit for the benefit of the states of Ohio and Pennsylvania for Techneglas' workers' compensation program. Fifth Third Bank has issued a $2.6 million cash collateralized letter of credit on behalf of Techneglas in favor of the Workers' Compensation Bureau of the State of Ohio. Sumitomo Mitsui Banking Corporation ("SMBC") issued an $18.5 million letter of credit on behalf of Techneglas in favor of the Self-Insurance Division for the Workers' Compensation Bureau for the State of Pennsylvania. The SMBC letter of credit is not secured by any of Techneglas' assets;

however, NEG has guaranteed Techneglas' obligation to reimburse payments by SMBC under its letter of credit.

Since the Petition Date, both letters of credit have been drawn. The automatic stay was lifted with respect to Fifth Third Bank, allowing Fifth Third Bank to exercise its rights over the cash collateral. SMBC has been paid by NEG and has assigned its claims against Techneglas to NEG.

(d) Preferred Stock

There are 5,000 shares authorized, issued, and outstanding of 7% cumulative nonvoting mandatorily redeemable preferred stock with a par value of $1,000 per share. NEG owns 100% of the preferred stock of Techneglas.

(e) Common Stock

There are 1,000 shares authorized and 200 shares issued and outstanding of common stock with a par value of $1.00 per share. NEG owns 100% of the common stock of Techneglas.

2. NEG Ohio

(a) Loan from Japan Bank of International Cooperation

Prior to the Chapter 11 filing, NEG Ohio had a bank loan from the Japan Bank of International Cooperation ("JBIC"), with a balance owing of $4,557,857.31 on the Petition Date. The loan was guaranteed by NEG and Sumitomo. Subsequent to the Petition Date, NEG and Sumitomo paid the entire debt of NEG Ohio to JBIC pursuant to their guarantees, with NEG paying 80% of the debt and Sumitomo paying 20% of the debt. JBIC has acknowledged that, by operation of law, NEG and Sumitomo are subrogated to JBIC's rights against NEG Ohio.

(b) Common Stock

NEG Ohio has 9,000 issued and outstanding shares of its common stock. NEG owns 7,200 shares, or 80% of the common stock, Sumitomo owns 1,350 shares, or 15% of the common stock, and Sumitomo Mexico owns 450 shares, or 5% of the common stock.

3. NEG America

NEG America does not have a traditional banking facility. As of the Petition Date, NEG America did not have any secured debt.

(a) NEG Claims

NEG America has not entered into any secured loan agreements with NEG or any of its affiliates. As of the Petition Date, NEG America's books and records reflected unsecured debt owed to NEG and its affiliates of approximately $5,545,355.00 for inventory and drop shipments.

(b) Trade Debt

As of the Petition Date, NEG America's books and records reflected unsecured trade debt, not including trade debt owed to NEG and its affiliates, of approximately $1,044,547.00. As discussed below, a portion of this debt has been paid pursuant to a court order authorizing the payment of certain critical vendors.

(c) Preferred Stock

NEG America does not have any preferred shares of stock.

(d) Common Stock

There are 50,000 shares authorized and 27,500 shares issued and outstanding of common stock. NEG owns 100% of the common stock of NEG America.

ARTICLE IV.
THE DEBTORS' CHAPTER 11 CASES

A. EVENTS PRECEDING THE CHAPTER 11 FILINGS

1. Techneglas

During the several years prior to the Petition Date, Techneglas experienced worsening performance because of a rapidly declining market for its products. Techneglas had been working for years to reduce its costs and restructure its operations to adjust to changes in the marketplace. In February 2001, Techneglas adopted a plan to restructure its operations to reduce its workforce and change its plant configuration and product mix. By December 2002, this restructuring plan was completed, but Techneglas was still not profitable. Techneglas continued its efforts to restore profitability, and, during 2003, four executives retired, and Techneglas implemented a workforce reduction program. As outlined below, events prior to the Petition Date had certain consequences that ultimately necessitated the implementation of a financial restructuring for Techneglas. These events culminated in the filing for relief under Chapter 11 of the Bankruptcy Code.

Because Techneglas is a member of a controlled group with Debtors NEG Ohio and NEG America, Debtors NEG Ohio and NEG America may be required to help satisfy certain of Techneglas' obligations in the event that Techneglas is unable to satisfy them itself. In particular, as members of the controlled group, NEG Ohio and NEG America may be liable for certain of Techneglas' mandatory plan funding contribution to its Pension Plans.

2. NEG Ohio and NEG America

NEG Ohio and NEG America filed Chapter 11 Cases as a result of Techneglas' decision to cease operations. As of the Petition Date, Techneglas maintained a defined benefit plan with a mandatory plan funding contribution of approximately $7,000,000.00 due in the near future, and it appeared that Techneglas may be unable to satisfy this obligation. Because NEG Ohio and NEG America are members of the controlled group with Techneglas, NEG Ohio and NEG America expected that the PBGC would assert claims against them for any funding deficiency resulting from Techneglas' inability to satisfy its mandatory plan funding contribution obligation. NEG Ohio and NEG America determined that, should they have to satisfy this mandatory plan funding to the Techneglas defined benefit plan, its future operations would be severely impaired. Accordingly, NEG Ohio and NEG America sought protection from creditors, including the PBGC, under Chapter 11 of the Bankruptcy Code.

B. EVENTS DURING THE CHAPTER 11 CASES

1. Techneglas

(a) Administration of the Chapter 11 Case

Upon commencement of the Chapter 11 Cases, the Bankruptcy Court entered certain orders designed to minimize disruption of Techneglas' remaining business operations during the pendency of its Chapter 11 Case.

(b) The Official Committee of Unsecured Creditors

Pursuant to section 1102 of the Bankruptcy Code, the United States Trustee may appoint a committee of creditors holding unsecured claims and/or a committee of equity security holders as the United States Trustee deems appropriate. Accordingly, on September 13, 2004, the United States Trustee appointed the Official Committee of Unsecured Creditors (the "OCUC") in the Chapter 11 Case of Techneglas, which originally consisted of the following members: Air Products & Chemicals, Inc.; BOC Group, Inc.; E.W. Bowman, Inc.; Exel Transportation Services, Inc.; Glass, Molders, Pottery, Plastics & Allied International Union Local 243 (Pittston) & Local 306 (Columbus); Metals and Additives Corporation d/b/a Omni Oxide Corp.; Rich Logistics; and Scioto Packaging, Inc. The OCUC has retained, by order of the Bankruptcy Court, the following professionals to represent its interests in the Chapter 11 Case: Squire, Sanders and Dempsey LLP as legal counsel and FTI Consulting, Inc. as financial advisors. On September 14, 2004, the United States Trustee removed The Bank of Tokyo-Mitsubishi, Ltd. from the OCUC.

(c) Finances

On September 7, 2004, the Bankruptcy Court entered an interim order (which was subsequently made final on September 27, 2004) authorizing Techneglas (a) to incur postpetition debt; and (b) to provide security to General Electric Capital Corporation. Pursuant to this "DIP Order," Techneglas entered into a $25 Million Secured Debtor in Possession Credit Agreement, dated as of September 1, 2004 (the "DIP Credit Agreement"), with General Electric Capital Corporation (the "DIP Facility"). The DIP Credit Agreement provided General Electric Capital Corporation with a first priority perfected Lien in all of Techneglas' unencumbered assets, a junior Lien on all encumbered assets, and a superpriority administrative expense Claim to secure the obligations under the DIP Facility.

(d) Professional Retentions

On September 7, 2004, the Bankruptcy Court entered orders authorizing Techneglas to employ, among others: (a) Kirkland & Ellis LLP and Vorys, Sater, Seymour and Pease LLP as co-counsel to Techneglas; (b) PricewaterhouseCoopers Corporate Finance LLC as Techneglas' financial advisor and investment banker; and (c) The BMC Group, Inc. as Techneglas' Information Agent. The Bankruptcy Court also authorized Techneglas to employ and pay certain "ordinary course professionals" for postpetition services required to assist and advise Techneglas in the ordinary course of Techneglas' business. Additionally, throughout the Chapter 11 Case, the Bankruptcy Court has entered orders authorizing Techneglas to retain PricewaterhouseCoopers LLP as its accountant, tax advisor, human resource advisor, and consulting advisor, CB Richard Ellis as its exclusive real estate broker, and DoveBid, Inc. ("DoveBid") as its provider of asset disposition services.

(e) Liquidation of Assets

Pursuant to section 363 of the Bankruptcy Code, Techneglas as debtor in possession is authorized to sell, lease or otherwise dispose of assets in the ordinary course of business without prior permission from the Bankruptcy Court. However, any sale, lease or other disposition of assets outside the ordinary course of business must be approved by the Bankruptcy Court.

In accordance with the Bankruptcy Code, Techneglas obtained approval from the Bankruptcy Court to conduct certain sales outside the ordinary course of business through established procedures. Set forth below are the various categories of sales for which Techneglas obtained Bankruptcy Court approval, as well as the

status of such sales to date. As of the date hereof, and as described in greater detail below, Techneglas has received net sales proceeds from the liquidation of its assets in the aggregate amount of approximately $37,873,047.29.

(i) Precious Metals Sales

On September 27, 2004, the Bankruptcy Court entered the Order (A) Authorizing the Debtor to Sell Publicly Traded De-Alloyed Metals Free and Clear of Liens; (B) Authorizing the Debtor to Pay Costs and Expenses Relating Thereto; and (C) Establishing Procedures for Future Sales (the "Precious Metals Sale Procedures"). During Techneglas' Chapter 11 Case, the Precious Metals Sale Procedures have assisted Techneglas in selling precious metals that are no longer needed due to Techneglas' cessation of most of its manufacturing operations. To date, Techneglas has completed the following sales of precious metals pursuant to the Precious Metals Sale Procedures:

Sale Report No.	Date Report Filed	Net Sale Price
1	October 28, 2004	$7,681,519.01
2	November 17, 2004	$10,028,844.00
3	December 7, 2004	$10,301,794.38
4	January 3, 2005	$2,675,230.05
5	January 25, 2005	$3,876,345.45
6	March 28, 2005	$2,889,179.33
7	May 3, 2005	$2,631,000.00
	Total	**$40,083,912.22**

Techneglas believes that there are several million dollars of precious metals that remain to be liquidated or will be used in ongoing operations at the Perrysburg facility. It is difficult to determine the amount of precious metals to be liquidated as such assets are contained within certain of the Techneglas production equipment still being used by Techneglas.

(ii) Equipment Sales

On October 21, 2004, the Bankruptcy Court entered the Order (A) Authorizing the Debtor to Employ DoveBid to Provide Asset Disposition Services in Accordance with the Terms of The Retention Agreement; (B) Establishing Procedures to Sell Assets Under the Retention Agreement and Other Miscellaneous De Minimis Assets; and (C) Authorizing the Sale of Such Assets Free and Clear of Any Liens (the "Sale Procedures Order"). During Chapter 11 Case, the sale procedures set forth in the Sale Procedures Order have assisted Techneglas in selling certain equipment, furniture, and other similar assets (the "Equipment Assets") that are no longer needed due to Techneglas' cessation of most of its manufacturing operations (but excluding those Equipment Assets currently being used in Techneglas' ongoing operations at the Perrysburg facility).

In addition, the Sale Procedures Order authorized Techneglas to retain DoveBid ("DoveBid") as auctioneer, to assist Techneglas in marketing and selling the Equipment Assets and ultimately maximizing the value received through such sales. To date, DoveBid has conducted two auctions of the Equipment Assets, one held on March 9 and 10, 2005, at the Debtor's Pittston facility, and the other on April 26 and 27, 2005, at Techneglas' Columbus facility. DoveBid also has negotiated private sales of certain Equipment Assets to various parties in accordance with the Sale Procedures Order. Below is a summary of the Equipment Asset sales DoveBid has completed to date:

Sale Report No.	Report Filed Date	Net Sale Price
1	February 8, 2005	$23,210.35
2	April 15, 2005	$720,402.96
3	May 9, 2005	$2,714,977.98
4	June 2, 2005	$1,139,150.34
	Total	**$4,597,741.63**

Techneglas anticipates that DoveBid will complete the remaining sales of the Equipment Assets by no later than July 31, 2005, and that the net proceeds of such sales will aggregate approximately $440,000. Moreover, certain of the Equipment Assets will be sold in conjunction with the sale of Techneglas' real property, as further described below.

(iii) De Minimis Asset Sales

The Sale Procedures Order also approved procedures for selling certain assets of de minimis value, generally consisting of raw materials, glass cullets, consumables, spare parts, and packaging, that are no longer utilized in Techneglas' business operations due to the cessation of most of Techneglas' manufacturing operations. Specifically, the Sale Procedures Order authorized Techneglas to sell miscellaneous assets with a selling price equal to or less than $100,000 in the ordinary course of business. With respect to all other assets of de minimis value (collectively, the "De Minimis Assets"), Techneglas is authorized to sell such assets in accordance with the procedures set forth in the Sale Procedures Order. To date, Techneglas has completed the following sales of De Minimis Assets:

Sale Report No.	Date Report Filed	Net Sale Price
1	November 18, 2004	$515,234.00
2	December 17, 2004	$290,287.00
3	January 19, 2005	$113,604.71
4	February 18, 2005	$7,276.98
5	March 18, 2005	$6,935.05
6	April 20, 2005	$19,257.05
	Total	**$952,594.79**

Techneglas believes that the bulk of the De Minimis Assets have been sold and De Minimis Assets with a value of less than $50,000 remain to be liquidated.

(iv) Real Estate Sales

On February 10, 2005, Bankruptcy Court approved Techneglas' request to employ CB Richard Ellis, Inc. ("CBRE") as its exclusive real estate broker to assist in the marketing and sale of its real estate assets and to ultimately maximize the value received through such sale. Since its retention, CBRE has been engaged in significant marketing efforts in an attempt to reach all potential interested parties for the Techneglas real property located in Columbus and Perrysburg, Ohio and Pittston, Pennsylvania. Below is a summary of the marketing efforts of CBRE for each location to date.

Columbus Ohio

CBRE has marketed the property through flyers, sign and direct marketing to known brokers and potential interested parties. Various interested parties have inspected the property and the Debtor is currently in contract negotiations with a potential buyer, subject to higher and better offers at a bankruptcy court-supervised auction. As of the date hereof, the parties are reviewing the Phase II environmental reports, and the buyer is completing its environmental due diligence of the property, among other things. The parties are in negotiations regarding what environmental liabilities will be assumed by the buyer, including potential assumption of all liabilities or, alternatively, assumption of all liabilities other than liabilities arising out of or relating to the presence of Hazardous Materials existing in soils or ground water. To the extent that Techneglas retains liability for any environmental liabilities, the parties have discussed establishing a cap on such liabilities.

A former owner of the company gave an indemnity to Techneglas' parent covering costs of contamination occurring during the former owner's period of ownership. Techneglas may be able to rely on this indemnity to cover a substantial portion of the liability described above in the event that it retains any environmental liability for the property.

Perrysburg, Ohio

CBRE has marketed the property through flyers, sign and direct marketing to known brokers and potential interested parties. The most recent marketing effort involved direct mailing to 23 companies in Michigan and Ohio that are engaged in businesses requiring the type of facilities located at the Perrysburg Plant. In the last two months, the property has been inspected by two potential interested parties. No offers have been made on the property to date.

Pittston, Pennsylvania

CBRE has marketed the property through flyers, sign and direct marketing to known brokers and potential interested parties. At least thirteen potential interested parties have contacted CBRE regarding the property, of which eleven have inspected the property and five have made offers to purchase the property. The Debtor is currently evaluating such offers and considering its various options regarding the sale of the Pittston Plant in order to acquire the best offer for the property. Such considerations include, but are not limited to, the ability of a potential buyer to close with little or no contingencies, the willingness of a potential buyer to assume any and all potential environmental liabilities associated with the property, and the willingness of a potential buyer to allow for an expedited due diligence period.

(f) Employee Related Issues

(i) Collective Bargaining Agreements

One month prior to the Petition Date, Techneglas employed active, union hourly production and maintenance employees at three facilities located in Ohio and Pennsylvania. Before August 3, 2004, approximately 1,588 of Techneglas' employees were subject to one of the following collective bargaining agreements ("CBAs") with Techneglas:

17

Plant	Covered Employees (active/inactive)[6]	Union	Expiration of Agreement
Columbus, Ohio	259 active 153 inactive	Glass, Molders, Pottery, Plastics and Allied Workers International Union, AFL-CIO-CLC (the "GMP Union") and its Local 306	May 31, 2005
Pittston, Pennsylvania	493 active 645 inactive	GMP Union and its Local 243	June 30, 2005
Perrysburg, Ohio	28 active 10 inactive	United Steelworkers of America, AFL-CIO-CLC ("Steelworkers Union") and its Local Union 600	January 31, 2006

Each of these three CBAs comprehensively set forth the terms and conditions of the employment of the covered employees in the respective plants and contained provisions requiring, among other things, payment of severance upon plant closure, continuation of group health insurance coverage upon loss of employment due to plant closure, payment of accrued vacation on termination of employment, and maintenance of benefits under the Techneglas, Inc. Hourly Retirement Plan, a defined benefit pension plan (one of the Pension Plans). Each of the CBAs also contained grievance and arbitration provisions for resolution of any disputes as to application of the terms of the CBAs, and, as of August of 2004, there were numerous pending grievances at each of the Company's three facilities, relating to various alleged violations by the Company of the terms of the CBAs.

On August 3, 2004, Techneglas announced that it would be discontinuing certain of its manufacturing operations.

Shortly after this announcement, Techneglas began negotiating with the GMP Union and the Steelworkers Union to resolve all claims pursuant to the CBAs or otherwise related to the shut down of the Columbus and Pittston facilities and the discontinuation of most of the production in the Perrysburg facility. These negotiations continued after the Petition Date. After prolonged arm's-length negotiations, agreements were reached with each Union resolving substantially all claims of current and former Union represented employees of Techneglas under the three respective CBAs. The terms of the agreements were set forth in two Memoranda of Understanding (each, an "MOU"). Motions for orders authorizing Techneglas to enter into and approving the MOUs were filed on May 16 and 17, 2005. On June 8, 2005 the Court entered orders approving each of the MOUs.

The MOU with the GMP Union ("GMP MOU," a copy of which shall be included in the Exhibit Book) provides generally that Techneglas shall classify or otherwise designate individually listed severance payments, vacation accruals, and identified pay in lieu of notice of closing provisions, the aggregate sum of $14,481,373.99 as priority claims, administrative expenses, or amounts otherwise payable on the effective date of a plan in the Chapter 11 Case incorporating the terms of the MOU. The GMP MOU also provides that Techneglas shall continue certain group medical and life insurance coverage for a period of six months following termination of employment, and that all pending grievance and arbitration matters in both the Columbus and Pittston plants are resolved, except for one grievance in the Columbus plant that presents issues

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[6] Active covered employees are those employees who were actively scheduled and working as of August 3, 2004. Inactive employees are those employees who were still on Techneglas' payroll but were not actively working due to layoff or leave of absence status.

not involving material financial amounts[7]. The GMP Union consents to the termination of the relevant Pension Plan, and the GMP MOU contains a broad release by the GMP Union of all claims against Techneglas and Techneglas' officers, directors, parents and affiliates on behalf of the GMP Union, its Local Numbers 243 and 306, and all current and former GMP Union employees of Techneglas at both the Pittston or Columbus plants. Any conflicting or inconsistent terms of the CBAs covering the Columbus and Pittston plants are modified and superseded by the GMP MOU.

As to the Columbus CBA, Techneglas and the GMP Union are currently discussing replacement of the expiring CBA on May 31, 2005, with the terms of the GMP MOU and agreement of Techneglas to continue existing wages and benefits for the few (approximately four) bargaining unit employees whose employment is expected to continue for up to several more months. Similar discussions are simultaneously taking place with respect to the Pittston CBA which expires on June 30, 2005.

The MOU entered into with the Steelworkers Union ("Steelworkers MOU," a copy of which shall be included in the Exhibit Book) similarly provides that Techneglas shall classify individually listed severance payments and vacation accruals in the aggregate sum of $223,130.36 as priority claims, administrative expenses, or amounts otherwise payable in full on the earlier of the effective date of a conforming plan or October 15, 2005 (unless the Chapter 11 Case has been converted to a Chapter 7 proceeding). The Steelworkers MOU also provides that the Steelworkers Union consents to: (a) the termination of the Pension Plan; (b) the elimination, on a prospective basis, of retiree health insurance benefits provided under the Perrysburg CBA; and (c) the withdrawal and dismissal of all currently pending CBA grievances and/or demands for arbitrations and a pending administration charge filed by the Steelworkers Union against Techneglas under the National Labor Relations Act. The Steelworkers MOU provides that Techneglas shall continue through June 30, 2005, certain group medical and life insurance coverage for nineteen unit employees terminated in December, 2004 and further clarifies the status of all unit employees not retained in active employment as of the date of the MOU as being terminated from employment with Techneglas (as opposed to being on layoff status). Techneglas agreed to modify the Techneglas, Inc. Supplemental Retirement Plan for hourly employees (a 401(k) plan) so as to increase employee deferral maximum contribution from the current 17.6% to 25% (or 18% for highly compensated employees) effective June 1, 2005, which will result in no additional financial obligations to Techneglas. The Steelworkers MOU contains a broad release of claims by the Union on behalf of itself, its Local 600, and the current and former Union employees employed at Techneglas' Perrysburg against Techneglas and Techneglas' officers, directors, parents and affiliates. Any conflicting or inconsistent terms of the CBA covering the Perrysburg plant are modified and superseded by the Steelworkers MOU.

The claims settled and resolved by the two MOU's were subject to reasonable disagreement as to their amount and scope under the language of the applicable CBAs. By entering into the MOUs, Techneglas not only achieved certainty with respect to the amount of its obligations under the three CBAs, but also avoided further potential costs of arbitration or other dispute resolution, as well as the risks of incurring additional obligations.

(ii) Retiree Benefits

As part of its compensation package for salaried employees at all of its plants, Techneglas provided certain non-vested benefits, such as life insurance and medical benefits, for retired employees pursuant to its Salary Employee Welfare Benefit Plan (the "Salary Plan"). Pursuant to the Salary Plan, subject to other terms of the Salary Plan, retirees with at least ten (10) years of service when they retired from Techneglas were able to continue such benefits.

[7] The Debtor and GMP Union are engaged in ongoing discussions of a possible resolution and withdrawal of this one grievance matter.

Under section 1114 of the Bankruptcy Code, a debtor in possession generally must timely pay and may not modify retiree benefits unless the Bankruptcy Court orders such modifications or the debtor and the retirees' authorized representative agree to the modification of such benefits. However, section 1114 does not apply to situations in which a debtor chooses to terminate non-vested retiree benefits pursuant to its contractual rights outside of the bankruptcy context. In such cases, a debtor may unilaterally terminate retiree benefits.

During the course of its Chapter 11 Case, Techneglas concluded that it was in its best interest to exercise its reserved right to modify or terminate its retiree benefit programs for salaried employees. Techneglas was informed by its group life insurance carrier that it would no longer have coverage for the group of retirees that were covered under the Salary Plan, and Techneglas terminated such non-vested life insurance benefits under the Salary Plan effective March 1, 2005. Affected retirees, however, were granted conversion rights for their life insurance and had the option to obtain individual policies at their own expense. Additionally, after the Petition Date, Techneglas determined that maintenance of the employer subsidy of retiree medical benefits in their current form was no longer feasible or affordable given its situation and its desire to maximize recoveries for all of its creditors. On April 15, 2005, the Bankruptcy Court entered an order authorizing Techneglas to terminate its employer subsidy of non-vested retiree medical benefits or, if necessary, terminate its medical benefits plan. Since entry of the Bankruptcy Court's order, Techneglas has terminated its employer subsidy of non-vested retiree medical benefits.

(iii) Pension Plans

The Pension Benefit Guaranty Corporation ("PBGC") is a wholly-owned United States government corporation, created by the Employee Retirement Income Security Act of 1974 ("ERISA"), as amended, to administer the mandatory pension plan termination insurance program established under Title IV of ERISA. The PBGC guarantees the payment of certain pension benefits upon termination of a pension plan covered by Title IV.

As of the Petition Date, Techneglas sponsored two tax-qualified defined benefit pension plans: the Amended and Restated Techneglas, Inc. Salary Retirement Plan (the "Salary Plan"), which Techneglas continues to sponsor; and the Amended and Restated Techneglas, Inc. Hourly Retirement Plan (the "Hourly Plan" and, together with the Salary Plan, the "Pension Plans"). Those Pension Plans are covered by Title IV of ERISA. The Salary Plan was frozen as to participation and benefit accruals as of December 1, 2004. ~~Although the Hourly Plan is not currently frozen, there are very few participants remaining in the Plan who accrue benefits on an ongoing basis.~~ Techneglas has not made any contributions to the Pension Plans during the pendency of the Chapter 11 Case. The Hourly Plan has had approximately $17 million in required contributions since the Petition Date which have not been made. Techneglas missed a required minimum contribution of approximately $1.1 million on July 15, 2005 to the Salary Plan.

The PBGC has filed estimated claims relating to the Hourly Plan for Unfunded Benefit Liabilities for $97,042,900, unpaid contributions for $15,881,091, and an unliquidated amount for PBGC premiums. The PBGC has filed estimated claims relating to the Salary Plan for Unfunded Benefit Liabilities for $29,330,100, an unliquidated amount for unpaid contributions and an unliquidated amount for PBGC premiums (collectively, the "PBGC Claims").

Under ERISA, Techneglas and each member of its controlled group are jointly and severally liable for the Pension Plan's unfunded benefit liabilities, any unpaid employer contributions, and premiums. As defined by ERISA, a "controlled group" includes a parent-subsidiary and/or brother-sister group of corporations, trades or businesses connected through common ownership and control, as defined by Sections 414(b) and (c) of the Internal Revenue Code and regulations promulgated thereunder. the Debtors believe that ERISA and the Internal Revenue Code do not clearly specify whether foreign entities that would otherwise fall within this definition constitute controlled group members for purposes of liabilities under ERISA.

The PBGC alleges that a pension plan covered by Title IV of ERISA may only be terminated in accordance with that statute. The PBGC alleges that if a covered pension plan is not terminated prior to confirmation of a bankruptcy plan of reorganization, all ERISA liabilities arising with respect to the pension plan are not affected in any way by release or discharge.

On June 24, 2005, the PBGC issued a Notice of Determination that the Hourly Plan should be involuntarily terminated because the Hourly Plan has not met the minimum funding standard under § 412 of the Internal Revenue Code and will be unable to pay benefits when due. By agreement, the PBGC and Techneglas terminated the Hourly Plan. The termination date of the Hourly Plan is June 30, 2005.

~~Techneglas and the PBGC have engaged in discussions and negotiations with respect to the Pension Plans and the PBGC Claims throughout the Techneglas Chapter 11 Case.~~

Techneglas and the PBGC have engaged in discussions and negotiations with respect to the Pension Plans and the PBGC Claims throughout the Techneglas Chapter 11 Case. Since the filing of the Debtors' disclosure statement and first amended plan, Techneglas has reached an agreement with the PBGC regarding the PBGC Claims. The terms of the agreement are set forth in a Memorandum of Understanding between Techneglas and the PBGC (the "PBGC MOU," a copy of which shall be included in the Exhibit Book). The PBGC MOU provides generally that the PBGC will be paid an aggregate sum of $34,530,000 (the "Settlement Amount") from the Debtors' estates no later than twenty (20) days after the Effective Date to settle all PBGC Claims under the Hourly Plan. The PBGC has agreed that, for purposes of Section 302 of ERISA, and Section 412 of the IRS, such aggregate sum shall be applied first to satisfy any amounts due under the funding standard account of the Hourly Plan with respect to any and all periods ending on or before the last day of the plan year in which the Hourly Plan terminates. Under the PBGC MOU, the PBGC has further agreed that receipt of the Settlement Amount constitutes satisfaction of all funding obligations, including the outstanding balance of the accumulated funding deficiencies due to the PBGC as statutory trustee of the Hourly Plan under Section 4062(c)(1) of ERISA, with respect to any and all periods ending on or before the last day of the plan year in which the Hourly Plan terminates. Techneglas, in accordance with the PBGC MOU, will terminate the Salary Plan through a standard termination under Section 4041 of ERISA and will commit to making the Salary Plan sufficient at termination in accordance with 29 C.F.R. 4041.21(b), as set forth in Article XI of the Plan. At the time of this Disclosure Statement, Techneglas anticipates that ~~it will reach a resolution with the PBGC shortly pursuant to a Memorandum of Understanding and will be able to amend the Plan and Disclosure Statement accordingly.~~**the standard termination will require additional funding of up to $20 to 25 million to an entity that will take over the administration of the Salary Plan. The PBGC MOU also contains a broad release by the PBGC of, among other things, any claims or actions against all members of the Controlled Group, as set forth in Article III.E.(3) of the Plan and Article V.C(3) of this Disclosure Statement. The PBGC Release is a material factor in NEG's agreement to provide the increased recovery to Other Unsecured Creditors (Class 4A) through the Optional Release.**

The PBGC Claims asserted against Techneglas total over $140 million. While Techneglas is confident that it would be able to prevail in an action to reduce the PBGC Claims through potentially costly litigation before this Court, it is possible that the PBGC Claims would not be reduced to an amount less than that provided in the PBGC MOU. By contrast, the PBGC MOU provides final resolution of the PBGC Claims and removes the uncertainty of litigation from the Debtors' Chapter 11 Cases. Moreover, the Plan provides that the entire $34,530,000 shall be allocated among each of the Debtors' estates. Techneglas will be filing a motion to approve the PBGC MOU in its Chapter 11 Case.

(iv) Key Employee Retention Plan

On October 21, 2004, the Bankruptcy Court entered an order authorizing Techneglas to implement a key employee retention program (the “KERP”) to retain the services of certain key employees. Specifically, the KERP order authorized Techneglas to effect a Supplemental Severance Plan, which provided that certain employees, in exchange for their continued employment with Techneglas, would receive supplemental severance payments the amount of which depended on the length of service of each respective employee. The KERP order also authorized a Retention Plan, pursuant to which certain employees were made eligible to receive bonuses in exchange for their continued employment with Techneglas.

(g) Exclusivity

Pursuant to section 1121 of the Bankruptcy Code, (a) only a debtor may file a plan of reorganization during the 120-day period following the commencement of a Chapter 11 case (the “Exclusive Filing Period”); and (b) if the debtor files a plan of reorganization during the Exclusive Filing Period, only the debtor may solicit acceptances of such plan of reorganization and no other party may File a competing plan of reorganization during the 180-day period following the commencement of a Chapter 11 case (the “Exclusive Solicitation Period”). On request of a party in interest, the Bankruptcy Court, for cause, may increase the Exclusive Filing Period and/or the Exclusive Solicitation Period. By virtue of certain extensions approved by the Bankruptcy Court, Techneglas’ Exclusive Filing Period and the Exclusive Solicitation Period currently expire on August 29, 2005, and October 26, 2005, respectively. Techneglas reserves the right to seek further extensions of its respective Exclusive Filing Period and Exclusive Solicitation Period.

(h) DOJ Action

In August 2003, the Antitrust Division of the Department of Justice initiated an investigation into certain business operations of Techneglas during the years 1988-2003 related to price fixing and improper market allocation agreements between Techneglas and its competitors. Techneglas has explained that poor market conditions in the industry over the past several years made it virtually impossible to fix prices or rig bidding, as glass makers have not had the leverage required to enforce such agreements. At this time, the Antitrust Division continues its investigation of Techneglas. The grand jury is still investigating and witnesses will continue to be called before the grand jury through, at least, the end of the summer. All documents have been produced. The Antitrust Division is not pressed by the statute of limitations and the investigation is ongoing. No material changes have occurred to the possibility of a liability (criminal prosecution and fine). It would not be possible to determine a reserve or set aside for potential fines, penalties or civil settlements.

(i) Claims

In Chapter 11, claims against a debtor are established either as a result of being listed in the debtor’s schedules of liabilities (as not contingent, liquidated, and undisputed) or through assertion by the creditor in a timely filed proof of claim. Claims asserted by creditors are either allowed or disallowed. If allowed, the claim will be recognized and treated pursuant to the Plan. If disallowed, the holder of the claim will have no right to obtain any recovery on or to otherwise enforce the claim against the debtor.

(i) Filing of Schedules of Liabilities

On September 7, 2004, Techneglas requested, and the Bankruptcy Court granted, an extension of time in which to file its schedules of assets and liabilities and its statements of financial affairs (collectively, the “Schedules”) with the Bankruptcy Court. On October 15, 2004, Techneglas filed its Schedules with the Bankruptcy Court.

(ii) Bar Date for Filing Proofs of Claim

On November 5, 2004, the Bankruptcy Court entered an order (the "Bar Date Order") setting January 14, 2005, as the general deadline to file proofs of claim and interest, with the exception that March 1, 2005 was fixed as the deadline to file proofs of claim and interest on behalf of any Governmental Unit, as defined in section 101(27) of the Bankruptcy Code. The Bankruptcy Court also authorized Techneglas to provide notice of the bar date by direct mail and publication and approved a bar date notice (the "Bar Date Notice") to be sent to all of Techneglas' known creditors. The Bar Date Notice notified creditors of the deadline for filing proofs of claim and interest and contained explicit instructions regarding who should file a proof of claim and the instructions for doing so. The Bar Date Notice was mailed on or about November 17, 2004. In addition, the Bar Date Notice was published on or about December 10, 2004, in the Columbus Daily Reporter, Toledo Blade, Wilkes-Barre Times, and the Wall Street Journal National and Global Editions.

(iii) Claims Objection Process

Techneglas is in the process of evaluating the proofs of claim to determine whether objections seeking the disallowance of some asserted Claims should be filed. Techneglas is reconciling the Claims listed in its Schedules with the Claims asserted in proofs of claim. Techneglas is also in the process of eliminating Claims that are duplicative or erroneous to ensure that only valid Claims are allowed by the Bankruptcy Court. If Techneglas objects to a proof of claim, the Bankruptcy Court will determine whether or not such Claim should be allowed. If Techneglas is successful in its objections, the total amount of its liabilities to be treated under the Plan will be decreased. If Techneglas does not object to a proof of claim, that Claim asserted therein will be deemed allowed and will be treated pursuant to the Plan. As appropriate, Techneglas may seek to negotiate and settle disputes as to proofs of claim as an alternative to filing objections to the proofs of claim.

(iv) Filed Claims Against Techneglas

As of March 1, 2005, the following types and number of proofs of claim appear to have been timely asserted against Techneglas:

Type of Claim	**Number of Claims**	**Total Claimed**
Administrative Expense Claims	6	$53,002.45
Priority Tax Claims	8	$2,058,736.88
Secured Claims	96	$2,205,197.78
Other Priority Claims	1814	$34,169,900.33
Union Priority Claims	6	$20,633,215.75
Other Unsecured Claims	1795	$200,134,775.75
PBGC Claims	12	$283,288,194.00

Techneglas believes that many of the Claims listed above are either (a) duplicative, (b) redundant, or (c) represent no liability on behalf of Techneglas and will be reduced or withdrawn in accordance with the Claims reconciliation process. Techneglas also believes that many of the Claims listed above may have been improperly classified.

In the event that a substantial number of such Claims are valid and are not reduced, compromised or withdrawn in accordance with Techneglas' claims reconciliation process, there can be no assurance that there will be sufficient available Cash to pay or provide for payment of such Claims in the manner described in the

Plan. In that event, it may be necessary for the Debtors to either propose a substantially different Plan, convert this Chapter 11 Case to a Chapter 7 liquidation or otherwise abandon or dismiss this Bankruptcy Case.

In addition, NEG holds approximately $300,420,000 in Claims against Techneglas which were included in the Techneglas Schedules, but for which NEG has not filed proofs of claim. The following is a summary of the nature and amount of the Claims held by NEG:

Nature of Claim	Date Incurred	Total Claimed
Unsecured promissory note for Techneglas refinancing of third party loans	December 2003	$60,160,550.46 (Y6,557,500,000 at exchange rate of 109Y/$)
Unsecured promissory note for Techneglas refinancing of third party loans	November 2003	$41,225,688.07 (Y4,493,600,000 at exchange rate of 109Y/$)
Unsecured promissory note for Techneglas refinancing of third party loans	November 2003	$41,000,000.00 (Y4,469,000,000 at exchange rate of 109Y/$)
Unsecured promissory note for Techneglas refinancing of third party loans	September 2003	$30,770,642.20 (Y3,354,000,000 at exchange rate of 109Y/$)
Interest due on unsecured promissory notes	Accrued over time	$371,854.60 (Y40,532,151 at exchange rate of 109Y/$)
Line of Credit Bank of Tokyo Mitsubishi guaranteed by NEG; claim assigned to NEG after NEG paid on the guarantee	May 2002 (Guarantee paid October 2004)	$31,349,000 (includes interest)
Letter of Credit guarantee for amounts paid to Worker's Compensation Bureau for the State of Pennsylvania	April 2004 (Guarantee paid Sept/Oct 2004)	$18,529,000 (includes interest)
Trade payables: finished goods, glass panels and projection tubes sold by NEG to Techneglas for use in the Techneglas both the manufacturing business and the distribution business	Varied time period as goods were purchased and sold	$75,786,711.35
Trade Payable: Rental expense for mold for various products made by NEG and rented by Techneglas		$168,910.34 (Y18,411,227 at exchange rate of 109Y/$)
Royalties due on goods manufactured per Technical Assistance Agreement	Accrued over time	$971,357.38
Overdue interest on trade payables	Accrued over time	$87,763.18

Techneglas estimates that there may have been up to approximately $17 million of preferential transfers to NEG for which NEG does not have a defense under section 547 of the Bankruptcy Code. However, as set forth in Article III.E of the Plan, Techneglas has reached a settlement with NEG that will provide Holders of Class 4A and Class 5A Claims with the opportunity to receive a significantly higher distribution under the Plan through the settlement with NEG, which includes the Optional Release. In

addition, through Article XV.G of the Plan, as part of such settlement, Techneglas has agreed, among other things, not to pursue any potential preference actions against NEG. It is the position of Techneglas that Holders of Class 4A and Class 5A Claims (and Holders of other Claims) will receive more under the Plan than such Holders would receive if Techneglas pursued any such action against NEG and did not have a settlement with NEG. Therefore, Techneglas has determined that the pursuit of such potential actions is not economically advantageous.

Moreover, Techneglas directed its professionals to investigate and analyze potential causes of action against NEG regarding the potential subordination of the NEG Claims. In connection with that investigation, Techneglas' professionals reviewed numerous loan documents, board minutes, audited financial statements, and correspondence between Techneglas and NEG regarding their vendor/vendee relationship from as far back as 1998. Interviews were also conducted of Techneglas' financial advisors and members of the Techneglas Board of Directors. At the conclusion of this investigation, Techneglas determined that it did not have any sustainable causes of action against NEG.

In addition, the OCUC has conducted informal discovery and has analyzed potential causes of action against both NEG and the Techneglas officers and directors, and has conveyed its position to Techneglas. After negotiating, Techneglas and the OCUC have reached agreement regarding a recovery for general unsecured creditors of Techneglas, and the OCUC is satisfied that such recovery is sufficient consideration for the Optional Release, after taking into account the risk, expense and delay of litigation.

2. NEG Ohio

(a) Administration of the Chapter 11 Case

Upon commencement of the Chapter 11 Cases, the Bankruptcy Court entered certain orders designed to minimize disruption of NEG Ohio's remaining business operations during the pendency of its Chapter 11 Case.

(b) Professional Retentions

On September 27, 2004, the Bankruptcy Court entered orders authorizing NEG Ohio to employ, among others: Morrison & Foerster LLP and Kegler, Brown, Hill & Ritter as counsel to NEG Ohio in its Chapter 11 Case. The Bankruptcy Court also authorized NEG Ohio to retain certain "ordinary course professionals" for postpetition services required in the ordinary course of NEG Ohio's business.

(c) Exclusivity

Pursuant to section 1121 of the Bankruptcy Code, (a) only a debtor may file a plan of reorganization during the 120-day period following the commencement of a Chapter 11 case (the "Exclusive Filing Period"); and (b) if the debtor files a plan of reorganization during the Exclusive Filing Period, only the debtor may solicit acceptances of such plan of reorganization and no other party may File a competing plan of reorganization during the 180-day period following the commencement of a Chapter 11 case (the "Exclusive Solicitation Period"). On request of a party in interest, the Bankruptcy Court, for cause, may increase the Exclusive Filing Period and/or the Exclusive Solicitation Period. By virtue of certain extensions approved by the Bankruptcy Court, NEG Ohio's Exclusive Filing Period and the Exclusive Solicitation Period currently expire on August 29, 2005 and October 28, 2005, respectively. NEG Ohio reserves the right to seek further extensions of its respective Exclusive Filing Period and Exclusive Solicitation Period.

(d) Loan to NEG Mexico

Because of the cessation of manufacturing operations resulting from the fire at the Mexicali facility, NEG Mexico terminated most of its employees. Mexico law requires substantial severance obligations to be paid to terminated employees. Because NEG Mexico's sole source of revenue was its income from its maquila operation for NEG Mexico, NEG Mexico did not have sufficient cash to pay its substantial severance obligations and other fire-related expenses.

On November 5, 2004, the Bankruptcy Court entered an order authorizing NEG Ohio to advance to NEG Mexico up to $500,000 to pay severance obligations and other fire-related expenses. The loan was secured by the insurance proceeds payable to NEG Mexico on account of the fire and by the land owned by NEG Mexico in Mexicali. The $500,000 advance was repaid, with interest, by NEG Mexico on January 6, 2005, and the liens were released.

(e) Claims

(i) Filing of Schedules of Liabilities

NEG Ohio filed its schedules of assets and liabilities and its statements of financial affairs (collectively, the "Schedules") with the Bankruptcy Court on September 16, 2004. A supplement to the Schedules was filed on May 10, 2005.

(ii) Bar Date for Filing Proofs of Claim

On March 11, 2005, the Bankruptcy Court entered a Bar Date Order setting May 27, 2005, as the general deadline to file all proofs of Claim and Interest against NEG Ohio. The Bankruptcy Court also authorized NEG Ohio to provide its Bar Date Notice to be sent to all of NEG Ohio's known creditors (along with general proof of Claim forms). The Bar Date Notice notified creditors of the deadline for filing proofs of Claim and interest and contained explicit instructions regarding who should file a proof of Claim and the instructions for doing so. The Bar Date Notice was mailed on or about March 14, 2005.

(iii) Claims Filed Against NEG Ohio

Very few proofs of Claim were filed against NEG Ohio. With the exception of Claims filed by PBGC, which duplicated claims filed by PBGC against Techneglas and NEG America, only one proof of Claim was filed against NEG Ohio for an amount that differed from the amount NEG Ohio listed in its Schedules for that creditor, and NEG Ohio expects to resolve that claim by agreement.

3. NEG America

(a) Administration of the Chapter 11 Case

Upon commencement of the Chapter 11 Cases, the Bankruptcy Court entered certain orders designed to minimize disruption of NEG America's remaining business operations during the pendency of its Chapter 11 Case.

(b) The Official Committee of Unsecured Creditors

The United States Trustee has deemed it unnecessary to appoint a committee of creditors holding unsecured claims and/or a committee of equity security holders in the NEG America bankruptcy case.

(c) Professional Retentions

On September 27, 2004, the Bankruptcy Court entered orders authorizing NEG America, effective nunc pro tunc to September 1, 2004, to employ, among others: (a) Hahn Loeser & Parks LLP as counsel to NEG America in these Chapter 11 Cases; and (b) Masuda Funai Eifert & Mitchell, Ltd. as special counsel to NEG America in these Chapter 11 Cases. On March 8, 2005, the Bankruptcy Court entered an order authorizing NEG America to employ (a) PricewaterhouseCoopers, LLP; and (b) KMPG, LLP as accounting firms retained in the ordinary course of business.

(d) Business Operations

NEG America continues to operate its various businesses in the ordinary course as described in section III.B.3. of this Disclosure Statement. NEG America has timely filed its monthly operating reports with the court since the commencement of its bankruptcy case. These monthly operating reports are available for review by contacting the Bankruptcy Court or NEG America's counsel.

(i) Payment of Certain Critical Trade Vendors and Service Providers

Pursuant to a Bankruptcy Court order [Docket No. 47] dated September 24, 2004, NEG America was authorized to pay certain prepetition unsecured debt in the aggregate amount of approximately $1,954,268.73 due and owing to certain trade vendors and service providers, including but not limited to Fujimi Corporation and Hess-Pumice Products. NEG America sought this relief to avoid disruptions to its customers and its affiliates' respective businesses that could immediately and irreparably impair their ability to operate and thereby undermine the value available for NEG America's creditors.

(ii) Assumption and Modification of Nonresidential Real Property Leases

On November 9, 2004, NEG America obtained approval from the Bankruptcy Court [Docket No. 77] to assume and modify its nonresidential real property lease agreement for NEG America's office space located at 650 E. Devon Avenue, Suite 110, Itasca, Illinois. Under the terms of the modified lease agreement, the lease term was extended for five (5) years and three (3) months with an option for NEG America to terminate the Lease Agreement after three (3) years; a decrease in rental rate from $12.75 per square foot to $11.00 per square foot escalating $0.50 per annum; and rent abatement from the first six (6) months of the term, equal to a saving of $28,754.00.

Currently pending before the Bankruptcy Court is NEG America's Motion to assume and modify its nonresidential real property lease agreement relating to certain office space located at 2604 West Marshall Drive, Suite 102, Grand Prairie, Tarrant County, Texas. If authorized to assume and modify the lease agreement, NEG America will extend the current lease for one year until July 31, 2006, with an option for

NEG America to renew the lease for one additional year by providing notice at least ninety (90) days prior to July 31, 2006, and continue the existing rental rate of $1,350.00 per month.

(e) Exclusivity

Pursuant to section 1121 of the Bankruptcy Code, (a) only a debtor may file a plan of reorganization during the 120-day period following the commencement of a Chapter 11 case (the "Exclusive Filing Period"); and (b) if the debtor files a plan of reorganization during the Exclusive Filing Period, only the debtor may solicit acceptances of such plan of reorganization and no other party may File a competing plan of reorganization during the 180-day period following the commencement of a Chapter 11 case (the "Exclusive Solicitation Period"). On request of a party in interest, the Bankruptcy Court, for cause, may increase the Exclusive Filing Period and/or the Exclusive Solicitation Period. By virtue of certain extensions approved by the Bankruptcy Court, NEG America's Exclusive Filing Period and the Exclusive Solicitation Period currently expire on August 27, 2005 and October 26, 2005, respectively. NEG America reserves the right to seek further extensions of its respective Exclusive Filing Period and Exclusive Solicitation Period.

(f) Claims

(i) Filing of Schedules of Liabilities

On September 1, 2004, NEG America requested, and the Bankruptcy Court granted, an extension of time in which to file its schedules with the Bankruptcy Court. On September 30, 2004, NEG America filed its Schedules with the Bankruptcy Court.

(ii) Bar Date for Filing Proofs of Claim

On March 8, 2005, the Bankruptcy Court entered a Bar Date Order setting May 27, 2005, as the general deadline to file all proofs of Claim and Interest. The Bankruptcy Court also authorized NEG America to provide its Bar Date Notice to be sent to all of NEG America's known creditors (along with general proof of Claim forms). The Bar Date Notice notified creditors of the deadline for filing proofs of Claim and interest and contained explicit instructions regarding who should file a proof of Claim and the instructions for doing so. The Bar Date Notice was mailed on or about March 10, 2005. In addition, the Bar Date Notice was published on or about March 23, 2005.

(iii) Claims Objection Process

NEG America is in the process of evaluating the proofs of claim to determine whether objections seeking the disallowance of some asserted Claims should be filed. NEG America is reconciling the Claims listed in its Schedules with the Claims asserted in proofs of claim. NEG America is also in the process of eliminating Claims that are duplicative or erroneous to ensure that only valid Claims are allowed by the Bankruptcy Court. If NEG America objects to a proof of claim, the Bankruptcy Court will determine whether or not such Claim should be allowed. If NEG America is successful in its objections, the total amount of its liabilities to be treated under the Plan will be decreased. If NEG America does not object to a proof of claim, that Claim asserted therein will be deemed allowed and will be treated pursuant to the Plan. As appropriate, NEG America may seek to negotiate and settle disputes as to proofs of claim as an alternative to filing objections to the proofs of claim.

(iv) Filed Claims

As of June 2, 2005, the following types and number of proofs of claims appear to have been timely asserted against NEG America:

Type of Claim	Number of Proofs of Claims	Total Claimed[8]
Administrative Expense Claims	-0-	N/A
Priority Tax Claims	11	-0-
Secured Claims	-0-	N/A
Other Priority Claims	-0-	-0-
Other Unsecured Claims	28	$1,044,547.00
PBGC Claims	6	-0-

NEG America believes that many of the Claims listed above are either (a) duplicative, (b) redundant, or (c) represent no liability on behalf of NEG America and will be reduced or withdrawn in accordance with the Claims reconciliation process. NEG America also believes that many of the Claims listed above may have been improperly classified.

In the event a substantial number of such Claims are valid and are not reduced, compromised or withdrawn in accordance with NEG America's Claims reconciliation process, there can be no assurance that there will be sufficient available Cash to pay or provide for payment of such Claims in the manner described in the Plan. In that event, it may be necessary for the Debtors to either convert this Chapter 11 Case to a Chapter 7 liquidation or otherwise abandon or dismiss this Bankruptcy Case.

ARTICLE V.
THE FIRST AMENDED PLAN OF REORGANIZATION

The following is a description of the terms of the Plan. Essentially, the Plan consists of five components. First, it provides Techneglas with the option of creating a Post Confirmation Entity for funding distributions to Techneglas Non-NEG Creditors, or with liquidating its assets through Reorganized Techneglas. Pursuant to a Post Confirmation Entity Agreement, if a Post Confirmation Entity is established a Post Confirmation Trustee will be charged with managing the Post Confirmation Entity, into which Techneglas will transfer all of the Post Confirmation Assets. The Post Confirmation Entity will fund distributions pursuant to the Plan to Techneglas Non-NEG Creditors. Upon liquidation of the Post Confirmation Assets and subsequent distribution of the proceeds of such liquidation and all remaining assets to the Techneglas Non-NEG Creditors and NEG Distribution NewCo, respectively, the Post Confirmation Entity will terminate.

The second component of the Plan is the establishment of NEG Distribution NewCo, in the discretion of Techneglas, which if established, will constitute an ongoing business, wholly owned by NEG, that will (a) receive the Distribution Assets, and (b) except as otherwise provided in the Plan, receive all of the assets that remain in the Post Confirmation Entity following the Post Confirmation Entity's distributions to Techneglas Non-NEG Creditors; provided, however, in the event that there are no assets that are Distribution Assets all assets that would otherwise be distributed to NEG Distribution NewCo shall be distributed to NEG. Only upon reaching a global settlement with the PBGC, to include the release of NEG and certain of its affiliate entities (as more fully described in the Plan in Article III.E), would NEG be willing to continue the distribution of its glass component products to the United States through NEG Distribution NewCo. Otherwise, Techneglas may find it appropriate to liquidate all of its assets. Additionally, if NEG Distribution NewCo is established it will receive all of the assets that remain in the Post Confirmation Entity following the Post

[8] NEG America has not yet completed its reconciliation of proofs of claim with scheduled claim amounts. Accordingly, this category represents the scheduled claim amounts.

Confirmation Entity's distributions to Techneglas Non-NEG Creditors. The management and corporate governance of NEG Distribution NewCo will be consistent with the management of Techneglas prior to and during its Chapter 11 case.

The Plan's third component is the creation of a Real Estate Entity, to which Techneglas will transfer the Real Estate Assets, which include real estate assets that have not sold as of the Effective Date and that may potentially be subject to environmental liability. The Real Estate Entity will be funded with cash from Techneglas. Pursuant to the Real Estate Entity Agreement, a Real Estate Trustee will be appointed to manage the Real Estate Entity. The Real Estate Trustee will be responsible for managing the Real Estate Entity, which responsibility includes determining how to best use and ultimately dispose of the Real Estate Assets and handling any and all litigation related to the Real Estate Assets. The Real Estate Entity will hold the rights of Techneglas in the Owens-Illinois Indemnity with respect to any potential environmental liability incurred on account of the Real Estate Assets. The Real Estate Entity will use the funds received from the use and disposition of the Real Estate Assets to fund any liabilities, whether environmental or otherwise, incurred on account of the Real Estate Assets. In the event that the Real Estate Entity contains any residual interest following the disposition of the Real Estate Assets and payment of any liabilities on account of the Real Estate Assets, such residual interest will be distributed to the Post Confirmation Entity. Subsequent to liquidation of the Real Estate Assets and disposition of the proceeds of such liquidation, the Real Estate Entity will terminate.

The Plan's fourth and fifth components are the reorganization of NEG Ohio and NEG America and the continuation of their businesses. Reorganized NEG Ohio will fund distributions to all NEG Ohio Creditors, and Reorganized NEG America will fund distributions to all NEG America Creditors. The management and corporate governance of Reorganized NEG America and Reorganized NEG Ohio will be consistent with their respective management prior to and during their respective Chapter 11 cases, however, the capital structure shall be as set forth in detail in the Plan.

The Plan has been filed by the Debtors jointly, however, the Debtors are not seeking to substantively consolidate their estates under section 105 of the Bankruptcy Code and applicable bankruptcy law. Each of the Debtors analyzed the possibility of substantive consolidation and concluded that substantive consolidation would not be appropriate in these Chapter 11 Cases.

THE PLAN IS ANNEXED HERETO AS "EXHIBIT A" AND IS AN INTEGRAL PART OF THIS DISCLOSURE STATEMENT. THE SUMMARY OF THE PLAN SET FORTH HEREIN IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE FULL TEXT OF THE PLAN. IN THE EVENT OF ANY INCONSISTENCY BETWEEN THE PROVISIONS OF THE PLAN AND THE SUMMARY CONTAINED HEREIN, THE TERMS OF THE PLAN SHALL GOVERN.

A. PROVISIONS FOR PAYMENT OF UNCLASSIFIED TECHNEGLAS DEBTOR IN POSSESSION FINANCING, ADMINISTRATIVE EXPENSE CLAIMS, AND PRIORITY TAX CLAIMS.

The following is a general description of the treatment of and payment to Holders of Allowed Unclassified Claims (i.e., DIP Facility Claims, Administrative Expense Claims and Priority Claims) under the Plan. Please review the Plan (which is controlling in all respects) for the exact nature of this treatment and payment.

1. DIP Facility Claims

In full satisfaction, settlement, release, and discharge of and in exchange for DIP Facility Claims, unless the Holder of such Claim and Techneglas agree to a different treatment, each Holder of a DIP Facility Claim shall be paid in full in Cash by Techneglas on the Effective Date or such other date as agreed upon by Techneglas and such Holder of the Allowed DIP Facility Claim.

2. Administrative Expense Claims

Subject to sections 330(a), 331, and 503 of the Bankruptcy Code, each Holder of an Allowed Administrative Expense Claim shall be paid the Allowed Amount of its Administrative Expense Claim either (a) in full, in cash, by the respective Reorganized Entity, on the Effective Date or as soon as practicable thereafter, or (b) upon such other less favorable terms as may be mutually agreed upon between the Holder of an Allowed Administrative Expense Claim and the Reorganized Entity, or otherwise established pursuant to an order of the Bankruptcy Court; provided that (a) Administrative Expense Claims representing liabilities incurred in the ordinary course of business by any of the respective Debtors in Possession on or after the Petition Date or assumed by any of the respective Debtors in Possession pursuant to the Plan or an order of the Bankruptcy Court shall be paid by the respective Reorganized Entity in accordance with the terms and conditions of the particular transactions and any agreements relating thereto or any order of the Bankruptcy Court, and (b) Allowed Administrative Expense Claims of Professionals shall be paid pursuant to order of the Bankruptcy Court.

All final applications for compensation of Professionals for services rendered and for reimbursement of expenses incurred on or before the Confirmation Date, and any other request for compensation by any Entity for making a substantial contribution (as described in section 503(b)(3)(D) of the Bankruptcy Code) in the Chapter 11 Cases (except only for Claims under 28 U.S.C. § 1930 and for fees incurred by the Clerk's Office), shall be Filed no later than thirty days after the Effective Date. Any Professional or Entity with a Claim for payment of such an Administrative Expense Claim that does not File an application for payment of such Claim or expenses by the deadline set forth herein shall be forever barred from asserting such Claim and shall receive no distribution under the Plan or otherwise on account of such Claim.

3. Priority Tax Claims

Each Holder of an Allowed Priority Tax Claim shall be paid the Allowed Amount of its Priority Tax Claim, at the option of the respective Reorganized Debtor, either (a) in full, in cash, by such Reorganized Debtor, on the Effective Date or as soon as practicable thereafter, or (b) upon such other less favorable terms as may be mutually agreed upon between the Holder of an Allowed Priority Tax Claim and the respective Reorganized Entity, or (c) in equal quarterly cash payments on the Initial Distribution Date and, thereafter, on each Quarterly Tax Distribution Date in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest at 4.0% per annum, over a period not exceeding six (6) years after the date of assessment of such Allowed Priority Tax Claim, or upon such other terms determined by the Bankruptcy Court, which will provide the Holder of such Allowed Priority Tax Claim deferred cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim.

B. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN.

The Plan provides for the classification of Claims and Interests and differing treatment of such Claims and Interests according to, among other things, the priorities associated with such Claims and Interests. The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, Confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. A Claim or Interest shall be deemed classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Interest qualifies within the description of such different Class. A Claim or Interest is in a particular Class only to the extent that such Claim or Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

1. Techneglas

The Plan divides the Claims against, and the Interests in, Techneglas into the following classes:

Class 1A	--	Secured Claims
Class 2A	--	Other Priority Claims
Class 3A	--	Union Priority Claims
Class 4A	--	Other Unsecured Claims
Class 5A	--	PBGC Claims
Class 6A	--	NEG Claims and NEG Interests

The following is a description of the treatment of Allowed Claims in each Class set forth in the Plan:

(a) Secured Claims (Class 1A) - Unimpaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Secured Claim (Class 1A), each Holder of such Claim will receive one of the following distributions as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim: (a) the payment of such Holder's Allowed Secured Claim in full in Cash; (b) the surrender to the Holder of any Allowed Secured Claim of the property securing such Claim; or (c) treatment in any other manner so that such Claim shall otherwise be unimpaired pursuant to section 1124 of the Bankruptcy Code. The manner and treatment of each Allowed Secured Claim shall be determined by Techneglas and/or the Post Confirmation Trustee, as applicable, in its sole and absolute discretion.

The Plan provides that each Holder of a Class 1A Claim is deemed to accept the Plan. Therefore, Holders of Class 1A Claims are not entitled to vote.

(b) Other Priority Claims (Class 2A) - Unimpaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Other Priority Claim (Class 2A), each Holder of such Claim will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim, either: (a) in full; or (b) in any other manner so that such Claim shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

Under the Plan, each Holder of a Class 2A Claim is deemed to accept the Plan. Therefore, Holders of Class 2A Claims are not entitled to vote.

(c) Union Priority Claims (Class 3A) - Impaired

The Plan provides that in full satisfaction, settlement, release, and discharge of the Union Claims, the Union Claims (Class 3A) will be paid as soon as reasonably practicable after the Effective Date in accordance with the MOUs and the MOU Orders.

Under the Plan, each Holder of a Class 3A Claim is entitled to vote on the Plan.

(d) Other Unsecured Claims (Class 4A) - Impaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Other Unsecured Claim (Class 4A), each Holder of such Claim that (a) does not choose to opt-out of the Optional Release, or (b) fails to submit a Ballot and is therefore deemed to have accepted the Optional Release, will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim a distribution of Cash in the following amount not to exceed 100% of such Allowed Claim:

(i) 63.5% of such Allowed Claim; plus

(ii) 3.5% of such Allowed Claim, if the Plan is confirmed prior to September 15, 2005 or if there is an order entered prior to September 15, 2005, in the Techneglas Chapter 11 Case (that has not been stayed) authorizing the contribution of $17,000,000 into the Hourly Plan or the payment of such amount to the PBGC; plus

(iii) if the total amount of Other Unsecured Claim (Class 4A) Allowed Claims is less than $23,630,000, (a) the difference between $23,630,000 and the total amount of Other Unsecured Claim (Class 4A) Allowed Claims~~;~~**,** multiplied by (b) the percentage of ~~Holders~~**the dollar amount** of Other Unsecured (Class 4A) Allowed Claims ~~that are~~**held by** Third Party Claimants~~;~~**,** multiplied by (c) 63.5% if the condition~~s~~ of subparagraph (ii) above ha~~ve~~**s** not been satisfied, and 67% if such condition~~s~~ ha~~ve~~**s** been satisfied.

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Other Unsecured Claim (Class 4A), each Holder of such Claim that chooses to opt-out of the Optional Release will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim a distribution of Cash that amounts to 31% of such Allowed Claim.

For example, a Holder of an Other Unsecured (Class 4A) Allowed Claim in the amount of $100.00 who is a Third Party Claimant because such Holder (a) does not choose to opt-out of the Optional Release, or (b) fails to submit a Ballot and is therefore deemed to have accepted the Optional Release, would receive at least $63.50 under the Plan and possibly as much as $100.00 if the total amount of Other Unsecured (Class 4A) Allowed Claims is less than a certain amount. In contrast, a Holder of an Other Unsecured (Class 4A) Allowed Claim for $100.00 who chooses to opt-out of the Optional Release would receive $31.00 under the Plan.

Under the Plan, each Holder of a Class 4A Claim is entitled to vote on the Plan.

(e) PBGC Claims (Class 5A) - Impaired

The Plan provides that, in full satisfaction, settlement, release, and discharge of and in exchange for each and every PBGC Claim (Class 5A), if the PBGC votes to accept the Plan and does not choose to opt-out of the PBGC Release**,** then the PBGC will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim a distribution of Cash that amounts to 100% of $~~__________ million~~**34,530,000** in total minus any amounts received by the PBGC **or contributed to the Hourly Plan** pursuant to any Court order entered prior to the Distribution Date. The entire $~~__________ million~~**34,530,000** shall be allocated among the Debtors as follows: (a) by Techneglas, $~~__________~~**23,135,100**; (b) by NEG Ohio, $~~__________~~**6,591,627**; and (c) by NEG America, $~~__________.~~**4,803,273.** All amounts paid by Techneglas to the PBGC **or contributed to the Hourly Plan** pursuant to any Court order entered prior to the Distribution Date shall be offset against amounts owed to the PBGC by Techneglas after calculating such allocation.

The Plan provides that, in full satisfaction, settlement, release, and discharge of and in exchange for each and every PBGC Claim (Class 5A), if the PBGC chooses to opt-out of the PBGC Release or votes to reject the Plan, then the PBGC will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim, a distribution of Cash that amounts to 100% of $16.9 million in total, to be allocated among each of the Debtors based on the ratio of such Debtor's Allowed Other Unsecured Claims and Allowed NEG Claims to the combined aggregate of the Allowed Other Unsecured Claims and Allowed NEG Claims of the three Debtors' estates.

Under the Plan, the PBGC is also entitled to distributions as a Holder of Class 4B and 4C Claims. The PBGC as a Holder of a Class 5A Claim is entitled to vote on the Plan.

(f) NEG Claims and NEG Interests (Class 6A) - Impaired

The Plan provides that, in full satisfaction, settlement, release, and discharge of and in exchange for each and every NEG Claim and NEG Interest on the later of the Effective Date or as soon as reasonably practicable thereafter, NEG will receive either (a) a distribution of 100% of the equity of NEG Distribution NewCo, any residual assets remaining in the Post Confirmation Entity, and any residual assets remaining in the Real Estate Entity if there is no Post Confirmation Entity, or (b) all assets of Reorganized Techneglas, if any, (except those assets distributed to Non-NEG Creditors), any residual assets remaining in the Post Confirmation Entity, and any residual assets remaining in the Real Estate Entity if there is no Post Confirmation Entity.

It is intended that any distribution of equity of NEG Distribution NewCo shall be in respect of stock or securities of Techneglas. The NEG Claims will be deemed merged into the NEG Interests to the extent necessary to give effect to the intent expressed in the preceding sentence. NEG has the option to take further steps to give effect to this intent.

Under the Plan, each Holder of a Class 6A Claim is entitled to vote on the Plan.

2. NEG Ohio

The Plan divides the Claims against, and the Interests in, NEG Ohio into the following classes:

Class 1B -- Secured Claims
Class 2B -- Other Priority Claims
Class 3B -- Other Unsecured Claims
Class 4B -- PBGC Claims
Class 5B -- NEG Claims
Class 6B -- Sumitomo Interests
Class 7B -- NEG Interests

The following is a description of the treatment of Allowed Claims in each Class set forth in the Plan:

(a) Secured Claims (Class 1B) - Unimpaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Secured Claim (Class 1B), each Holder of such Claim will receive one of the following distributions as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim: (a) the Allowed Class 1B Claim shall be reinstated as an obligation of Reorganized NEG Ohio; (b) the payment of such Holder's Allowed Secured Claim in full in Cash; (c) the surrender to the Holder of any Allowed Secured Claim of the property securing such Claim; or (d) treatment in any other manner so that such Claim shall otherwise be unimpaired pursuant to section 1124 of the Bankruptcy Code. The manner and treatment of each Allowed Secured Claim shall be determined by NEG Ohio and/or Reorganized NEG Ohio, as applicable, in its sole and absolute discretion.

The Plan provides that each Holder of a Class 1B Claim is deemed to accept the Plan. Therefore, Holders of Class 1B Claims are not entitled to vote.

(b) Other Priority Claims (Class 2B) - Unimpaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Other Priority Claim (Class 2B), each Holder of such Claim will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim, either: (a) in full; or (b) in any other manner so that such Claim shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

Under the Plan, each Holder of a Class 2B Claim is deemed to accept the Plan. Therefore, Holders of Class 2B Claims are not entitled to vote.

(c) Other Unsecured Claims (Class 3B) - Impaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Other Unsecured Claim (Class 3B), each Holder of an Other Unsecured Claim (Class 3B), will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim, a distribution in the amount of 100% of the face value of such Allowed Claim without interest, penalties or other charges in the following manner at NEG Ohio's discretion: (a) first by offset of any claims of NEG Ohio against the Holder of the Other Unsecured Claim; and/or (b) the balance in Cash.

Under the Plan, each Holder of a Class 3B Claim is entitled to vote on the Plan.

(d) PBGC Claims (Class 4B) - Impaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every PBGC Claim (Class 4B), each Holder of a PBGC Claim (Class 4B), will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim, a distribution of Cash in accordance with Article III.B.1(e) of this Disclosure Statement.

Under the Plan, the PBGC is also entitled to distributions as a Holder of Class 5A and 4C Claims. The PBGC as a Holder of a Class 4B Claim is entitled to vote on the Plan.

(e) NEG Claims (Class 5B) - Impaired

The Plan provides that, in full satisfaction, settlement, release, and discharge of and in exchange for the NEG Claims (Class 5B), NEG will be paid as soon as reasonably practicable after the Effective Date a distribution in the amount of $**1,018,627** without interest, penalties or other charges, in the following manner at NEG Ohio's discretion: (a) first by offset of any Claims of NEG Ohio against the Holder of the Class 5B Claim, and/or (b) the balance in Cash.

Under the Plan, each Holder of a Class 5B Claim is entitled to vote on the Plan.

(f) Sumitomo Interests (Class 6B) - Unimpaired

The Plan provides that, on the Effective Date, the Holders of the Sumitomo Interests (Class 6B), including preferred shares, common shares, and/or other forms of equity security or other interests, shall retain their Interests in Reorganized NEG Ohio.

The Plan provides that each Holder of a Class 6B Interest is deemed to accept the Plan. Therefore, Holders of Class 6B Interests are not entitled to vote.

(g) NEG Interests (Class 7B) - Unimpaired

The Plan provides that, on the Effective Date, the Holder of the NEG Interests (Class 7B), including preferred shares, common shares, and/or other forms of equity security or other interests, shall retain its Interests in Reorganized NEG Ohio.

The Plan provides that each Holder of a Class 7B Interest is deemed to accept the Plan. Therefore, Holders of Class 7B Interests are not entitled to vote.

3. NEG America

The Plan divides the Claims against, and the Interests in, NEG America into the following classes:

Class 1C	--	Secured Claims
Class 2C	--	Other Priority Claims
Class 3C	--	Other Unsecured Claims
Class 4C	--	PBGC Claims
Class 5C	--	NEG Claims
Class 6C	--	NEG Interests

The following is a description of the treatment of Allowed Claims in each Class set forth in the Plan:

(a) Secured Claims (Class 1C) - Unimpaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Secured Claim (Class 1C), each Holder of such Claim will receive one of the following distributions as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim: (a) the Allowed Class 1C Claim shall be reinstated as an obligation of Reorganized NEG America; (b) the payment of such Holder's Allowed Secured Claim in full in Cash; (c) the surrender to the Holder of any Allowed Secured Claim of the property securing such Claim; or (d) treatment in any other manner so that such Claim shall otherwise be unimpaired pursuant to section 1124 of the Bankruptcy Code. The manner and treatment of each Allowed Secured Claim shall be determined by NEG America and/or Reorganized NEG America, as applicable, in its sole and absolute discretion.

The Plan provides that each Holder of a Class 1C Claim is deemed to accept the Plan. Therefore, Holders of Class 1C Claims are not entitled to vote.

(b) Other Priority Claims (Class 2C) - Unimpaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Other Priority Claim (Class 2C), each Holder of such Claim will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim, either: (a) in full; or (b) in any other manner so that such Claim shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

Under the Plan, each Holder of a Class 2C Claim is deemed to accept the Plan. Therefore, Holders of Class 2C Claims are not entitled to vote.

(c) Other Unsecured Claims (Class 3C) - Impaired

The Plan provides that in full satisfaction, settlement, release, and discharge of and in exchange for each and every Other Unsecured Claim (Class 3C), each Holder of an Other Unsecured Claim (Class 3C), will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final

36

Order by which such claim becomes an Allowed Claim, a distribution of 100% of the face value of such Allowed Claim without interest, penalties or other charges, in the following manner at NEG America's discretion: (a) first by offset of any Claims of NEG America against the Holder of the Other Unsecured Claim; and/or (b) the balance in Cash.

Under the Plan, each Holder of a Class 3C Claim is entitled to vote on the Plan.

(d) PBGC Claims (Class 4C) - Impaired

In full satisfaction, settlement, release, and discharge of and in exchange for each and every PBGC Claim (Class 4C), each Holder of a PBGC Claim (Class 4C), will be paid as soon as reasonably practicable after the later of the Effective Date or the date of the entry of a Final Order by which such claim becomes an Allowed Claim, a distribution of Cash in accordance with Article III.B.1(e) of this Disclosure Statement.

Under the Plan, the PBGC is also entitled to distributions as a Holder of Class 5A and 4B Claims. The PBGC as a Holder of a Class 4C Claim is entitled to vote on the Plan.

(e) NEG Claims (Class 5C) -- Impaired

The Plan provides that, in full satisfaction, settlement, release, and discharge of and in exchange for the NEG Claims (Class 5C), NEG will be paid as soon as reasonably practicable after the Effective Date, a distribution in the amount of $~~________~~**742,082** without interest, penalties, or other charges, in the following manner at NEG America's discretion: (a) first by offset of any claims of NEG America against NEG; and/or (b) the balance in Cash.

Under the Plan, each Holder of a Class 5C Claim is entitled to vote on the Plan.

(f) NEG Interests (Class 6C) -- Unimpaired

The Plan provides that, on the Effective Date, the Holder of the NEG Interests (Class 6C), including preferred shares, common shares, and/or other forms of equity security or other interests, shall retain its Interests in Reorganized NEG America.

Under the Plan, each Holder of a Class 6C Interest is deemed to accept the Plan. Therefore, Holders of Class 6C Interests are not entitled to vote.

C. RELEASE OF NEG AND SETTLEMENT OF NEG CLAIMS AGAINST TECHNEGLAS, INC.

1. Settlement of Claims Against NEG

Pursuant to section 1123(b)(3)(A) of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan constitutes an application for approval of a compromise and settlement of any and all claims and causes of action of the Debtors and any Third Party Claimant against the Released Parties.

The Plan provides that each Holder of a Class 4A or Class 5A Claim will have the opportunity to choose to opt-out of the Optional Release or PBGC Release, as applicable, set forth in Article III.E of the Plan. Each Ballot for each Holder of a Class 4A or Class 5A Claim shall provide such Holder with the option to opt-out of the Optional Release or PBGC Release, as applicable, and to receive a lower percentage distribution on account of its Claim as set forth in Article III.B.4 and Article III.B.5 of the Plan. An individual Holder of a Class 4A or Class 5A Claim that chooses to opt-out of the Optional Release or PBGC Release, as applicable, shall preserve its right to pursue any claims on behalf of itself that it believes it has against the Released Parties regardless of whether the other members of Class 4A

37

or Class 5A elect or do not elect to opt-out of the Optional Release or PBGC Release, as applicable, or fail to submit a Ballot and are therefore deemed to have accepted the Optional Release or PBGC Release, as applicable, and regardless of whether Class 4A or Class 5A accept or reject the Plan. The Debtors believe that this process will provide each Holder of a Class 4A or Class 5A Claim with an avenue to preserve its own rights in the event that such Holder believes that it has an individual claims against any of the Released Parties, and as such the Optional Release or PBGC Release, as applicable, differs from that discussed by the Sixth Circuit in *In re Dow Corning*, 280 F.3d 648 (6th Cir. 2002).

As set forth in Article XV.G of the Plan and further described in Article V.E.11 herein, the Plan includes a mutual release among the Released Parties of all claims, obligations, suits, judgments, demands, debts, rights, causes of action and liabilities, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise against any of the Released Parties, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Chapter 11 Cases or the Plan, subject to certain exceptions set forth in Article XV.G of the Plan and further described in Article V.D.11 herein.

2. Optional Release of NEG in the Techneglas Chapter 11 Case

THE PLAN PROVIDES THAT ON THE EFFECTIVE DATE, THE THIRD PARTY CLAIMANTS UNCONDITIONALLY AND IRREVOCABLY RELEASE THE RELEASED PARTIES FROM ANY AND ALL DIRECT, INDIRECT OR DERIVATIVE CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, RIGHTS, CAUSES OF ACTION, LIABILITIES, CLAIMS OR RIGHTS OF CONTRIBUTION AND INDEMNIFICATION, AND ALL OTHER CONTROVERSIES OF EVERY TYPE, KIND, NATURE, DESCRIPTION OR CHARACTER WHATSOEVER, WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THEN EXISTING OR THEREAFTER ARISING, IN LAW, EQUITY OR OTHERWISE THAT ARE BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, EVENT OR OTHER OCCURRENCE TAKING PLACE FROM THE BEGINNING OF THE WORLD TO THE EFFECTIVE DATE ARISING FROM OR RELATING IN ANY WAY, DIRECTLY OR INDIRECTLY, TO ANY OF THE DEBTORS, THEIR ASSETS, OPERATIONS OR LIABILITIES, THE CHAPTER 11 CASES, THE PLAN, OR THE DISCLOSURE STATEMENT; PROVIDED, HOWEVER, THAT THE THIRD PARTY CLAIMANTS SHALL NOT BE DEEMED TO HAVE RELEASED ANY RIGHTS TO ENFORCE THE TERMS OF THE PLAN OR THEIR RIGHTS TO DISTRIBUTIONS THEREUNDER. BY RETURNING A BALLOT WITHOUT CHECKING THE BOX TO OPT- OUT OF THE OPTIONAL RELEASE OR FAILING TO RETURN A BALLOT, THE THIRD PARTY CLAIMANTS CONSENT TO AND GRANT THIS RELEASE AND ACKNOWLEDGE THAT THEY MAY HAVE CLAIMS OR LOSSES OF WHICH THEY ARE NOT CURRENTLY AWARE, OR THEY MAY HAVE UNDERESTIMATED. THE CONSIDERATION FOR THE RELEASES WAS GIVEN IN PART IN EXCHANGE FOR THE RELEASE OF SUCH CLAIMS.

UNDER THE PLAN, THE CONFIRMATION ORDER SHALL SPECIFICALLY PROVIDE FOR THE FOREGOING RELEASES, OTHER THAN ANY CLAIM OF A THIRD PARTY CLAIMANT BASED UPON AN EXPRESS WRITTEN GUARANTEE BY NEG IN FAVOR OF A THIRD PARTY CLAIMANT.

THE PLAN FURTHER PROVIDES THAT ON THE EFFECTIVE DATE, THE THIRD PARTY CLAIMANTS SHALL BE PERMANENTLY ENJOINED FROM COMMENCING, CONDUCTING OR CONTINUING IN ANY MANNER, DIRECTLY OR INDIRECTLY, ANY SUIT, ACTION OR OTHER PROCEEDING OF ANY KIND, ASSERTING ANY SETOFF, RIGHT OF SUBROGATION, CONTRIBUTION, INDEMNIFICATION OR RECOUPMENT OF ANY KIND,

DIRECTLY OR INDIRECTLY, OR PROCEEDING IN ANY MANNER IN ANY PLACE INCONSISTENT WITH THE RELEASES GRANTED TO THE RELEASED PARTIES PURSUANT TO THE PLAN. THE CONFIRMATION ORDER SHALL SPECIFICALLY PROVIDE FOR SUCH INJUNCTION.

3. PBGC Release

~~**[To be Inserted]**~~

THE PLAN PROVIDES THAT THE PBGC AGREES TO FULLY, FINALLY, COMPLETELY, AND FOREVER RELEASE ANY PURPORTED LIENS, LIABILITIES, CLAIMS, OR ACTIONS, WHICH THE PBGC HAS OR COULD HAVE ASSERTED, AGAINST EITHER OR BOTH OF THE PENSION PLANS, ANY OR ALL MEMBERS OF THE CONTROLLED GROUP, OR ANY OR ALL OF THE DIRECTORS, OFFICERS, FIDUCIARIES, EMPLOYEES, JOINT VENTURERS, PARTNERS, AFFILIATES, CREDITORS, AGENTS, ATTORNEYS, ACTUARIES, OR SUCCESSORS IN INTEREST OF EITHER OR BOTH OF THE PENSION PLANS, OR OF ANY OR ALL MEMBERS OF THE CONTROLLED GROUP, TO THE BROADEST EXTENT POSSIBLE UNDER APPLICABLE LAW, SUCH RELEASES TO TAKE EFFECT (I) WITH RESPECT TO THE HOURLY PLAN, WHEN THE DEBTORS HAVE PAID THE SETTLEMENT AMOUNT IN ACCORDANCE WITH PARAGRAPH 2(A) OF THE PBGC MOU AND (II) WITH RESPECT TO THE SALARY PLAN, WHEN TECHNEGLAS HAS FUNDED $25 MILLION INTO THE RESERVE FUND OR ESCROW ACCOUNT IN ACCORDANCE WITH PARAGRAPH 2(C) OF THE PBGC MOU.

NOTWITHSTANDING ANY OTHER PROVISIONS OF THE PBGC RELEASE, WITH RESPECT TO THE HOURLY PLAN ONLY, THE PBGC MAY TIMELY PURSUE A CLAIM FOR BREACH OF FIDUCIARY DUTY AGAINST ANY INDIVIDUAL AND NOTHING IN THE PLAN SHALL OPERATE AS AN INJUNCTION WITH RESPECT TO THE PBGC'S ENFORCEMENT OF ERISA AS TO ANY SUCH FIDUCIARY OBLIGATION UNDER ERISA.

4. Release of Debtors' Claims Against Released Parties, Including NEG

ON THE EFFECTIVE DATE, THE DEBTORS HEREBY UNCONDITIONALLY AND IRREVOCABLY RELEASE THE RELEASED PARTIES FROM ANY AND ALL DIRECT, INDIRECT OR DERIVATIVE CLAIMS, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, RIGHTS, CAUSES OF ACTION, LIABILITIES, CLAIMS OR RIGHTS OF CONTRIBUTION AND INDEMNIFICATION, AND ALL OTHER CONTROVERSIES OF EVERY TYPE, KIND, NATURE, DESCRIPTION OR CHARACTER WHATSOEVER, WHETHER LIQUIDATED OR UNLIQUIDATED, FIXED OR CONTINGENT, MATURED OR UNMATURED, KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, THEN EXISTING OR THEREAFTER ARISING, IN LAW, EQUITY OR OTHERWISE THAT ARE BASED IN WHOLE OR IN PART UPON ANY ACT OR OMISSION, TRANSACTION, EVENT OR OTHER OCCURRENCE TAKING PLACE FROM THE BEGINNING OF THE WORLD TO THE EFFECTIVE DATE ARISING FROM OR RELATING IN ANY WAY, DIRECTLY OR INDIRECTLY, TO ANY OF THE DEBTORS, THEIR ASSETS, OPERATIONS OR LIABILITIES, THE CHAPTER 11 CASES, THE PLAN, OR THE DISCLOSURE STATEMENT. THE CONFIRMATION ORDER SHALL SPECIFICALLY PROVIDE FOR THE FOREGOING RELEASES.

5. Consideration Provided By NEG to Techneglas Creditors

The Plan~~t~~ provides that, the consideration that NEG shall provide, or has provided, in exchange for the releases described in Article III.E of the Plan (the "NEG Release Consideration") is the aggregate amount of additional Cash that the Third Party Claimants will receive by agreeing to the Optional Release compared with the aggregate amount they would receive if they did not grant the Optional Release, provided, however, the NEG Release Consideration as it applies to the PBGC shall be the amount of $~~________ million,~~**17,630,000,** plus additional amounts paid to the PBGC in excess of what the PBGC would receive if it did not grant the PBGC Release.

The releases and injunctions granted in favor of the Released Parties are integral parts of the Plan and are necessary to confirm the Plan. The NEG Release Consideration constitutes the consideration for the releases from the Third Party Claimants and the Debtors. Because all elements of the NEG Release Consideration will result in distributions to creditors of Techneglas, the entire NEG Release Consideration constitutes the consideration for the releases from the Third Party Claimants and the Debtors. The fact that the NEG is providing the NEG Release Consideration in return for the releases is not, and shall not, be construed as an admission or evidence that the Third Party Claimants have valid claims against any of the Released Parties.

D. PROVISIONS FOR IMPLEMENTATION OF THE PLAN

1. Establishment ~~Of~~of ~~T~~the Post Confirmation Entity ~~A~~and Post Confirmation Trustee

The Plan provides that if, in the sole discretion of Techneglas, the Post Confirmation Entity is established it shall be established to receive and dispose of in a commercially reasonable manner: (a) those assets of Techneglas that are unnecessary to maintain the business of NEG Distribution NewCo and to distribute the proceeds thereof and the proceeds of in accordance with the Post Confirmation Entity Agreement and the Plan; and (b) the residual interest in the Real Estate Entity following the disposition of the Real Estate Assets and payment of any liabilities on account of the Real Estate Assets. If the Post Confirmation Entity is established it shall be established for the primary purpose of liquidating its assets, will qualify as a liquidating trust as described in Treasury Regulation § 301.7701-4(d), and shall be treated as a grantor trust for United States federal income tax purposes with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Post Confirmation Entity. If the Post Confirmation Entity is established, Techneglas shall appoint the Post Confirmation Trustee, which trustee shall have the authority to manage the day-to-day operations of the Post Confirmation Entity including disposing of the Post Confirmation Assets, appearing as a party in interest, calculating distributions, paying taxes and such other matters as more particularly described in the Post Confirmation Entity Agreement. The Post Confirmation Entity expenses, including the expenses of the Post Confirmation Entity Trustee and its representatives, will be paid by the Post Confirmation Entity Agreement. Upon distributions under the Plant to all Techneglas Non-NEG Creditors, any residual assets or interests remaining in the Post Confirmation Entity shall be distributed to, or at the direction of, NEG or to NEG Distribution NewCo (as the case may be). **The Post Confirmation Entity, NEG Distribution NewCo, NEG, and the recipients of distributions from the Post Confirmation Entity, and/or NEG Distribution NewCo are not (and shall not be deemed to be) successors of Techneglas or successors or owner-operators of the Real Estate Entity.**

2. Establishment ~~Of~~of Real Estate Entity ~~A~~and Real Estate Trustee

The Plan provides that on the Effective Date, the Real Estate Entity shall be established to receive and dispose of in a commercially reasonable manner, those Real Estate Assets of Techneglas that are unnecessary to maintain the business of NEG Distribution NewCo and to distribute the proceeds thereof and the proceeds of in accordance with the Real Estate Entity Agreement and the Plan. **Upon the Effective Date, all environmental-related Claims and Liens arising from the ownership or operation of Techneglas or the Real Estate Assets of Techneglas shall be, and are hereby, channeled solely to the Real Estate Entity.**

The Real Estate Entity shall also receive Techneglas' rights in any third party indemnifications relating to the Real Estate Assets and Cash in an amount approved by the Bankruptcy Court as sufficient to manage the property pending sale. ~~The Real Estate Entity will be established for the primary purpose of liquidating its assets, will qualify as a liquidating trust as described in Treasury Regulation § 301.7701-4(d), and shall be treated as a grantor trust for United States federal income tax purposes with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Real Estate Entity. Techneglas shall appoint the Real Estate Trustee, which trustee shall have the authority to manage the day-to-day operations of the Real Estate Entity including disposing of the Real Estate Assets, appearing as a party in interest, calculating distributions, paying taxes and such other matters as more particularly described in the Real Estate Entity Agreement.~~ The Real Estate Entity expenses, including the expenses of the Real Estate Entity Trustee and its representatives, will be paid by the Real Estate Entity. Upon the disposition of the Real Estate Assets and payment of any liabilities on account of the Real Estate Assets, any residual assets remaining in the Real Estate Entity shall be distributed to the Post Confirmation Entity. In the event that the PBGC chooses to opt-out of the Optional Release, the residual assets, if any, in the Real Estate Entity shall be liquidated and the proceeds thereof shall be distributed by the Real Estate Trustee to NEG on account of the NEG Claims and NEG Interests against Techneglas. The Real Estate Entity is not (and shall not be deemed to be) a successor of Techneglas. **The Post Confirmation Entity, NEG Distribution NewCo, NEG and the recipients of distributions from the Post Confirmation Entity, the Real Estate Entity and/or NEG Distribution NewCo are not (and shall not be deemed to be) responsible for any Claims against the Real Estate Entity, including, without limitation, the environmental-related Claims channeled to the Real Estate Entity.**

3. Creation Of NEG Distribution NewCo

The Plan provides that on the Effective Date, except as otherwise provided in the Plan, on the Effective Date, NEG Distribution NewCo shall be established. If established, NEG Distribution NewCo will be an ongoing business, wholly owned by NEG, created on the Effective Date that will (a) receive the Distribution Assets, and (b) except as otherwise provided in the Plan, receive all of the assets that remain in the Post Confirmation Entity (including any residual assets from the Real Estate Entity) following the Post Confirmation Entity's distributions to Techneglas Non-NEG Creditors; provided, however, in the event that there are no assets that are Distribution Assets all assets that would otherwise be distributed to NEG Distribution NewCo shall be distributed to, or at the direction of, NEG and Article VI.C.1 through Article VI.C.6 of the Plan, and Article V.D.3(a) through Article V.D.3(f) herein shall have no force or effect.

(a) Issuance of New Securities; Execution of Related Documents

The Plan provides that on or as soon as practicable after the Effective Date, NEG Distribution NewCo shall issue all securities, notes, instruments, certificates and other documents of NEG Distribution NewCo required to be issued pursuant hereto, including, without limitation, the New Common Stock, which shall be distributed as provided herein. NEG Distribution NewCo shall execute and deliver such other agreements, documents and instruments, as is necessary to effectuate the Plan. All such securities, notes, instruments, certificates and documents shall be in form and substance satisfactory to NEG.

(b) Corporate Governance

The Plan provides that the Certificate of Incorporation or Articles of Incorporation, as applicable, of NEG Distribution NewCo shall, among other things: (a) prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, and subject to further amendment as permitted by applicable law; (b) as to any classes of securities possessing voting power, provide for an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in payment of such dividends; and

(c) effectuate any other provisions of the Plan. The Certificates of Incorporation or Articles of Incorporation, as applicable, shall be in form and substance satisfactory to NEG. The Certificates of Incorporation or Articles of Incorporation, as applicable, shall be filed with the Secretary of State or equivalent official in the jurisdiction of incorporation on or prior to the Effective Date and be in full force and effect without any further amendment as of the Effective Date.

(c) Management of the NEG Distribution NewCo

The Plan provides that the existing officers of Techneglas shall serve initially in their current capacities as officers of NEG Distribution NewCo on and after the Effective Date. In accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of any Person proposed to serve as a board member shall be included in the Exhibit Book. To the extent any Person proposed to serve as a board member is an insider, as such term is defined in section 101(31) of the Bankruptcy Code, the nature of any compensation for such Person shall be disclosed in the Exhibit Book on or before the Confirmation Hearing. The classification and composition of the boards of directors of the NEG Distribution NewCo shall be consistent with the NEG Distribution NewCo Charter and the NEG Distribution NewCo Bylaws. Each such director or officer shall serve from and after the Effective Date pursuant to the terms of the NEG Distribution NewCo Charter, the NEG Distribution NewCo Bylaws, or other constituent documents, and applicable state corporation law.

(d) Corporate Action

The Plan provides that on the Effective Date or as soon thereafter as is practicable, Techneglas shall file with the Secretary of State of the State of Delaware, in accordance with the applicable statutes, rules, and regulations, the appropriate amendment to its Certificate of Incorporation. On the Effective Date, the approval and effectiveness of matters provided under the Plan involving the corporate structure of the NEG Distribution NewCo or corporate action by the NEG Distribution NewCo shall be deemed to have occurred and to have been authorized, and shall be in effect from and after the Effective Date without requiring further action under applicable law, regulation, order, or rule, including any action by the stockholders or directors of Techneglas as a Debtor and Debtor in Possession, or NEG Distribution NewCo.

(e) Effectuating Documents and Further Transactions

The Plan provides that each of the officers of Techneglas and NEG Distribution NewCo is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and to take such actions as may be necessary or appropriate, for and on behalf of Techneglas and NEG Distribution NewCo, to effectuate and further evidence the terms and conditions of the Plan, the transactions contemplated by the Plan, and any securities issued pursuant to the Plan.

(f) Vesting of Distribution Assets

(i) Dopant Sources, Glass Resins, and Distribution Business

The Plan provides that, except as otherwise provided in the Plan or any agreement, instrument, or other document relating thereto, on or after the Effective Date, all property of Techneglas related to the production of dopant sources, production of glass resins, and the ongoing distribution business shall vest in NEG Distribution NewCo, free and clear of all Liens and Claims including, without limitation, any Liens and Claims of the PBGC, provided, however, that in the event that the PBGC chooses to opt-out of the Optional Release, NEG Distribution NewCo will not receive assets related to the distribution of NEG's glass component products to United States customers.

(ii) Residual Post Confirmation Entity and Real Estate Entity Assets

The Plan provides that on or after the Effective Date, all of the assets that remain in the Post Confirmation Entity following the Post Confirmation Entity's distributions to Techneglas Non-NEG Creditors, including, any residual interest in the Real Estate Entity following the disposition of the Real Estate Assets and payment of any liabilities on account of the Real Estate Assets, shall vest in NEG Distribution NewCo, free and clear of all Liens and Claims including, without limitation, any Liens and Claims of the PBGC. In the event that the PBGC chooses to opt-out of the Optional Release, all of the assets that remain the Post Confirmation Entity following the Post Confirmation Entity's distributions to Techneglas Non-NEG Creditors, including any residual interest in the Real Estate Entity following the disposition of the Real Estate Assets and payment of any liabilities of account of the Real Estate Assets, shall be distributed to, or at the direction of, NEG on account of the NEG Claims against and NEG Interests in Techneglas.

The Plan provides that on and after the Effective Date, NEG Distribution NewCo may operate its business and may use, acquire, or dispose of property without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order.

4. Reorganized Debtors

The Plan provides that on the Effective Date, NEG Ohio and NEG America shall continue in existence as Reorganized NEG Ohio and Reorganized NEG America. Reorganized NEG Ohio will fund distributions pursuant to the Plan to all NEG Ohio Creditors, and Reorganized NEG America will fund distributions pursuant to the Plan to all NEG America Creditors. To the extent that there is a Reorganized Techneglas, Techneglas shall continue in existence as Reorganized Techneglas and will fund distributions pursuant to the Plan to all Techneglas Creditors.

(a) Issuance of New Securities; Execution of Related Documents

The Plan provides that on or as soon as practicable after the Effective Date, the Reorganized Debtors, respectively, may issue all securities, notes, instruments, certificates and other documents of the Reorganized Debtors, respectively, that are required, or may be advisable, to be issued pursuant to the Plan, if applicable, which shall be distributed as provided in the Plan. The Reorganized Debtors, respectively, shall execute and deliver such other agreements, documents and instruments as are necessary to effectuate the Plan.

(b) Corporate Governance

The Plan provides that on or before the Effective Date, the Certificates of Incorporation and Articles of Incorporation, as applicable, of NEG Ohio, NEG America, and Techneglas, if applicable, shall be amended to, among other things: (a) prohibit the issuance of nonvoting equity securities as required by section 1123(a)(6) of the Bankruptcy Code, and subject to further amendment as permitted by applicable law; (b) as to any classes of securities possessing voting power, provide for an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in payment of such dividends; and (c) effectuate any other provisions of the Plan.

(c) Management of the Reorganized Debtors

The Plan provides that the existing officers of NEG Ohio, NEG America, and Techneglas, if applicable, respectively shall serve initially in their current capacities as officers of the Reorganized Debtors, as applicable, on and after the Effective Date. In accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of any Person proposed to serve as a board member shall be included in the Exhibit Book. To the extent any Person proposed to serve as a board member is an insider, as such term is

defined in section 101(31) of the Bankruptcy Code, the nature of any compensation for such Person shall be disclosed in the Exhibit Book on or before the Confirmation Hearing. The classification and composition of the boards of directors of each of the Reorganized Debtors shall be consistent with each Reorganized Debtor's applicable Charter and each Reorganized Debtor's applicable Bylaws. Each such director or officer shall serve from and after the Effective Date pursuant to the terms of each Reorganized Debtor's applicable Charter, each Reorganized Debtor's applicable Bylaws, or other constituent documents, and applicable state corporation law.

(d) Corporate Action

The Plan provides that corporate actions consistent with the Plan shall be authorized and approved in all respects, in each case without further action under applicable law, regulation, order, or rule, including any action by the stockholders of ~~NEG,~~ the Debtors, the Debtors in Possession, or the Reorganized Debtors. On the Effective Date, the approval and effectiveness of matters provided under the Plan involving the corporate structure of the Reorganized Debtors or corporate action by the Reorganized Debtors shall be deemed to have occurred and to have been authorized, and shall be in effect from and after the Effective Date without requiring further action under applicable law, regulation, order, or rule, including any action by the stockholders or directors of the Debtors, the Debtors in Possession, or the Reorganized Debtors; provided, however, that any matters affecting the corporate structure of the Reorganized Debtors shall be subject to consultation with an approval by NEG.

(e) Effectuating Documents and Further Transactions

The Plan provides that each of the officers of the respective Debtors and the Reorganized Debtors is authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents and to take such actions as may be necessary or appropriate, for and on behalf of each of the respective Debtors and their corollary Reorganized Debtors, to effectuate and further evidence the terms and conditions of the Plan, the transactions contemplated by the Plan, and any securities issued pursuant to the Plan.

(f) Reorganized NEG Ohio Revesting of Assets

The Plan provides that except as otherwise provided in the Plan or any agreement, instrument, or other document relating thereto, on or after the Effective Date, all property of NEG Ohio and any property acquired by NEG Ohio pursuant to the Plan shall revest in NEG Ohio as Reorganized NEG Ohio, free and clear of all Liens and Claims, including, without limitation, any Liens and Claims of the PBGC. On and after the Effective Date, Reorganized NEG Ohio may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims or Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order.

(g) Reorganized NEG America Revesting of Assets

The Plan provides that except as otherwise provided in the Plan or any agreement, instrument, or other document relating thereto, on or after the Effective Date, all property of NEG America and any property acquired by NEG America pursuant to the Plan shall revest in NEG America as Reorganized NEG America, free and clear of all Liens and Claims, including, without limitation, any Liens and Claims of the PBGC. On and after the Effective Date, Reorganized NEG America may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims or Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order.

(h) Reorganized Techneglas Revesting of Assets

44

Except as otherwise provided in the Plan or any agreement, instrument, or other document relating thereto, on or after the Effective Date, in the event that there is a Reorganized Techneglas, all property of Techneglas and any property acquired by Techneglas pursuant to the Plan shall revest in Techneglas as Reorganized Techneglas, free and clear of all Liens and Claims, including, without limitation, any Liens and Claims of the PBGC. On and after the Effective Date, Reorganized Techneglas may operate its business until the Bankruptcy Court enters a final decree closing the Techneglas Chapter 11 Case in accordance with section 350 of the Bankruptcy Code, and may use, acquire, or dispose of property and compromise or settle any Claims or Interests without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order

5. Corporate Action

The Plan provides that upon the entry of the Confirmation Order by the Bankruptcy Court, all matters provided under the Plan involving the corporate structure of the Debtors shall be deemed authorized and approved without any requirement of further action by the Debtors, the Debtors' shareholders or the Debtors' boards of directors. In the event that there is a Post Confirmation Entity, Techneglas (and its board of directors) shall dissolve or otherwise terminate its existence following the Effective Date and is authorized to dissolve or terminate the existence of non-Debtor subsidiaries following the Effective Date. In the event that there is a Reorganized Techneglas, Techneglas (and its board of directors) shall dissolve or otherwise terminate its existence when the Bankruptcy Court enters a final decree closing the Techneglas Chapter 11 Case in accordance with section 350 of the Bankruptcy Code.

6. Preservation of Causes of Action

The Plan provides that except as otherwise provided in the Plan, including, without limitation, Article III.E of the Plan, the Confirmation Order, or in any document, instrument, release or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, to the maximum extent permitted under the Bankruptcy Code, the Debtors shall retain all Causes of Action, including the Causes of Action listed in the Exhibit Book. Thus, (a) NEG Distribution NewCo, or Reorganized Techneglas, as applicable, may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) any or all of Techneglas' Causes of Action; (b) Reorganized NEG Ohio may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) any or all of NEG Ohio's Causes of Action; and (c) Reorganized NEG America may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) any or all of NEG America's Causes of Action.

(a) <u>Bankruptcy Causes of Action</u>

The respective Debtors are currently investigating whether to pursue potential Causes of Action against any Creditors, Entities, or other Persons, but not as against the Released Parties. The investigation has not been completed to date, and under the Plan, the Post Confirmation Trustee and the Reorganized Entities, as applicable, retain the right on behalf of each of the respective Debtors and Reorganized Debtors to commence and pursue any and all Causes of Action. Potential Causes of Action currently being investigated by one or more of the Debtors, which may, but need not, be pursued by each of the respective Debtors before the Effective Date or by the Post Confirmation Trustee and the Reorganized Entities, as applicable, after the Effective Date include, without limitation, the following Causes of Action:

(i) All actual or potential avoidance actions pursuant to any applicable section of the Bankruptcy Code including, without limitation, sections 544, 545, 547, 548, 549, 550, 551, 553(b) and/or 724(a) of the Bankruptcy Code, arising from any transaction involving or concerning the Debtors, and among others, without limitation, those entities listed in the Exhibit Book;

(ii) All actual or potential actions, whether legal, equitable or statutory in nature, for, or in any way involving, the collection of accounts receivable or general ledger items that are due and owing to the Debtors, including without limitation trade receivables, rent and other lease and sublease charges, franchise and/or license fees, payments due under equipment leases and licenses, other miscellaneous charges, and principal and interest on promissory notes by any Person or Entity (collectively, the "Accounts Receivable"), including, but not limited to, the Accounts Receivable owed by those customers listed in the Exhibit Book;

(iii) All actual actions or potential actions of Techneglas, whether legal, equitable or statutory in nature, against Johnson Matthey, including, but not limited to, for overpayment for the de-alloying of precious metals used in connection with the Debtors' business or operations of Techneglas.

(iv) All actual actions or potential actions of Techneglas, whether legal, equitable or statutory in nature, against the State of Ohio, including, but not limited to, for overpayment of workers' compensation obligations.

(v) All actual actions or potential actions of Techneglas, whether legal, equitable or statutory in nature, against the State of Pennsylvania, including, but not limited to, for overpayment of workers' compensation obligations.

(vi) All actual actions or potential actions of NEG America, whether legal, equitable or statutory in nature, against (a) CIT Technology Financing Services, Inc., as assignee and successor in interest to Norvergence for the breach of an Equipment Rental Agreement (901-0008935-000) dated June 20, 2003 for Matrix Box, and (b) Wells Fargo Financial Leasing, Inc. for the breach of an Equipment Rental Agreement (006-0002228-001) dated May 18, 2004 for Matrix Box.

(vii) All actual actions or potential actions, whether legal, equitable or statutory in nature, against customers, including, but not limited to, those customers listed in the Exhibit Book, for Accounts Receivable, improper setoff, overpayment, or any other claim arising out of the customer relationship;

(viii) All actual actions or potential actions, whether legal, equitable or statutory in nature, against vendors, including, but not limited to, those vendors listed in the Exhibit Book, for overpayment, improper setoff, warranty, indemnity, retention of double payments, retention of misdirected wires, deductions owing or improper deductions taken, claims for damages, or any other claim arising out of the vendor relationship;

(ix) All actual or potential actions, whether legal, equitable or statutory in nature, against Persons or Entities including vendors with respect to prepetition violations of applicable federal or state securities laws;

(x) All actual or potential breach of contract actions against any customers, vendors or Entities who improperly terminated their contracts with the Debtors or who violated the automatic stay after the Petition Date, including, but not limited to, those customers or vendors listed in the Exhibit Book;

(xi) All actual or potential actions, whether legal, equitable or statutory in nature, against landlords, lessees, sublessees, or assignees arising from various leases, subleases and assignment agreements relating thereto, including, without limitation, actions for unpaid rent, overcharges relating to taxes, common area maintenance and other similar charges, including, but not limited to, those claims identified in the Exhibit Book;

(xii) All actual or potential actions, whether legal, equitable or statutory in nature, against the Debtors' current or former insurance carriers to recover unpaid reimbursements and claims, overpayment of premiums and fees, claims for breach of contract, indemnity obligations or coverage, including, but not limited to, those insurers listed in the Exhibit Book;

(xiii) All actual or potential actions of Techneglas, whether legal, equitable or statutory in nature, against Persons or Entities including insurance companies and directors, officers and employees arising out of indemnification obligations and insurance coverage related thereto;

(xiv) ~~(xiii)~~ All actual or potential Causes of Actions, whether legal, equitable or statutory in nature, against purchasers of assets from the Debtors relating to breach of the purchase agreement or unpaid compensation thereunder, including, but not limited to, those purchasers listed in the Exhibit Book;

(xv) ~~(xiv)~~ Any and all rights to payment against any taxing authority listed for any tax refunds, credits, overpayments or offsets that may be due and owing to the Debtors for taxes that the Debtors may have paid to any such taxing authority;

(xvi) ~~(xv)~~ All actions or potential actions, whether legal, equitable or statutory in nature, relating to deposits or other amounts owed by any creditor, lessor, utility, supplier, vendor, landlord, sub-lessee, assignee or other Person or Entity;

(xvii) ~~(xvi)~~ All actions or potential actions, whether legal, equitable or statutory in nature, relating to environmental and product liability matters;

(xviii) ~~(xvii)~~ All actions or potential actions, whether legal, equitable or statutory in nature, arising out of, or relating to, the Debtors' intellectual property rights;

(xix) ~~(xviii)~~ Any litigation or lawsuit initiated by any of the Debtors that is currently pending, whether in the Bankruptcy Court, or any other court or tribunal or initiated against the Debtors after the Petition Date for which the Debtors may have counterclaims or other rights, including, but, not limited to, those actions listed in the Exhibit Book;

(xx) ~~(xix)~~ All actual or potential contract and tort actions that may exist or may subsequently arise; and

(xxi) ~~(xx)~~ All actual or potential actions whether legal, equitable or statutory in nature, arising out of, or in connection with the Debtors' business or operations, except actions against the Releasees to the extent they are released by the Plan.

The above categories of preservation of causes of action shall not be limited in any way by reference to the Exhibit Book, nor are the categories intended to be mutually exclusive.

In addition, there may be numerous other Causes of Action which currently exist or may subsequently arise that are not set forth herein, because the facts upon which such Causes of Action are based are not fully

or currently known by the Debtors and, as a result, cannot be specifically referred to herein (collectively, the "Unknown Causes of Action"). The failure to list any such Unknown Causes of Action herein is not intended to limit the rights of the Reorganized Entities, as applicable, to pursue any Unknown Cause of Action to the extent the facts underlying such Unknown Cause of Action become fully known to the Debtors.

(b) Settlement of Causes of Action

The Plan provides that at any time after the Confirmation Date and before the Effective Date, notwithstanding anything in the Plan to the contrary, any of the respective Debtors may settle any or all retained Causes of Action relating to their respective bankruptcy case with the approval of the Bankruptcy Court pursuant to Bankruptcy Rule 9019. Notwithstanding the foregoing and anything in the Plan to the contrary, after the Effective Date, the Post Confirmation Trustee and the Reorganized Entities, as applicable, may settle any or all Causes of Action without approval of the Bankruptcy Court.

(c) Vesting in the NEG Distribution NewCo and the Reorganized Debtors

The Plan provides that except as otherwise provided in the Plan or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, in accordance with section 1123(b)(3) of the Bankruptcy Code, any claims, rights, and Causes of Action that the respective Debtors, the Reorganized Debtors and NEG Distribution NewCo, as applicable, may hold against any Entity, shall vest in or revest in the Reorganized Debtors and NEG Distribution NewCo, as applicable, and the Reorganized Debtors and NEG Distribution NewCo, as applicable, shall retain and may exclusively enforce, any and all such claims, rights, or Bankruptcy Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors and NEG Distribution NewCo, as applicable. The Reorganized Debtors and NEG Distribution NewCo shall have the exclusive right, authority, and discretion to institute, prosecute, abandon, settle, or compromise any and all such claims, rights, and Bankruptcy Causes of Action without the consent or approval of any third party and without any further order of the Bankruptcy Court or any other court.

(d) Preservation of Rights to Contested Liens and Security Interests

The respective Debtors have preserved and continue to reserve their rights to contest the validity, priority, extent and amount of any asserted Liens and security interests of any Holder of Secured Claims in Assets, including without limitation: security deposits; letter of credit or bond proceeds; equipment; Cash and Cash Equivalents; contracts; and securities.

(e) Indemnification and Reimbursement Obligations

There currently is directors and officer liability insurance coverage in place with respect to the Techneglas officers and directors. The Plan provides that Techneglas, NEG Distribution NewCo, and Reorganized Techneglas, as applicable, shall assume the pre-Effective Date obligations to the Techneglas directors and officers solely to the extent that such obligations are covered by directors and officers insurance policies. Other than as set forth in the preceding sentence, the Post Confirmation Entity shall not be liable or responsible in any way for any pre-Effective Date obligations to the Techneglas directors and officers.

7. Cancellation of Notes, Instruments, Debentures and Equity Securities

As set forth above, the Plan provides that on the Effective Date, all Interests in Techneglas, except to the extent provided otherwise in the Plan, including any and all current debt instruments and NEG Interests, preferred shares, common shares, and/or other forms of equity security or other interests shall be deemed extinguished and the certificates and all other documents representing such Interests shall be deemed canceled and of no force and effect.

In addition, the Plan provides that on the Effective Date, except to the extent provided otherwise in the Plan, all notes, instruments, certificates and other documents evidencing Claims and all Equity Securities in Techneglas shall be cancelled and deemed terminated and surrendered (regardless of whether such notes, instruments, debentures, certificates or other documents are in fact surrendered for cancellation to the appropriate indenture trustee or other such person), except for purposes of distribution in accordance with the terms of the Plan.

8. Reserves

Any reserves maintained by the Reorganized Entities, as the case may be, in connection with the distribution of funds on account of Allowed Claims, may be maintained by bookkeeping entries alone; the Reorganized Entities, as the case may be, need not (but may) establish separate bank accounts for such purposes.

E. SUMMARY OF OTHER PROVISIONS OF THE PLAN

The following is a summary of certain other provisions in the Plan relating to distributions on account of Claims and other aspects of the Claims adjudication and reconciliation process.

1. Treatment of Disputed Claims

(a) Objections to Claims; Prosecution of Disputed Claims

The Plan provides that after the Effective Date, each of the Claims Managers, as applicable, shall object (and shall take over, and continue prosecuting, any outstanding objections by its respective Debtor) to the allowance of Claims or Interests filed with the Bankruptcy Court with respect to which they dispute liability or allowance in whole or in part. All objections will be litigated to Final Order; provided, however, that each Claims Manager, as applicable, (within such parameters as may be established by Post Confirmation Entity or the Reorganized Debtors) shall have the authority and sole discretion for its respective Debtor to file, settle, compromise or withdraw any objections to Claims, without approval of the Bankruptcy Court.

Moreover, there shall be no deadline to object to or investigate and review Claims, and any objections to Claims and settlement thereof shall be dealt with as each respective Claims Manager, as applicable, in its sole and absolute discretion, deem to be appropriate. Further, each respective Claims Manager, as applicable, shall have the sole and absolute discretion to decide not to review and/or object to proofs of Claim below a certain dollar amount because such review and/or objection would not be economically practical.

Finally, unless otherwise provided in the Plan or the Post Confirmation Entity Agreement, court approval shall not be required in order for each respective Claims Manager, as applicable, to settle and/or compromise any Claim, objection to Claim, cause of action, or right to payment of or against the Post Confirmation Entity, Reorganized NEG Ohio, Reorganized NEG America, or Reorganized Techneglas, as applicable.

(b) Estimation of Claims

The Plan provides that any of the Debtors or the Claims Managers, as applicable, may ~~at any time~~ request that the Bankruptcy Court estimate any contingent or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code in respect to its estate, regardless of whether any such Debtor, or Claims Manager, as applicable, previously objected to such Claim or whether the Bankruptcy Court ruled on any such objection, ~~and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. Subject to the provisions of section 502(j) of the Bankruptcy Code, in the event~~

~~that the Bankruptcy Court estimates any contingent or Disputed Claim, the amount so estimated will constitute the allowed amount of such Claim. If the estimated amount constitutes a maximum limitation on the amount of such Claim, each respective Debtor or Claims Manager, as applicable, may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation and resolution procedures are intended to be cumulative and not necessarily exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.~~**as long as such Claim is a contingent or disputed Claim.**

(c) Payments and Distributions on Disputed Claims

The Plan provides that no interest will be paid on Disputed Claims that later becomes Allowed or with respect to any distribution to such Holder. No distribution will be made with respect to all or any portion of any Disputed Claim pending the entire resolution thereof in the manner prescribed in the Plan.

(d) Disputed Claims Reserve

The Plan provides that the Post Confirmation Entity or Reorganized Entities, as applicable, shall maintain, in accordance with the Post Confirmation Entity's or Reorganized Debtors' powers and responsibilities as described herein and in the Post Confirmation Entity Agreement, a reserve of any distributable amounts required to be set aside on account of Disputed Claims in the applicable Chapter 11 Case. Such amounts shall be distributed, as provided herein, as such Disputed Claims are resolved by settlement or Final Order, and shall be distributable on account of such Disputed Claims as such amounts would have been distributable had the Disputed Claims been Allowed Claims as of the applicable Effective Date.

(e) Disallowance of Claims

Except as otherwise provided in the Plan, all Claims held by Entities against a Debtor which such Debtor has or has asserted a cause of action under sections 542, 543, 550, 551 or 552 of the Bankruptcy Code, or that is a transferee of a transfer avoidable under sections 544, 545, 547, 548, 549 or 553 of the Bankruptcy Code, shall be deemed disallowed pursuant to section 502(d) of the Bankruptcy Code~~, and Holders of such Claims may not vote to accept or reject the Plan, both consequences~~**; such consequence** to be in effect until such time as such causes of action against that Entity have been settled or a Final Order entered and all sums due the respective Debtor by that Entity are turned over to the proper Debtor, Post Confirmation Entity, Post Confirmation Trustee or Reorganized Debtor, as applicable~~. Any and all Claims filed with the Bankruptcy Court after the relevant Bar Date shall be disallowed, and Holders of such Claims may not vote to accept or reject the Plan~~. Any Claim that is not Allowed shall be barred and the Holder of such Claim shall be subject to the discharge and injunction in Article XV of the Plan.

2. Provisions Governing Distributions

(a) Requirement for Allowance of Claims

The Plan provides that no payments or other distributions will be made on account of any Claim that is not "Allowed" as set forth in the Plan. All distributions under the Plan shall be received by Creditors free and clear of Liens and Claims, including, without limitation, any Liens and Claims of the PBGC. No distributions shall be made to Non-NEG Creditors under the Plan unless and until distributions under the Plan are made on account of all NEG Claims and NEG Interests free and clear of Liens and Claims in satisfaction of Article XII.B.6 of the Plan.

(b) Time and Method of Distributions

The Plan provides that, except as otherwise provided in the Plan, all distributions under the Plan will be made by the respective Claims Manager, as applicable, as the case may be, or, with respect to distributions related to Claims against Techneglas, such other Entity as may be designated by Reorganized Techneglas or the Post Confirmation Entity, as applicable.

Initial distributions will be made by the respective Claims Manager, as applicable, in its sole discretion on the Distribution Date. Whenever any distribution to be made under the Plan is due on a day other than a Business Day, such distribution will instead be made, without interest, on the immediately succeeding Business Day, but will be deemed to have been made on the date due. Any payment in Cash to be made under the Plan shall be made, at the election of the Claims Managers, by check drawn on a domestic bank or by wire transfer from a domestic bank.

Subject to the provisions of Bankruptcy Rule 2002(g), and except as provided in the Plan, distributions and deliveries to Holders of Allowed Claims will be made at the address of each such Holder set forth on the respective Debtors' Schedules filed with the Bankruptcy Court, unless superseded by the address set forth on proof(s) of claim filed by such Holders, or at the last known addresses of such Holder if no proof of the Claim has been filed or if the applicable Debtor has been notified in writing of a change of address.

(c) Undeliverable Distributions

The Plan provides that if any distribution to any Holder is returned to any Claims Manager as undeliverable, no further distributions will be made to such Holder unless and until such Claims Manager is notified, in writing, of such Holder's then-current address. Undeliverable distributions will remain in the possession of the respective Claims Manager until such time as a distribution becomes deliverable. All Entities ultimately receiving distributions that were previously undeliverable will not be entitled to any interest or other accruals of any kind. Nothing contained in the Plan will require any Claims Manager, Reorganized Debtor or Post Confirmation Entity to attempt to locate any Holder of an Allowed Claim.

Any Holder of an Allowed Claim that does not ~~assert its rights~~**notify the appropriate Claims Manager, in writing, of such Holder's current address** pursuant to the Plan to receive a distribution on or before ~~the first anniversary of the Effective Date~~**one year after the date a distribution is made** shall have its Claim for such undeliverable distribution discharged and will be forever barred from asserting any such Claim against the Post Confirmation Entity or the Reorganized Debtors, or their property. In such case, any consideration held for distribution on account of such Claim will revert to the Post Confirmation Entity or the appropriate Reorganized Debtor for further distribution pursuant to the terms of the Plan.

To the extent that any Allowed Claim entitled to a distribution under the Plan consists of indebtedness and accrued but unpaid interest thereon, such distribution shall, for federal income tax purposes, be allocated first to the principal amount of the Claim and then, to the extent the distribution exceeds the principal amount of the Claim, to the accrued but unpaid interest.

(d) Compliance with Tax Requirements/Allocation

The Plan provides that to the extent applicable, the Post Confirmation Entity and the Reorganized Debtors will comply with all tax withholding and reporting requirements imposed on them by any governmental unit and all distributions pursuant to the Plan will be subject to such withholding and reporting requirements. For tax purposes, distributions received in respect of Allowed Claims will be allocated first to the principal amount of such Claims, with any excess allocated to unpaid accrued interest.

(e) Time Bar to Cash Payments

The Plan provides that checks issued by any Claims Manager on account of any Allowed Claims will be null and void if not negotiated within ninety days from and after the date of issuance thereof. Requests for the reissuance of any check will be made directly to the appropriate Claims Manager, as applicable, by the Holder of the Allowed Claim with respect to which such check originally was issued. Any Claim relating to such a voided check must be made on or before the later of (a) the first anniversary of the Effective Date, or (b) one hundred and eighty days after the date of issuance of such check. After such date, all Claims relating to such void checks will be discharged and forever barred and the Post Confirmation Entity or the appropriate Reorganized Debtor will retain all monies related thereto for further distribution pursuant to the terms of the Plan.

(f) Distributions after Effective Date

The Plan provides that distributions made after the Effective Date to Holders of Claims that are not Allowed Claims as of the Effective Date but which later become Allowed Claims will be deemed to have been made on the Effective Date.

(g) Fractional Dollars; De Minimis Distributions

The Plan provides that notwithstanding anything contained herein to the contrary, any Reorganized Entity or the Post Confirmation Entity may, in its sole discretion, determine that payments of fractions of dollars will not be made. In such an event, whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment made will reflect a rounding of such fraction to the nearest dollar (up or down), with half dollars being rounded down. Any of the Reorganized Debtors or the Post Confirmation Entity may, in their sole discretion, determine not to make any payment of less than Ten Dollars ($10) on account of any Allowed Claim unless a request therefor is made in writing to the appropriate Claims Manager on or before ninety days after the Effective Date.

(h) Set-Offs

The Plan provides that any Claims Manager may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account thereof (before any distribution is made on account of such Claim), the Claims, rights and causes of action of any nature that the respective Debtor may hold against the Holder of such Allowed Claim; provided, however, that neither the failure to effect such a set-off nor the allowance of any Claim hereunder shall constitute a waiver or release by such respective Debtor of any such Claims, rights and causes of action that such respective Debtor may possess against such Holder.

(i) Subordination Rights

The Plan provides that except as otherwise ordered by the Bankruptcy Court, on the Effective Date, each Holder of a Claim shall be deemed to have waived all contractual, legal and equitable subordination rights which it may have, whether arising under general principles of equitable subordination, section 510(c) of the Bankruptcy Code or otherwise, with respect to any and all distributions to be made under the Plan, and all such contractual, legal or equitable subordination rights that each Holder of a Claim has individually and collectively with respect to any such distribution made pursuant to the Plan shall be discharged and terminated, and all actions related to the enforcement of such subordination rights will be permanently enjoined. Only if so otherwise ordered, then, all subordination rights and Claims determined by such order related to subordination shall remain valid, enforceable and unimpaired in accordance with section 510 of the Bankruptcy Code or otherwise.

(j) Settlement of Claims and Controversies

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise of (a) all Claims or controversies relating to the contractual, legal and subordination rights that a Holder of a Claim may have ~~with respect to any Allowed~~**on account of such** Claim with respect thereto; (b) any distribution to be made on account of such an Allowed Claim; or (c) all Claims and Causes of Action of ~~the Debtors~~**Techneglas** and the Third Party Claimants against the Released Parties **in these Chapter 11 Cases**. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors and their respective Trusts and Holders of Claims and is fair, equitable and reasonable.

3. Executory Contracts and Unexpired Leases

(a) Rejection of Executory Contracts and Leases

The Bankruptcy Code authorizes a debtor, subject to the approval of the Bankruptcy Court, to assume, assume and assign, or reject executory contracts and unexpired leases. Such assumption, assumption and assignment, or rejection may be effected during the Chapter 11 case or pursuant to a plan.

The Plan provides that any executory contracts or unexpired leases of Techneglas which have not expired by their own terms on or prior to the Effective Date **(including any indemnification obligations)**, which have not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court, or which Techneglas has obtained the authority to reject but has not rejected as of the Effective Date, or which are not the subject of a motion to assume pending as of the Effective Date, shall be deemed rejected by Techneglas on the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court will constitute approval of such rejections pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

The Plan provides that any executory contracts or unexpired leases of NEG Ohio or NEG America which have not expired by their own terms on or prior to the Effective Date, which have not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court, or which are not the subject of a motion to reject pending as of the Effective Date, shall be deemed assumed by NEG Ohio or NEG America, as applicable, on the Effective Date, and the entry of the Confirmation Order by the Bankruptcy Court will constitute approval of such assumption pursuant to sections 365(a) and 1123 of the Bankruptcy Code.

As an exception to the foregoing, NEG America hereby rejects the following unexpired leases: (a) Equipment Rental Agreement with CIT Technology Financing Services, Inc., as assignee and successor in interest to Norvergence (901-0008935-000) dated June 20, 2003 for Matrix Box, and (b) Equipment Rental Agreement with Wells Fargo Financial Leasing, Inc. (006-0002228-001) dated May 18, 2004 for Matrix Box.

(b) Rejection Damage Claims

The Plan provides that with respect to those executory contracts or unexpired leases that will be rejected pursuant to the Plan, any Claims based on such rejections (each, a "Rejection Damage Claim") must be delivered to the Clerk of the Court, at the United States Bankruptcy Court for the Southern District of Ohio, 170 North High Street, Columbus, Ohio 43215, so as to be received on or before 4:00 p.m., prevailing Eastern Time, thirty days after the Effective Date (or as may be otherwise ordered by the Court). Any Creditor who fails to file timely a Rejection Damage Claim resulting from a rejection in the Plan shall be forever barred, estopped, and enjoined from asserting such Claim that such Creditor possesses against any of the Debtors, and from receiving distributions under the Plan for such Claim.

(c) Indemnification and Reimbursement Obligations

The Plan provides that, subject to Article VI.F of the Plan, the obligations of Techneglas and/or Reorganized Techneglas, as applicable, if any, (a) to their directors and officers, to the extent that such obligations are covered by director and officer policies, and (b) to maintain director and officer coverage for the benefit of their pre-Effective Date directors and officers, to the extent that such coverage was in place on the Effective Date, shall be deemed assumed by Reorganized Techneglas or the Post Confirmation Entity, as applicable, on the Effective Date without any further action by any Entity.

NEG Distribution NewCo or Reorganized Techneglas will assume indemnifications obligations to particular directors and officers of Techneglas to the extent NEG Distribution NewCo or Techneglas believes in its sole and absolute discretion, that such assumption of indemnification obligations to any director or officer is in its best interest.

4. Collective Bargaining Agreements

The Plan provides that, any and all of the Techneglas collective bargaining agreements, shall be deemed terminated upon satisfaction of the Techneglas obligations under the MOUs, provided, however, that the USWA Union collective bargaining agreement covering employees at the Techneglas Perrysburg, Ohio facility shall continue in full force and effect in accordance with the USWA MOU after the Effective Date. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such terminations pursuant to sections 1113 and 1123 of the Bankruptcy Code and the MOU Orders.

5. Pension Plans

In accordance with the PBGC MOU, the Plan provides that, Techneglas agrees to terminate the Salary Plan through a standard termination pursuant to Section 4041 of ERISA (the "Standard Termination"). Techneglas will make the Salary Plan sufficient at or before the date of distribution of assets in accordance with 29 CFR § 4041.21(b). To carry out the commitment, (a) no later than twenty (20) days after the Effective Date, Techneglas will deposit $23 million into a reserve fund subject to oversight of the Court or into an escrow account in a United States depository acceptable to the PBGC and pursuant to an escrow agreement between Techneglas and the PBGC (the "Reserve Account"), and (b) no later than ninety (90) days after the Effective Date, Techneglas will deposit an additional $2 million into the Reserve Account. The amount necessary to fund the Salary Plan from the Reserve Account in connection with the Standard Termination will be used solely for such purpose and such amount shall be solely and exclusively for the benefit of the Salary Plan. Techneglas will initiate the Standard Termination by issuing a notice of intent to terminate in accordance with 29 CFR § 4041.23 no later than ten (10) days after the Effective Date.

Techneglas will make minimum funding contributions (which may be paid from the Reserve Account) and PBGC premium payments with respect to the Salary Plan to the extent required under applicable law throughout the period of the Standard Termination. The PBGC will issue an initial determination of its audit findings, if any, with respect to the Standard Termination no later than twelve (12) months after the filing of a post-distribution certification with respect thereto. Upon filing of the post-distribution certification, the amount by which (a) the fair market value of the Reserve Account on the date the post-distribution certification is filed (b) exceeds $1 million, will revert to Techneglas (or an entity to which Techneglas assigns such rights and interests as directed to the depository in writing by Techneglas) (the "Reserve Payee"). The balance of the Reserve Account will revert to the Reserve Payee on the earlier of (x) the date Techneglas satisfies the liability determined by the PBGC in conjunction with any Standard Termination audit performed by the PBGC, (y) the date the PBGC expressly waives its right to conduct such audit in writing to Techneglas, and (z) the one (1) year anniversary date of the date Techneglas distributed assets to Salary Plan participants as part of the Standard Termination (the "Anniversary Date");

provided, however, that if, on the Anniversary Date, Techneglas and the PBGC are involved in good faith negotiations regarding disputed audit liability, the undisputed portion of the Reserve Account will revert to the Reserve Payee on the Anniversary Date and the remaining balance of the Reserve Account, if any, will revert to the Reserve Payee when such dispute is settled voluntarily or adjudicated through United States District Court after exhaustion of the appeal process (or any other dispute resolution system agreeable to Techneglas and the PBGC). Techneglas will not declare or pay a dividend to any shareholder until after the date the post-distribution certification is filed.

Techneglas and the PBGC will use their best efforts to expedite (a) the Standard Termination so that distributions are completed within the minimum time frame permitted under applicable law and (b) any audit of the Salary Plan in conjunction with the Standard Termination. Techneglas will use its best efforts to (x) provide the PBGC with information relating to the proposed distributions during the Standard Termination process, (y) minimize the risk of any adverse audit findings, if any, and (z) lock in annuity rates upon the Effective Date.

For purposes of Section 302 of ERISA, and Section 412 of the IRC, the Settlement Amount shall be applied first to satisfy any amounts due under the funding standard account of the Hourly Plan with respect to any and all periods ending on or before the last day of the plan year in which the Hourly Plan terminates. Receipt of the Settlement Amount constitutes satisfaction of all funding obligations, including the outstanding balance of the accumulated funding deficiencies due to the PBGC as statutory trustee of the Hourly Plan under Section 4062(c)(1) of ERISA, with respect to any and all periods ending on or before the last day of the plan year in which the Hourly Plan terminates. Nothing contained in this paragraph shall alter the PBGC's rights to determine benefit entitlements in any manner consistent with Title IV of ERISA.

6. ~~5.~~ The Official Committee of Unsecured Creditors

The Plan provides that on the Effective Date, the OCUC will be dissolved and the members thereof and the professionals retained by the OCUC in accordance with section 1103 of the Bankruptcy Code will be released and discharged from their respective fiduciary obligations.

7. ~~6.~~ Conditions Precedent to Confirmation Date of the Plan

The Plan provides that it shall be a condition to Confirmation thereof that all provisions, terms, and conditions thereof are approved in the Confirmation Order; provided, however, that each Debtor may act independently to obtain confirmation of the Plan pursuant to the terms therein with respect to that Debtor.

8. ~~7.~~ Conditions Precedent to the Effective Date of the Plan

The Plan provides that the occurrence of the Effective Date and the substantial consummation of the Plan are subject to satisfaction of the following conditions precedent:

(i) The Confirmation Order confirming the Plan, as the Plan may have been modified, shall have been entered and become a Final Order in form and substance satisfactory to the Debtors and NEG.

(ii) The Plan Documents, including the Post Confirmation Entity Agreement, the Real Estate Entity Agreement, and the NEG Distribution NewCo formation documents, necessary or appropriate to implement the Plan shall have been (a) executed, in a form and substance

satisfactory to the Debtors and NEG, and, where applicable, (b) filed with the appropriate governmental or supervisory authorities.

(iii) The Certificates of Incorporation and Articles of Incorporation of the Reorganized Entities, as applicable, as amended in accordance with the Plan, shall be in a form and substance satisfactory to the Debtors and NEG and in full force and effect.

(iv) To the extent applicable, the Reorganized Debtors, the Post Confirmation Entity and the Real Estate Entity shall each have sufficient Cash to permit payment of all of its and, in the case of the Post Confirmation Entity, the Post Confirmation Trustee's projected fees, expenses and wind down costs.

(v) To the extent, applicable, the new board of directors of NEG Distribution NewCo shall have been appointed.

(vi) All distributions received or to be received by Creditors pursuant to the Plan shall be free and clear of all Liens and Claims, including, without limitation, any Liens and Claims of the PBGC on the property and assets of NEG and its affiliates.

The Plan provides that the Effective Date shall not occur, in accordance with Article XII**I**. C, therein, unless and until each of the foregoing conditions is either satisfied or, subject to Article XII**I**. C, waived by the Debtors. Notice of the occurrence of the Effective Date reflecting that the foregoing conditions have been satisfied or waived shall: (a) be signed by the Debtor~~,~~**;** (b) state the date of the Effective Date; ~~and~~ (c) be Filed with the Bankruptcy Court by the Debtors' counsel**; and (d) be served on all parties in interest**. No waiver shall be effective unless it complies with the requirements of this provision.

If the Effective Date does not occur by ninety days after the date of entry of the Confirmation Order, each of the Debtors reserves the right to seek dismissal of its respective Chapter 11 Case. In the event that the Effective Date does not occur, all parties shall be returned to the position they would have held had the Confirmation Order not been entered. In such event, nothing contained herein or in any of the Plan Documents shall be deemed to constitute a waiver or release of any claims or defenses of, or an admission or statement against interest by, the Debtors or any other Entity or to prejudice in any manner the rights of the Debtors or any Entity in any further proceedings involving the Debtors.

9. ~~8.~~ Waiver of Conditions Precedent

The Plan provides that to the extent practicable or legally permissible, each of the foregoing conditions precedent to the Effective Date of the Plan may be waived, in whole or in part, by any one Debtor in its sole discretion as such condition applies to that Debtor only; provided, however, that Article XII**I**.B.1, 2, 3, 4, and 6 may only be waived with the consent NEG. Any such waiver of a condition precedent may be effected at any time, without notice or leave or order of the Bankruptcy Court and without any formal action other than proceeding as if such condition did not exist. In the event that any one Debtor waives any of the conditions precedent to the Effective Date of the Plan, thereby rendering the Plan effective with respect to that Debtor, such action shall have no effect on the remaining Debtors, and the Plan shall not be deemed effective as to those remaining Debtors.

10. ~~9.~~ Retention of Jurisdiction

The Plan provides that the Bankruptcy Court shall retain and have exclusive jurisdiction over any matter (a) arising under the Bankruptcy Code, (b) arising in or related to the Chapter 11 Cases or the Plan, or (c) that relates to the following, in each case to the greatest extent permitted by applicable law:

(i) to resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract, unexpired lease or collective bargaining agreement to which any of the Debtors is a party**, as of the Effective Date,** or with respect to which the applicable Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;

(ii) to enter any such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and the documents contained in the Exhibit Book and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan or the Exhibit Book;

(iii) to determine any and all motions, adversary proceedings, applications and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Plan, may be instituted by the Post Confirmation Trustee or Post Confirmation Entity, or by the Real Estate Trustee or Real Estate Entity, after the Effective Date; provided, however, that the Post Confirmation Trustee and the Post Confirmation Entity, and the Real Estate Trustee and the Real Estate Entity, shall reserve the right to commence collection actions, actions to recover receivables and other similar actions in all appropriate jurisdictions;

(iv) to ensure that distributions to Holders of Allowed Claims are accomplished as provided in the Plan;

(v) to hear and determine any timely objections to Administrative Claims and Priority Claims or to proofs of claim and interests filed, both before and after the Confirmation Date, including any objections to the classification of any Claim and to allow, disallow, determine, liquidate, classify, estimate or establish the priority of or secured or unsecured status of any Claim, in whole or in part;

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

(vii) to issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;

(viii) to consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(ix) to hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses incurred prior to the Confirmation Date;

(x) to hear and determine disputes arising in connection with or relating to the Plan or the interpretation, implementation, or enforcement of the Plan or the extent of any Entity's obligations incurred in connection with or released or exculpated under the Plan;

(xi) to issue injunctions or other orders as may be necessary or appropriate to restrain interference by any Entity with consummation or enforcement of the Plan;

(xii) to determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Post Confirmation Entity Agreement, the Real Estate Entity Agreement, NEG Distribution NewCo, the Confirmation Order or any contract, instrument release or other agreement or document created in connection with the Plan or the Disclosure

Statement to be executed in connection with the Plan or the Post Confirmation Entity Agreement;

(xiii) to hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(xiv) to hear any other matter or for any purpose specified in the Confirmation Order that is not inconsistent with the Bankruptcy Code;

(xv) to hear and determine any matters that may arise in connection with any order of the Bankruptcy Court with respect to any of the foregoing; and

(xvi) to enter a final decree closing the Chapter 11 Cases.

11. ~~**10.**~~ **Modification, Revocation or Withdrawal of Plan**

The Plan provides that each Debtor reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan at any time prior to the entry of the Confirmation Order as the Plan applies to such Debtor only. Upon entry of the Confirmation Order, each Debtor may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code, or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan as the Plan applies to such Debtor only**,** provided, however, should any proposed modification affect more than one Debtor, consent of all three Debtors shall be required. A Holder of a Claim or Creditor that has accepted the Plan shall be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim of such Holder or the rights of such Creditor under the Plan.

Any one Debtor may revoke or withdraw the Plan as it applies to such Debtor prior to the Effective Date. If the Plan is revoked or withdrawn prior to the Confirmation Date as it applies to such Debtor, then the Plan shall be deemed null and void as to that Debtor. In such event, nothing contained therein shall be deemed to constitute a waiver or release of any Claims by such Debtor or any other Entity or to prejudice in any manner the rights of such Debtor or any other Entity in any further proceedings involving such Debtor.

12. ~~**11.**~~ **Effect of Confirmation**

(a) Title to Assets

The Plan provides that in accordance with section 1141 of the Bankruptcy Code, except as otherwise provided herein, on the Effective Date, (a) title to all Distribution Assets will vest in NEG Distribution NewCo, (b) title to all Real Estate Assets will vest in the Real Estate Entity, (c) if the Post Confirmation Entity is established all remaining assets of Techneglas will vest in the Post Confirmation Entity, (d) title to all NEG Ohio Assets will revest in Reorganized NEG Ohio, (e) title to all NEG America Assets will revest in Reorganized NEG America and (f) in the event that there is no Post Confirmation Entity, title to all Techneglas Assets, other than the Real Estate Assets, shall revest in Reorganized Techneglas. All vesting and revesting, as the case may be, of title shall be free and clear of all Liens and Claims, including, without limitation any Liens and Claims of the PBGC.

Except as otherwise provided in the Plan, the Post Confirmation Entity or Reorganized Techneglas (as the case may be) will (a) fund distributions pursuant to the Plan to all Techneglas Non-NEG Creditors, and (b) direct any residual assets to NEG Distribution NewCo. Upon disposition of the Real Estate Assets, any residual assets remaining in the Real Estate Entity will be distributed to the Post Confirmation Entity or

Reorganized Techneglas (as the case may be) free and clear of all Liens and Claims, including, without limitation, any Liens and Claims of the PBGC.

(b) Discharge of Claims and Termination Of Interests

Except as provided in the Confirmation Order, pursuant to section 1141(d) of the Bankruptcy Code, the rights afforded under the Plan and the treatment of Claims and Interests under the Plan shall be in exchange for and in complete and full satisfaction, settlement, discharge and release of all Claims and termination of all Interests. Confirmation shall: (a) discharge the Debtors, the Reorganized Entities, the Post Confirmation Entity, and the Real Estate Entity from all Claims and other debts that arose before the Confirmation Date and all debts of the kind specified in section 502 of the Bankruptcy Code, whether or not (i) a Claim based on such debt is allowed pursuant to section 502 of the Bankruptcy Code or (ii) the Holder of a Claim based on such debt has accepted the Plan; and (b) except to the extent provided otherwise in the Plan, terminate all Interests and other rights of equity security Holders in the Debtors.

Under the Plan, as of the Confirmation Date, all Entities shall be precluded from asserting against the Debtors, their Estates, the Reorganized Entities, the Post Confirmation Entity, the Post Confirmation Trustee, the Real Estate Entity, the Real Estate Trustee, their respective successors or their property, any other or further Claims, debts, rights, causes of action, liabilities or Interests based upon any act, omission, transaction or other activity of any nature that occurred prior to the Confirmation Date. In accordance with the foregoing, the Confirmation Order shall be a judicial determination of discharge of all such Claims and other debts and liabilities and Interests of or in the Debtors, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void any judgment obtained against the Debtors, Reorganized Entities, the Post Confirmation Entity, or the Real Estate Entity at any time to the extent that such judgment relates to a discharged Claim or Interest.

(c) Injunction

1. Except as otherwise expressly provided in the Plan, under the Plan all Entities who have held, hold or may hold Claims or Interests are permanently enjoined, from and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind on account of any such Claim or Interest against the Exculpation Beneficiaries; (b) enforcing, attaching, collecting or recovering by any manner or means of any judgment, award, decree or order against the Exculpation Beneficiaries; (c) creating, perfecting or enforcing any encumbrance of any kind against the Exculpation Beneficiaries, or against the property or interests in property of the Exculpation Beneficiaries; and (d) asserting any defense or right of setoff, subrogation, or recoupment of any kind against any obligation due from the Exculpation Beneficiaries, or against the property or interests in property of the Exculpation Beneficiaries, with respect to any such Claim or Interest.

By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim or Allowed Interest receiving distributions pursuant to the Plan will be deemed to have specifically consented to the injunctions set forth therein.

2. Except as provided in the Plan, as of the Effective Date, all non-Debtors are permanently enjoined from commencing or continuing in any manner, against any Entity, any action or proceeding, whether directly, derivatively, on account of, or respecting any Claim, debt, right or cause of action of the Exculpation Beneficiaries, which the Debtors or the Exculpation Beneficiaries, as the case may be, retain sole and exclusive authority to pursue in accordance with the Plan or which has been released pursuant to the Plan.

(d) Term of Existing Injunctions or Stays

Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Cases pursuant to sections 105, 362 or 525 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the Effective Date.

(e) Exculpation

The Plan provides that as of the Effective Date, except with respect to the Inter-Corporate Obligations, no Exculpation Beneficiaries shall have or incur any liability to, or be subject to any right of action by, the Debtors or any Holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, shareholders, employees, representatives, financial advisors, attorneys or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of: (a) any act taken or omitted to be taken on or after the Petition Date; (b) the Disclosure Statement, the Plan, and the documents necessary to effectuate the Plan; (c) the solicitation of acceptances and rejections of the Plan; (d) the Chapter 11 Cases; (e) the administration of the Plan; (f) the distribution of property under the Plan; or (g) any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or the Chapter 11 Cases, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(f) Releases by Techneglas

The Plan provides that, as of the Effective Date, except as otherwise provided in the Plan and except with respect to the Inter-Corporate Obligations or with respect to performance due by a counterparty to any executory contract or unexpired lease assumed by Techneglas or elsewhere in the Plan, Techneglas, in its individual capacity and as Debtor in Possession, for itself and on behalf of any Entity (including, without limitation, any direct and indirect subsidiaries; each of such Entities' officers, directors, and affiliates; each of such Entities' present and former parent corporations, and direct and indirect subsidiaries and affiliates; each of such Entities' present and former shareholders, officers, directors, and employees; each of such Entities' present and former attorneys, advisors, and consultants; and any Creditor, Interest Holder or party in interest) claiming through Techneglas or by reason of any damage to Techneglas and/or damage resulting from affiliation or in connection with Techneglas, shall forever release, waive, and discharge all claims, obligations, suits, judgments, demands, debts, rights, Causes of Action, and liabilities, whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that are based in whole or in part on any act or omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to: (i) Techneglas; (ii) the operation, management, or governance of Techneglas; and (iii) any loan from, contract with, or transaction involving Techneglas, against the current and former directors, officers and employees (in their capacities as such) of Techneglas or any of Techneglas' parent, subsidiary or affiliate entities. The foregoing release shall not apply to, and Techneglas shall retain all rights to pursue: (i) any Claim or Cause of Action against any Person on account of any loan by Techneglas or money owed to Techneglas from any such Person; and (ii) any Claim or Cause of Action arising out of or relating to any act or omission of any Person that constitutes a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner that such Person reasonably believed to be in the best interests of the corporation (to the extent such duty is imposed by applicable non-bankruptcy law) where such failure to perform constitutes willful misconduct, gross negligence or fraud.

(g) Mutual Releases

The Plan provides that as of the Effective Date, except as otherwise provided in the Plan and except with respect to Inter-Corporate Obligations, the Releasing Parties, for themselves and on behalf of any Entity claiming through them or by reason of any damage to them and/or damage resulting from affiliation or in connection with them, shall forever release, waive and discharge all claims, obligations, suits, judgments, demands, debts, rights, causes of action and liabilities, whether direct or derivative, liquidated or unliquidated,

fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise against any of the Released Parties, that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Chapter 11 Cases or the Plan. The foregoing release shall not apply to, and the Debtors shall retain all rights to pursue: (i) any Claim or Cause of Action preserved pursuant to Article VI.F of the Plan; (ii) any Claim or Cause of Action against any Person on account of any loan by the Debtors or money owed to the Debtors from any such Person; and (iii) any Claim or Cause of Action arising out of or relating to any act or omission of any Person that constitutes a failure to perform the duty to act in good faith, with the care of an ordinarily prudent person and in a manner that such Person reasonably believed to be in the best interests of the corporation (to the extent such duty is imposed by applicable non-bankruptcy law) where such failure to perform constitutes willful misconduct, gross negligence or fraud.

13. ~~12.~~ **Miscellaneous Provisions**

(a) Payment of Statutory Fees

The Plan provides that all fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on and after the Effective Date from the Post Confirmation Entity and the Reorganized Entities, as applicable, in the manner and to the extent required by applicable law. After confirmation, the respective Debtors, Post Confirmation Entity, and the Reorganized Entities, as applicable, shall file with the Bankruptcy Court and with the Office of the United States Trustee a quarterly post confirmation report, in the format specified by the United States Trustee, for each quarter that the respective Chapter 11 Cases remain open.

(b) Post-Effective Date Fees and Expenses

From and after the Effective Date, the Post Confirmation Entity, if established, and the Real Estate Entity, respectively, shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable professional fees and expenses incurred by the Post Confirmation Entity and the Real Estate Entity, respectively, related to implementation and consummation of the Plan.

(c) Section 1146 Exception

The Plan provides that pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of any security under the Plan, or the making or delivery of an instrument of transfer under or in contemplation of the Plan, or any other transaction, may not be taxed under any law imposing a stamp tax or similar tax.

(d) Severability

The Plan provides that the provisions of the Plan shall not be severable unless such severance is agreed to by the Debtors and such severance would constitute a permissible modification of the Plan pursuant to section 1127 of the Bankruptcy Code.

(e) Conflicts

The Plan provides that, except as set forth below, to the extent that any provision of the Disclosure Statement (or any exhibits, schedules, appendices, supplements or amendments to the foregoing), conflicts with or is in any way inconsistent with the terms of the Plan, the Plan shall govern and control; provided, however, that to the extent that any terms of the Plan conflict with or are in any way inconsistent with the Confirmation Order, the Confirmation Order shall govern and control.

(f) Governing Law

The Plan provides that except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent that an exhibit thereto or document contained in the Exhibit Book provides otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the Bankruptcy Code and, to the extent not inconsistent therewith, the laws of the State of Delaware without giving effect to principles of conflicts of laws.

(g) Notices

The Plan provides that all notices, requests, and demands to or upon the Debtors, to be effective, shall be in writing, including by facsimile transmission, and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered to all of the following, or in the case of notice by facsimile transmission, when received by all of the following, addressed as follows or to such other addresses as filed with the Bankruptcy Court.

<table>
<tr><th colspan="2">Notice Parties</th></tr>
<tr><td>David L. Eaton (IL Bar No. 3122303)
Marc J. Carmel (IL Bar No. 6272032)
KIRKLAND & ELLIS LLP
200 East Randolph Drive
Chicago, Illinois 60601
Telephone: (312) 861-2000
Facsimile: (312) 861-2200
Email: mcarmel@kirkland.com

Counsel to Techneglas, Inc.</td><td>Robert J. Sidman (0017390)
Brenda K. Bowers (0046799)
VORYS, SATER, SEYMOUR & PEASE LLP
52 East Gay Street
PO Box 1008
Columbus, Ohio 43216-1008
Telephone: (614) 464-6400
Facsimile: (614) 719-4962
Email: bkbowers@vssp.com

Counsel to Techneglas, Inc.</td></tr>
</table>

Notice Parties	
Patricia S. Mar (CA Bar No. 45593) Jeffrey M. Kayes (CA Bar No. 216089) MORRISON & FOERSTER LLP 425 Market Street San Francisco, California 94105-2482 Telephone: (415) 268-7000 Facsimile: (415) 268-7522 Email: pmar@mofo.com Counsel to Nippon Electric Glass Ohio, Inc.	Kenneth R. Cookson (0020216) Stephanie P. Union (0071092) KEGLER, BROWN, HILL & RITTER A Legal Professional Association 65 East State Street, Suite 1800 Columbus, Ohio 43215 Telephone: (614) 462-5400 Facsimile: (614) 464-2634 Email: kcookson@keglerbrown.com sunion@keglerbrown.com Counsel to Nippon Electric Glass Ohio, Inc.
Daniel A. DeMarco (0038920) Christopher B. Wick (0073126) HAHN LOESER & PARKS LLP 3300 BP Tower 200 Public Square Cleveland, Ohio 44114-2301 Telephone: (216) 621-0150 Facsimile: (216) 241-2824 Email: dademarco@hahnlaw.com cwick@hahnlaw.com Counsel to Nippon Electric Glass America, Inc.	Stephen M. Proctor (0069331) MASUDA FUNAI EIFERT & MITCHELL, LTD. 1475 East Woodfield Road Suite 800 Schaumburg, IL 60173-5485 Telephone: (847) 734-8836 Facsimile: (847) 734-1089 Email: sproctor@masudafunai.com Counsel to Nippon Electric Glass America, Inc.

(h) Closing of Cases

The Plan provides that the Post Confirmation Trustee, the Real Estate Trustee, and the Reorganized Debtors, as applicable, shall promptly, upon the full administration of each respective Chapter 11 Case, file with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close such Chapter 11 Case.

(i) Section Headings

The Plan provides that the section headings contained in the Plan are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan.

ARTICLE VI.
CERTAIN FACTORS TO BE CONSIDERED WHEN VOTING TO ACCEPT OR REJECT THE PLAN

The following is the Debtors' discussion of certain factors that Creditors should consider in deciding whether to vote to accept or reject the Plan. **CREDITORS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, THE PLAN, THE EXHIBIT BOOK, AND OTHER ACCOMPANYING OR INCORPORATED DOCUMENTS PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN.**

A. VARIANCES FROM PROJECTIONS

To the extent that Allowed Claims exceed projected amounts, then projected recoveries to Holders of Allowed Claims entitled to distributions under the Plan could be affected in a negative manner.

B. LITIGATION

Litigation that was pending as of the Petition Date is normally stayed pursuant to section 362 of the Bankruptcy Code and will be resolved and treated pursuant to the Plan.

C. THE DEBTORS MAY NOT BE ABLE TO OBTAIN CONFIRMATION OF THE PLAN

The Debtors cannot ensure that they will receive the requisite acceptances to confirm the Plan. Even if the Debtors receive the requisite acceptances, the Debtors cannot ensure that the Bankruptcy Court will confirm the Plan. A non-accepting Creditor or Equity Holder might challenge the adequacy of this Disclosure Statement or the balloting procedures and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met, including that the terms of the Plan are fair and equitable to non-accepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for Confirmation and requires, among other things: (1) a finding by the Bankruptcy Court that the Plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting Classes; (2) confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization; and (3) the value of distributions to non-accepting Holders of Claims and Interests within a particular class under the Plan will not be less than the value of distributions such holders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code.

The Confirmation and consummation of the Plan are also subject to certain conditions described herein. If the Plan is not confirmed, it is unclear whether a restructuring of the Debtors could be implemented and what distributions Holders of Claims or Interests ultimately would receive with respect to their Claims or Interests. It is possible that the Debtors would have to liquidate their assets, in which case it is likely that Holders of Claims and Interests would receive substantially less favorable treatment than they would receive under the Plan.

D. PARTIES IN INTEREST MAY OBJECT TO THE DEBTORS' CLASSIFICATION OF CLAIMS

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a class or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests in such class. The Debtors believe that the classification of Claims and Interests under the Plan complies with the requirements set forth in the Bankruptcy Code, but there can be no assurance that the Bankruptcy Court will reach the same conclusion.

E. THE DEBTORS MAY OBJECT TO THE AMOUNT OR CLASSIFICATION OF A CLAIM

The Debtors reserve the right to object to the amount or classification of any Claim or Interest. Any Holder of a Claim or Interest may not receive its specified share of the estimated distributions described in this Disclosure Statement.

F. CERTAIN TAX MATTERS

For a summary of the federal income tax consequences of the Plan to the Debtor and the Holders of Allowed Claims and Equity Interests, see Article X herein, entitled "Certain Federal Income Tax Consequences of the Plan."

ARTICLE VII.
VOTING PROCEDURES AND REQUIREMENTS

All known Holders of Claims entitled to accept or reject the Plan have been sent a Ballot together with this Disclosure Statement. Such Holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot (or Ballots) that accompanies this Disclosure Statement. **IT IS IMPORTANT THAT HOLDERS OF CLAIMS EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN.**

FOR YOUR VOTE TO COUNT, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY THE ADDRESSEE THEREON NO LATER THAN 4:00 P.M. PREVAILING EASTERN TIME ON ~~______________,~~SEPTEMBER 26, 2005 (THE “VOTING DEADLINE”).

ANY BALLOT THAT IS EXECUTED AND RETURNED, BUT THAT DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN, WILL BE DEEMED AN ACCEPTANCE OF THE PLAN. IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES OR IF A BALLOT IS DAMAGED OR LOST, YOU MAY CONTACT THE APPLICABLE DEBTOR AT THE ADDRESS SPECIFIED BELOW OR BY TELEPHONE.

<table>
<tr><td colspan="2" align="center"><u>For Techneglas, Inc.</u>:
Techneglas, Inc.
c/o BMC Group, Inc.
P.O. Box 905
El Segundo, CA 90245-0905
Tel.: (888) 909-0100</td></tr>
<tr><td><u>For Nippon Electric Glass America, Inc.</u>:
Nippon Electric Glass America, Inc.
c/o HAHN LOESER & PARKS LLP
3300 BP Tower
200 Public Square
Cleveland, OH 44114-2301
Attention: Christopher B. Wick, Esq.
Tel.: (216) 621-0150</td><td><u>For Nippon Electric Glass Ohio, Inc.</u>
Nippon Electric Glass Ohio, Inc.
c/o MORRISON & FOERSTER LLP
425 Market Street
San Francisco, CA 94105-2842
Attention: Patricia S. Mar, Esq.
Tel.: (415) 268-7000
and
Nippon Electric Glass Ohio, Inc.
c/o KEGLER, BROWN, HILL & RITTER
A Legal Professional Association
65 East State Street, Suite 1800
Columbus, OH 43215
Attention: Kenneth R. Cookson, Esq.
Tel.: (614) 462-5400</td></tr>
</table>

If you wish to obtain an additional copy of the Plan, the Disclosure Statement, the Exhibit Book, or any exhibits to such documents, at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d), please submit your request to the applicable Debtor at the address listed above.

A. PARTIES IN INTEREST ENTITLED TO VOTE

Subject to the provisions of the Disclosure Statement Order, any Holder of a Claim against the Debtors as of the Petition Date, which Claim has not been disallowed by order of the Bankruptcy Court and is not disputed, is entitled to vote to accept or reject the Plan if: (1) such Claim is impaired under the Plan and is not of a Class that is deemed to have accepted or rejected the Plan pursuant to sections 1126(f) and 1126(g) of the Bankruptcy Code; and (2) either (a) such Holder's Claim has been scheduled by the Debtors not as disputed, contingent or unliquidated or (b) such Holder has filed a proof of claim on or before the applicable bar date. In addition, Holders of Equity Interests in the Debtors are not entitled to vote to accept or reject the Plan because such Holders are deemed to have rejected the Plan pursuant to sections 1126(f) and 1126(g) of the Bankruptcy Code. **Unless otherwise permitted in the Plan, the Holder of any Disputed Claim is not entitled to vote with respect to such Disputed Claim, unless the Bankruptcy Court temporarily allows such Disputed Claim for the limited purpose of voting to accept or reject the Plan, prior to the Confirmation Hearing and after a notice and hearing in accordance with Federal Rule of Bankruptcy Procedures 3018(a).** In addition, a vote on the Plan may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

B. CLASSES IMPAIRED AND ENTITLED TO VOTE UNDER THE PLAN

Claims in Classes 3A, 4A, 5A, 6A, 3B, 4B, 5B, 3C, 4C and 5C are impaired by the Plan, and the Holders of Claims in Classes 3A, 4A, 5A, 6A, 3B, 4B, 5B, 3C, 4C and 5C are the only Entities entitled to vote to accept or reject the Plan. Classified Claims and Interests in Classes 1A, 2A, 1B, 2B, 6B, 7B, 1C, 2C and 6C are unimpaired by the Plan, and the Holders thereof are conclusively presumed to have accepted the Plan.

C. VOTE REQUIRED FOR ACCEPTANCE BY CLASSES OF CLAIMS

The Bankruptcy Code defines acceptance of a plan by a Class of Claims as acceptance by Holders of at least two-thirds in dollar amount and more than one-half in number of the Claims of that Class which actually cast ballots for acceptance or rejection of such a plan. Thus, acceptance by a Class of Claims occurs only if at least two-thirds in dollar amount and a majority in number of the Holders of such Claims voting cast their Ballots in favor of acceptance. A Class of Holders of Claims shall be deemed to accept the Plan in the event that no Holder of a Claim within that Class submits a Ballot by the Ballot Date. **CREDITORS AND OTHER PARTIES IN INTEREST ARE CAUTIONED TO REVIEW THE DISCLOSURE STATEMENT ORDER FOR A FULL UNDERSTANDING OF VOTING REQUIREMENTS.**

D. OPTIONAL RELEASE

THE PLAN PROVIDES THAT HOLDERS OF CLASS 4A CLAIMS MAY CHECK A BOX INDICATING THAT THEY DO NOT AGREE TO BE SUBJECT TO THE OPTIONAL RELEASE. ANY HOLDER OF A CLASS 4A CLAIM WHO DOES NOT CHECK THE BOX TO OPT OUT OF THE OPTIONAL RELEASE OR DOES NOT RETURN A BALLOT WILL BE DEEMED TO AGREE TO BE SUBJECT TO THE OPTIONAL RELEASE.

ARTICLE VIII.
CONFIRMATION OF THE PLAN

Under the Bankruptcy Code, the following steps must be taken to confirm the Plan.

A. CONFIRMATION HEARING

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. The Bankruptcy Court has entered an order (the "Solicitation Procedures Order") scheduling the Confirmation Hearing for ~~________ a./p.m. on ______________,~~**2:00 p.m. prevailing Eastern Time on October 6,** 2005, at the United States Bankruptcy Court for the Southern District of Ohio, 170 North High Street, Columbus, Ohio 43215. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. As set forth in the Solicitation Procedures Order, in order to be considered by the Bankruptcy Court, objections, if any, to the Plan must be in writing and must be: (1) filed so as to be actually RECEIVED by the Clerk of the United States Bankruptcy Court for the Southern District of Ohio, 170 North High Street, Columbus, Ohio 43215 by 4:00 p.m. prevailing Eastern Time on ~~or before __________,~~**September 26,** 2005; and (2) served on the following parties so that they are actually RECEIVED by 4:00 p.m. prevailing Eastern Time, on or before the Plan Objection Deadline: (a) Kirkland & Ellis LLP, 200 East Randolph Drive, Chicago, Illinois 60601, Attn: David L. Eaton, Esq. and Marc J. Carmel, Esq.; (b) Vorys, Sater, Seymour & Pease LLP, 52 East Gay Street, P. O. Box 1008, Columbus, Ohio 43216-1008, Attn: Robert J. Sidman, Esq. and Brenda K. Bowers, Esq.; (c) Kegler, Brown, Hill & Ritter, 65 East State Street, Suite 1800, Columbus, Ohio 43215, Attn: Kenneth R. Cookson and Stephanie P. Union; (d) Morrison & Foerster LLP, 425 Market Street, San Francisco, California 94105-2482, Attn: Patricia S. Mar; (e) Hahn, Loeser & Parks LLP, 3300 BP Tower, 200 Public Square, Cleveland, Ohio 44114-2301, Attn: Daniel A. DeMarco, Esq. and Christopher B. Wick, Esq.; (f) Office of the United States Trustee, 170 North High Street, Suite 200, Columbus, Ohio 43215, Attn: Mary Anne Wilsbacher; (g) Squire, Sanders & Dempsey LLP, 341 South High Street, Suite 1300, Columbus, Ohio 43215-6197, Attn: Tim J. Robinson, Esq. and Kristin E. Richner, Esq.; (h) Husch & Eppenberger, LLC, 1200 Main Street, Suite 1700, Kansas City, Missouri 64105, Attn: Christopher Rockers; and (i) BMC Group, Inc., 1330 East Franklin, El Segundo, California 90245, Attn: Tinamarie Feil. Any objection to Confirmation of the Plan must be in writing, conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, set forth the name of the objecting party, the nature and amount of the Claim or Interest held or asserted by the objecting party against the Debtors' estates or property, the basis for the objection and the specific grounds therefor. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY AND PROPERLY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

B. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan (1) is accepted by all impaired Classes of Claims and Interests or, if rejected by an impaired Class, that the Plan "does not discriminate unfairly" and is "fair and equitable" as to such Class, (2) is feasible, and (3) is in the "best interests" of Holders of Claims and Interests impaired under the Plan.

1. Acceptance

Claims or Interests in Classes 1A, 2A, 1B, 2B, 6B, 7B, 1C, 2C and 6C are unimpaired by the Plan, and the Holders thereof are conclusively presumed to have accepted the Plan. The rights of Holders of Secured

Claims are essentially unaffected by the Plan, and the failure to object to Confirmation of the Plan by the Holders of Other Priority Claims shall be deemed to be such Holders' agreement to receive treatment for such Claims that is different from that set forth in section 1129(a)(9) of the Bankruptcy Code.

Claims in Classes 3A, 4A, 5A, 6A, 3B, 4B, 5B, 3C, 4C and 5C are impaired under the Plan, and the Holders of such Claims are entitled to vote on the Plan. Thus, Classes 3A, 4A, 5A, 6A, 3B, 4B, 5B, 3C, 4C and 5C must accept the Plan in order for it to be confirmed without application of the "fair and equitable test," described below, to such Classes. As stated above, a Class will accept the Plan if the Plan is accepted by at least two-thirds in dollar amount and a majority in number of the Claims of that Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

2. Fair and Equitable Test

The Debtors will seek to confirm the Plan notwithstanding the non-acceptance or deemed non-acceptance of the Plan by any impaired Class of Claims or Interests. To obtain such Confirmation, it must be demonstrated to the Bankruptcy Court that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such dissenting impaired Class. A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class receives more than it is entitled to for its Claims or interests. The Debtors believe that the Plan satisfies this requirement.

The Bankruptcy Code establishes different "fair and equitable" tests for Secured Claims, Unsecured Claims, and Equity Interests.

(a) Secured Claims:

For a plan to satisfy the "fair and equitable" test, such plan must provide: (a) that the Holders of Secured Claims retain the Liens securing such Claims, whether the property subject to such Liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such Claims, and each Holder of a Claim receives deferred Cash payments totaling at least the allowed amount of such Claim, of a value, as of the effective date of the plan, of at least the value of such Holder's interest in the Debtors' interest in such property; (b) for the sale of any property that is subject to the Liens securing such Claims, free and clear of such Liens, with such Liens to attach to the proceeds of such sale; or (c) for the realization by such Holders of the indubitable equivalent of such Claims.

(b) Unsecured Claims:

For a plan to satisfy the "fair and equitable" test, such plan must provide: (a) that each Holder of an impaired Unsecured Claim receives or retains under the plan property of a value equal to the amount of its allowed Claim; or (b) the Holders of Claims and Equity Interests that are junior to the Claims of the dissenting Unsecured Claim class will not receive any property under the plan.

(c) Equity Interests:

For a plan to satisfy the "fair and equitable" test, such plan must provide: (i) each interest Holder will receive or retain under the plan property of a value equal to the greater of (a) the fixed liquidation preference or redemption price, if any, of such stock or (b) the value of the stock; or (ii) that the Holders of Equity Interests that are junior to the dissenting Equity Interest Class will not receive any property under the plan.

THE DEBTORS BELIEVE THAT THE PLAN MAY BE CONFIRMED ON A NONCONSENSUAL BASIS (PROVIDED AT LEAST ONE IMPAIRED CLASS OF CLAIMS VOTES

TO ACCEPT THE PLAN) BECAUSE THE PLAN SATISFIES THE "FAIR AND EQUITABLE" TEST WITH RESPECT TO ANY CLASS OF CREDITORS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN WHO IN FACT DO NOT VOTE TO ACCEPT THE PLAN. ACCORDINGLY, THE DEBTORS WILL DEMONSTRATE AT THE CONFIRMATION HEARING THAT THE PLAN SATISFIES THE REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO ANY NON-ACCEPTING CLASS.

3. Feasibility

The Bankruptcy Code requires that confirmation of a plan is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor. As shown in the financial statements attached as exhibits to the Disclosure Statement, each of the Debtors have sufficient assets to fund distributions as set forth in the Plan, including in the case of Techneglas, sufficient assets to fund the distributions as set forth in the Plan to Techneglas Non-NEG Creditors. To the extent that any Debtor does not have cash sufficient to pay distributions under the Plan, such Debtor shall liquidate its assets or use its unencumbered assets as collateral to borrow cash to fund distributions under the Plan.

4. "Best Interests" Test/Liquidation Analysis

Before the Plan may be Confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each Class, that each Holder of a Claim or Interest in such Class either (a) has accepted the Plan, or (b) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such person would receive or retain if the Debtors liquidated under Chapter 7 of the Bankruptcy Code.

This analysis requires that the Bankruptcy Court determine what the Holders of Allowed Claims and Allowed Interests in each Impaired Class would receive if the Debtors Chapter 11 Cases were converted to Chapter 7 liquidation cases and the Debtors' Assets were liquidated in the context of Chapter 7. In this scenario, the Cash available for the satisfaction of Holders of Allowed Claims and Equity Interests would consist of the proceeds resulting from the liquidation of the Debtors' remaining unencumbered Assets plus the unencumbered Cash held by the Debtors at the time of the conversion to the Chapter 7 liquidation cases. This Cash amount would be reduced by the costs and expenses of the Chapter 7 liquidation cases, and by such additional Administrative Expense Claims incurred during the course of the Chapter 7 liquidation cases.

In addition, proceeds received in a Chapter 7 liquidation are likely to be significantly discounted due to the distressed nature of the sale and the costs of liquidation under Chapter 7 would include numerous additional expenses. Such expenses include, among other things: (a) fees payable to a Chapter 7 Trustee for each of these Debtors, as well as those fees payable to each respective trustee's attorneys, investment bankers and other professionals; (b) any unpaid expenses incurred by the Debtors during the Chapter 11 Cases, such as compensation for attorneys, financial advisors, accountants; and (c) the costs and expenses of members of any official committees that are allowed in the Chapter 7 cases. The fees payable to a Chapter 7 Trustee are pursuant to the Bankruptcy Code. The Debtors estimate the Chapter 7 Trustees' fees would exceed $4 million based on the value of the Debtors' assets and the provision of the Bankruptcy Code allowing such fees. Moreover, additional Claims could arise as a result of the breach or rejection of obligations incurred and executory contracts entered into or assumed by the Debtors during the Chapter 11 Cases. The foregoing types of Claims, and such other Claims which may arise in the Chapter 7 liquidation cases, would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay Administrative Expense Claims, Priority Claims, and Unsecured Claims arising in the Debtors' Chapter 11 Cases.

In addition to Chapter 7 Trustees' fees, the Debtors have several advantages over potential Chapter 7 Trustees that will contribute to cost savings and lead to a higher recovery in liquidating the Debtors' assets.

The Debtors estimate that the Chapter 7 Trustees and their professionals would take at least 90 days to educate themselves regarding the many complicated facets of the Debtors' Estates. The Chapter 7 Trustees and their professionals would have to learn about the former operations of the Debtors in order to understand how to best liquidate their respective Assets and evaluate the value of their respective creditors' Claims to such Assets.

Attached to this Disclosure Statement is the Techneglas Estimated Liquidation and Distribution Analysis Pursuant to Chapter 7 (the "Chapter 7 Liquidation Analysis"), which provides a summary of the proceeds of the liquidation of the Techneglas Assets under the Plan as compared to the proceeds of the liquidation of the Techneglas Assets by a bankruptcy trustee in a hypothetical Chapter 7 liquidation. The Chapter 7 Distribution Analysis is discussed more fully herein and in Exhibit C hereto.

The Plan provides for a greater recovery than the Chapter 7 Liquidation Analysis. There are numerous factors that support Techneglas' conclusions that the Plan exceeds the distributions that would occur in a Chapter 7 Liquidation, in addition to the savings realized in a Chapter 11 distribution from not paying Chapter 7 Trustee fees. For example, the benefits of the MOUs and the MOU Orders in the Techneglas Chapter 11 Case would be lost in a Chapter 7 liquidation, causing significant liabilities to the Techneglas estate. Moreover, the voluntary subordination of the NEG Claims in the Techneglas Chapter 11 Case, would be lost in a Chapter 7 liquidation and would likely lead to litigation among the Techneglas Unsecured Creditors and NEG regarding the characterization of the NEG Claims.

As to NEG Ohio, the Plan provides for 100% payment of all Claims, except for (1) the Claim of PBGC, whose Allowed Claim will be paid 100% by the three Debtors collectively, and (2) the Claim of NEG, which has agreed to payment of less than 100% of its Allowed Claim. Thus, except as to NEG, Holders of Claims against NEG Ohio who are entitled to vote would receive no less under the Plan than they would receive in a Chapter 7 Liquidation, as creditors would not receive more than 100% of their Allowed Claims in a Chapter 7 Liquidation.

As to NEG America, the Plan provides for 100% payment of all Claims, except for (1) the Claim of PBGC, whose Allowed Claim will be paid 100% by the three Debtors collectively, and (2) the Claim of NEG, which has agreed to payment of less than 100% of its Allowed Claim. Thus, except as to NEG, Holders of Claims against NEG America which are entitled to vote would receive no less under the Plan than they would receive in a Chapter 7 Liquidation, as creditors would not receive more than 100% of their Allowed Claims in a Chapter 7 Liquidation.

In light of the foregoing, it is clear that Holders of Allowed Claims entitled to distributions under the Plan will receive under the Plan more than they would receive in a hypothetical Chapter 7 liquidation by a Chapter 7 bankruptcy trustee.

ARTICLE IX.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If no plan of reorganization can be confirmed, the likely alternative is for the Debtors' Chapter 11 Cases to be converted to cases under Chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate the assets of each of the Debtors for distribution to the Holders of Claims and Interests (if permitted), in accordance with the priorities established by the Bankruptcy Code. A discussion of the effect that a Chapter 7 liquidation would have on the recovery of Holders of Allowed Claims and Allowed Interests is set forth in Article VIII.B.4. herein, entitled "Confirmation of the Plan - Requirements for Confirmation of the Plan - 'Best Interests' Test/Liquidation Analysis" as well as on Exhibit C hereto entitled "Chapter 7 Liquidation Analysis."

ARTICLE X.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN RELATED TO TECHNEGLAS, CLAIMS AGAINST TECHNEGLAS, AND INTERESTS IN TECHNEGLAS

The following discussion is a summary of certain United States federal income tax consequences of the Plan to Techneglas and to Holders of Claims against and Interests in Techneglas. This discussion is based on the Internal Revenue Code of 1986, as amended (the "IRC"), Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rules and pronouncements of the IRS as in effect on the date hereof. Due to the complexity of certain aspects of the Plan, the lack of applicable legal precedent, the possibility of changes in the law, the differences in the nature of the Claims (including Claims within the same Class) and Interests, the Holders' status and method of accounting (including Holders within the same Class) and the potential for disputes as to legal and factual matters with the IRS, the tax consequences described herein are subject to significant uncertainties. No legal opinions have been requested from counsel with respect to any of the tax aspects of the Plan and no rulings have been or will be requested from the IRS with respect to the any of the issues discussed below. Furthermore, legislative, judicial or administrative changes may occur, perhaps with retroactive effect, which could affect the accuracy of the statements and conclusions set forth below as well as the tax consequences to Techneglas and the Holders of Claims and Interests.

This discussion does not purport to address all aspects of federal income taxation that may be relevant to Techneglas or the Holders of Claims or Interests in light of their personal circumstances, nor does the discussion deal with tax issues with respect to taxpayers subject to special treatment under the federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, brokers and dealers in securities, insurance companies, financial institutions, tax-exempt organizations, small business investment companies, regulated investment companies and non-U.S. taxpayers). This discussion does not address the tax consequences to Holders of Claims who did not acquire such Claims at the issue price on original issue. No aspect of foreign, state, local or Trust and gift taxation is addressed.

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE U.S. INTERNAL REVENUE CODE. THE TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED IN THIS DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

THE FOLLOWING SUMMARY IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE PERSONAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT WITH SUCH HOLDER'S TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

A. CONSEQUENCES TO TECHNEGLAS

Under the Plan, Techneglas may be transferring substantially all of its remaining Assets to the Post Confirmation Entity, Real Estate Entity, and NEG Distribution NewCo. **For federal income tax purposes, transfers to Techneglas Non-NEG Creditors should be treated as a transfer by Techneglas to the Holders of Allowed Claims entitled to distributions under the Plan followed by a transfer by such Holders to the Post Confirmation Entity. These transfers (other than the transfers of Cash) may result in the recognition of taxable gain or loss by Techneglas. Nevertheless, due to available net operating loss and other loss carryforwards, Techneglas does not anticipate that a significant federal income tax**

liability, if any, will be incurred as a result of such transactions. To the extent that any federal income tax liability results from the transfer of the Assets to the Post Confirmation Entity, Techneglas will pay the resulting tax to the IRS. ~~**The Plan also provides that Techneglas will be liquidated and dissolved.** As a result, there will be no net operating loss or capital loss carryforwards or tax attributes available to the Techneglas or the Post Confirmation Entity following the Effective Date after giving effect to the transactions contemplated by the Plan.~~

B. FEDERAL INCOME TAX TREATMENT OF POST CONFIRMATION ENTITY

1. Classification of Post Confirmation Entity

Pursuant to the Plan, Techneglas may transfer assets to the Post Confirmation Entity, and in that case the Post Confirmation Entity will become obligated to make distributions in accordance with the Plan. The Plan provides, and this discussion assumes, that the Post Confirmation Entity will be treated for federal income tax purposes as a "liquidating trust," as defined in Treasury Regulation Section 301.7701-4(d), and will therefore be taxed as a grantor trust of which the beneficiaries thereof (each, a "Beneficiary") will be treated as the owners and grantors. Accordingly, because a grantor trust is treated as a pass-through entity for federal income tax purposes, no federal income tax should be imposed on the Post Confirmation Entity itself on the income earned or gain recognized by the Post Confirmation Entity. Instead, the Beneficiaries will be taxed on their allocable shares of such net income or gain in each taxable year (determined in accordance with the Post Confirmation Entity Agreement or described in Article V.G. of the Plan), whether or not they receive any distributions from the Post Confirmation Entity in such taxable year.

Although if established the Post Confirmation Entity has been structured with the intention of complying with guidelines established by the IRS in Rev. Proc. 94-45, 1994-2 C.B. 684, for the formation of liquidating trusts, it is possible that the IRS could require a different characterization of the Post Confirmation Entity, which could result in different and possibly greater tax liability to the Post Confirmation Entity and/or the Holders of Allowed Claims. No ruling has been or will be requested from the IRS concerning the tax status of the Post Confirmation Entity and there can be no assurance the IRS will not require an alternative characterization of the Post Confirmation Entity. If the Post Confirmation Entity were determined by the IRS to be taxable as other than a liquidating trust pursuant to Treasury Regulation Section 301.7701-4(d), it should instead be treated as a partnership, in which case the taxation of the Post Confirmation Entity and the transfer of assets by the Techneglas to the Post Confirmation Entity would be substantially similar to the discussion in the preceding paragraph. If the IRS were successful in arguing that the Post Confirmation Entity should be treated as other than a liquidating trust or a partnership, the taxation of the Post Confirmation Entity and the transfer of assets by the Techneglas to the Post Confirmation Entity could be materially different than is described herein and could have a material adverse effect on the Holders of Allowed Claims.

2. Tax Reporting

If applicable, the Post Confirmation Trustee will file tax returns with the IRS for the Post Confirmation Entity as a grantor trust in accordance with Treasury Regulation Section 1.671-4(a). If applicable, the Post Confirmation Trustee will also send to each Beneficiary of the Post Confirmation Entity a separate statement setting forth the Beneficiary's allocable share of items of income, gain, loss, deduction or credit and will instruct the Beneficiary to report such items on such Beneficiary's federal income tax return.

3. Reserve for Disputed Claims

If applicable, the Post Confirmation Trustee must establish a reserve on account of any distributable amounts required to be set aside on account of Disputed Claims. Such amounts, net of certain expenses, shall be distributed as such Disputed Claims are resolved as such amounts would have been distributable had the Disputed Claims been Allowed Claims as of the Effective Date, together with any net earnings related thereto.

If applicable, the Post Confirmation Entity will pay taxes on the taxable net income or gain allocable to Holders of Disputed Claims on behalf of such Holders and, when such Disputed Claims are ultimately resolved, Holders whose Disputed Claims are determined to be Allowed Claims will receive distributions from the Post Confirmation Entity net of taxes which the Post Confirmation Entity had previously paid on their behalf.

4. Transfer of Assets to Holders of Allowed Claims

If applicable, any income earned by NEG Distribution NewCo or Reorganized Techneglas, will be subject to a separate entity level tax. Distributions from NEG Distribution NewCo or Reorganized Techneglas, as applicable, will be made to Holders of Allowed Claims net of any expenses, including (but not limited to) any taxes of NEG Distribution NewCo or Reorganized Techneglas, as applicable. Accordingly, the entity level income tax liability of NEG Distribution NewCo or Reorganized Techneglas, as applicable, will be borne by the Holders of Allowed Claims receiving distributions from NEG Distribution NewCo or Reorganized Techneglas.

C. FEDERAL INCOME TAX TREATMENT OF REAL ESTATE ENTITY

1. Classification of Real Estate Entity

Pursuant to the Plan, Techneglas will transfer the Real Estate Assets, including real estate assets that have not sold as of the Effective Date and that may be potentially subject to environmental liability, to the Real Estate Entity, and the Real Estate Entity will become obligated to make Distributions in accordance with the Plan. The Plan provides, and this discussion assumes, that the Real Estate Entity will be treated for federal income tax purposes as a "liquidating trust," as defined in Treasury Regulation Section 301.7701-4(d), and will therefore be taxed as a grantor trust of which the beneficiaries thereof (each, a "Beneficiary") will be treated as the owners and grantors. Accordingly, because a grantor trust is treated as a pass-through entity for federal income tax purposes, no federal income tax should be imposed on the Real Estate Entity itself on the income earned or gain recognized by the Real Estate Entity. Instead, the Beneficiaries will be taxed on their allocable shares of such net income or gain in each taxable year (determined in accordance with the Real Estate Entity Agreement or described in Article V.D of the Plan), whether or not they receive any distributions from the Real Estate Entity in such taxable year.

Although the Real Estate Entity has been structured with the intention of complying with guidelines established by the IRS in Rev. Proc. 94-45, 1994-2 C.B. 684, for the formation of liquidating trusts, it is possible that the IRS could require a different characterization of the Real Estate Entity, which could result in different and possibly greater tax liability to the Real Estate Entity and/or the Holders of Allowed Claims. No ruling has been or will be requested from the IRS concerning the tax status of the Real Estate Entity and there can be no assurance the IRS will not require an alternative characterization of the Real Estate Entity. If the Real Estate Entity were determined by the IRS to be taxable as other than a liquidating trust pursuant to Treasury Regulation Section 301.7701-4(d), it should instead be treated as a partnership, in which case the taxation of the Real Estate Entity and the transfer of assets by Techneglas to the Real Estate Entity would be substantially similar to the discussion in the preceding paragraph. If the IRS were successful in arguing that the Real Estate Entity should be treated as other than a liquidating trust or a partnership, the taxation of the Real Estate Entity and the transfer of assets by Techneglas to the Real Estate Entity could be materially different than is described herein and could have a material adverse effect on the Holders of Allowed Claims.

2. Tax Reporting

The Real Estate Trustee will file tax returns with the IRS for the Real Estate Entity as a grantor trust in accordance with Treasury Regulation Section 1.671-4(a). The Real Estate Trustee will also sent to each Beneficiary of the Real Estate Entity a separate statement setting forth the Beneficiary's allocable share of

items of income, gain, loss, deduction or credit and will instruct the Beneficiary to report such items on such Beneficiary's federal income tax return.

D. FEDERAL INCOME TAX TREATMENT OF NEG DISTRIBUTION NEWCO AND TECHNEGLAS

1. Transfer of Assets from Techneglas

Pursuant to the Plan, Techneglas may transfer the Distribution Assets to NEG Distribution NewCo in exchange for the distribution of NEG Distribution NewCo New Common Stock to NEG in satisfaction of NEG's Claims and Interests in Techneglas. This transfer of assets is intended to constitute a reorganization within the meaning of IRC Section 368(a)(1)(G) (a "G Reorganization"), which requires, among other things, that certain non-statutory requirements, such as a requirement must have a business purpose and preserve continuity of proprietary interest, are satisfied. The law regarding whether a transaction qualifies as a reorganization is uncertain and there can be no assurance that the IRS will respect the characterization of the transfer to NEG Distribution Newco as a G Reorganization.

NEG Distribution NewCo will recognize no gain or loss with respect to the receipt of the Distribution Assets in exchange for the distribution of NEG Distribution NewCo New Common Stock to NEG pursuant to the Plan. Assuming, as described above, that the transfer of assets by Techneglas to NEG Distribution NewCo constitutes a G Reorganization, the assets transferred to NEG Distribution NewCo will have the same basis in NEG Distribution NewCo's hands as such assets did in Techneglas' hands, and NEG Distribution NewCo's holding period for such assets will include Techneglas' holding period. NEG Distribution NewCo will also succeed to Techneglas' NOLs and other tax attributes at the close of the Effective Date. Subject to potential limitations imposed by IRC Section 382 (or IRC Section 269), as described below, the tax attributes of Techneglas to which NEG Distribution NewCo will succeed will be available to offset income of NEG Distribution NewCo in its tax year beginning on the day following the Effective Date (and in subsequent tax years).

If the IRS successfully challenges the transfer of the Distribution Assets as a G Reorganization, such transfer will be treated as a taxable event, giving rise to taxable gain or loss to Techneglas.

2. Cancellation of Indebtedness and Reduction of Tax Attributes

As a result of the Plan, the amount of Techneglas' aggregate outstanding indebtedness will be substantially reduced. In general, absent an exception, a debtor will realize and recognize cancellation of indebtedness income ("COD Income") upon satisfaction of its outstanding indebtedness for an amount less than its adjusted issue price. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of the issue price of any new indebtedness of the taxpayer issued, the amount of cash paid and the fair market value of any new consideration (including stock of the debtor) given in satisfaction of such indebtedness at the time of the exchange.

A debtor will not, however, be required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a Title 11 bankruptcy proceeding and the discharge of debt occurs pursuant to that proceeding. Instead, as a price for such exclusion, a debtor must (as of the first day of the next taxable year) reduce its tax attributes by the amount of COD Income which it excluded from gross income. In general, tax attributes will be reduced in the following order: (a) net operating losses ("NOLs"), (b) tax credits and capital loss carryovers, and (c) tax basis in assets. Although it is expected that a reduction of tax attributes will be required, the exact amount of such reduction is not currently known. Nonetheless, despite this reduction, Techneglas expects that it will have a significant NOL remaining after emergence from bankruptcy, as described below.

3. Limitation of Net Operating Loss Carryovers and Other Tax Attributes

74

It is anticipated that Reorganized Techneglas or NEG Distribution Newco will have approximately $219 million in federal NOLs available to it following the Effective Date (after taking into account any reduction of NOLs resulting from COD Income). To the extent not utilized, these NOLs will begin to expire in the year 2023. IRC Section 382 generally limits a corporation's use of its NOLs (and may limit a corporation's use of certain built-in losses if such built-in losses are recognized within a five-year period following an ownership change) if a corporation undergoes an "ownership change." This discussion describes the limitation determined under IRC Section 382 in the case of an "ownership change" as the "Section 382 Limitation." The Section 382 Limitation on the use of pre-change losses (the NOLs and built-in losses recognized within the five year post-ownership change period) in any "post change year" is generally equal to the product of the fair market value of the loss corporation's outstanding stock immediately before the ownership change and the long term tax-exempt rate (which is published monthly by the Treasury Department and was approximately 4.2% in August 2005) in effect for the month in which the ownership change occurs. In addition, IRC Section 383 applies a similar limitation to capital loss carryforwards and tax credits.

In general, an ownership change occurs when the percentage of the corporation's stock owned by certain "5 percent shareholders" increases by more than 50 percentage points over the lowest percentage owned at any time during the applicable "testing period" (generally, the shorter of (a) the three-year period preceding the testing date or (b) the period of time since the most recent ownership change of the corporation). A "5 percent shareholder" for these purposes includes, generally, an individual or entity that directly or indirectly owns 5 percent or more of a corporation's stock during the relevant period, and may include one or more groups of shareholders that in the aggregate own less than 5 percent of the value of the corporation's stock. Under applicable Treasury Regulations, an ownership change with respect to an affiliated group of corporations filing a consolidated return that have consolidated NOLs is generally measured by changes in stock ownership of the parent corporation of the group. Although the law is not entirely clear, it is anticipated that an ownership change will not occur with respect to Techneglas and its successor, NEG Distribution NewCo, in connection with the Plan, provided that NEG does not treat its stock in Techneglas or NEG Distribution Newco as worthless. Therefore, Techneglas' or NEG Distribution NewCo's ability to use its NOLs following the Effective Date should not be limited by IRC Section 382.

If, however, an "ownership change" does occur pursuant to the implementation of a plan of reorganization under the Bankruptcy Code, the general Section 382 Limitation may not apply if certain requirements are satisfied. Under Section 382(l)(5) of the IRC, the Section 382 Limitation does not apply to an ownership change of a loss corporation if the corporation was under the jurisdiction of a bankruptcy court immediately before the change and those persons who were shareholders and creditors of the loss corporation immediately before the ownership change own at least 50 percent of the loss corporation's stock by value and voting power after the ownership change (the "Bankruptcy Exception"). Stock held by a creditor that was converted from indebtedness is considered in determining whether the 50 percent requirement is satisfied only if (a) the creditor held (or is treated as holding) the debt at least 18 months before the case was filed or (b) the debt arose in the ordinary course of the loss corporation's trade or business and has been held by the person who has at all times held the beneficial interest in the claim.

Thus, under IRC Section 382(l)(5), if Techneglas or NEG Distribution NewCo undergo an ownership change in connection with the consummation of the Plan, it would avoid entirely the application of Section 382 Limitation to the NOLs and recognized built-in losses, if any, but would be required to reduce their NOLs and possibly other tax attributes by any deduction for interest claimed by Techneglas with respect to any indebtedness converted into stock for (a) the three-year period preceding the taxable year of the "ownership change" and (b) the portion of the year of the "ownership change" prior to the consummation of the Plan. In addition, under Section 382(l)(5)(D) of the IRC, if a second "ownership change" with respect to Techneglas or NEG Distribution NewCo occurs within the two-year period following the consummation of the Plan, the Section 382(l)(5) exception will not apply and any NOLs and other pre-change losses remaining after the second "ownership change" will be eliminated. If NEG Distribution NewCo were to determine that either (i) the risk of the occurrence of a second "ownership change," or (ii) the NOL reduction under Section 382(l)(5)

of the IRC is too substantial, NEG Distribution NewCo could elect out of the application of IRC Section 382(l)(5).

As noted above, the Section 382 Limitation is generally determined by reference to the fair market value of the loss corporation's outstanding stock immediately before the ownership change. However, IRC Section 382(l)(6) provides that a debtor may elect, in the case of an ownership change resulting from a bankruptcy proceeding of a debtor, to have the value of the debtor's stock for the purpose of calculating the Section 382 Limitation determined by reference to the net equity value of the debtor's stock immediately after the ownership change. Although it is not possible to know with certainty what the fair market value of NEG Distribution NewCo~~ New Common Stock or Reorganized Techneglas~~ New Common Stock will be following the Effective Date (and accordingly what the amount of the Section 382 Limitation would be), IRC Section 382(l)(6) rule could be of significant benefit with respect to its ability to utilize any remaining tax attributes following the Effective Date. Accordingly, Techneglas is unsure of whether it would utilize IRC Section 382(l)(5) or 382(l)(6) in the event an ownership change occurs with respect to the consummation of the Plan. The ability of ~~Reorganized Techneglas or~~ NEG Distribution NewCo to utilize the NOLs to reduce future taxable income -- and therefore the value of such NOLs -- is dependent upon a number of factors, including: (a) whether or not the consummation of the Plan results in an ownership change; (b) whether the transfer of the Distribution Assets to NEG Distribution NewCo qualifies as a G Reorganization; (c) the amount of COD Income recognized by Techneglas; (d) the ability of the reorganized entity to earn taxable income and the timing of such income; and (e) the present value of any cash savings resulting from the utilization of the NOLs to reduce the reorganized entity's tax liability.

4. IRC Section 269

Pursuant to IRC Section 269(a)(1), the IRS may disallow a corporate tax benefit if the principal purpose for an acquisition of 50% or more (in vote or value) of the stock of a corporation (the "Applicable Stock Acquisition") is the evasion or avoidance of federal income tax by securing a corporate tax benefit that would not otherwise be available. Furthermore, pursuant to IRC Section 269(a)(2), the IRS may disallow a corporate tax benefit if the principle purpose for certain asset acquisitions (the "Applicable Asset Acquisition") is the evasion or avoidance of federal income tax by securing a corporate tax benefit that would not otherwise be available. If the IRS were to assert IRC Section 269 with respect to an Applicable Stock Acquisition or an Applicable Asset Acquisition, the taxpayer would have the burden of proof because the IRS's determination of a tax avoidance principal purpose is presumptively correct. If the taxpayer is unable to carry the burden of proving a principal purpose other than tax avoidance, the determination of a tax avoidance would stand.

In the event of a G Reorganization, NEG Distribution NewCo will acquire substantially all of the Distribution Assets of Techneglas and more than 50% in value of NEG Distribution NewCo New Common Stock will be acquired by NEG. If the IRS determines that the either the acquisition of NEG Distribution NewCo New Common Stock or Techneglas Distribution Assets is principally for tax avoidance purposes, it could assert that IRC Section 269 authorizes it to disallow deductions with respect to some or all of NEG Distribution NewCo's NOLs. This determination is primarily a question of fact. This discussion contained herein does not include a description of Treas. Reg. § 1.269-3(d), because at this time Techneglas does not intend to use 382(1)(5).

There is a risk that the IRS could assert that the principal purpose of the G Reorganization is to enhance the ability of the reorganized Techneglas to utilize its NOLs. To prevail in this assertion, the IRS must demonstrate that the purpose to evade or avoid federal income tax exceeds in importance any other purpose. The determination of the purpose for which an acquisition was made requires a scrutiny of the entire circumstances in which the transaction or course of conduct occurred, in connection with the tax result claimed to arise therefrom. Courts are generally reluctant to invoke IRC Section 269 where a reasonable business purpose existed for the timing and form of the acquisition, even if the availability of NOLs was also a major consideration in the transaction.

As noted above, the determination of whether tax avoidance is the principal motivation of a transaction is primarily a question of fact. Techneglas believes that, if the G Reorganization were challenged by the IRS, the IRS would not be able to demonstrate that the federal tax avoidance was the principal motivation for the G Reorganization. Techneglas believes that the acquisition of control of Techneglas and NEG Distribution NewCo by NEG pursuant to the Plan will be made for reasonable business purposes. NEG will be offered NEG Distribution NewCo New Common Stock because Techneglas cannot offer them sufficient cash and/or new debt instruments to preserve their investment in Techneglas. In light of business exigencies requiring Techneglas to satisfy most of the claims against Techneglas with NEG Distribution NewCo New Common Stock, tax avoidance should not be considered the principal motivation for the Plan. Further, Techneglas believes that there are reasonable business purposes for the transfer of assets of Techneglas to NEG Distribution NewCo, which will carry on a portion of the Techneglas business unhampered by concerns relating to the unwanted assets. Accordingly, Techneglas believes that IRC Section 269 should not apply to the G Reorganization.

If, nevertheless, the IRS were to make an assertion that IRC Section 269 applied and such assertion were sustained, IRC Section 269 would severely limit or even extinguish NEG Distribution NewCo's ability to utilize Techneglas' pre-ownership change NOLs to which it succeeded in the G Reorganization. Due to the highly fact dependent nature of this issue, there can be no assurance that the IRS would not prevail if it were to assert the application of IRC Section 269 to the Comprehensive Reorganization.

E. CONSEQUENCE TO HOLDERS OF CLAIMS

The federal income tax consequences of the Plan to a Holder of a Claim against Techneglas will depend upon several factors, including but not limited to: (a) the origin of the Holder's Claim, (b) whether the Holder is a resident of the United States for tax purposes (or falls into any of the special classes of taxpayers excluded from this discussion as noted above), (c) whether the Holder reports income on the accrual or cash basis method, (d) whether the Holder has taken a bad debt deduction or worthless security deduction with respect to this Claim and (e) whether the Holder receives distributions under the Plan in more than one taxable year. **HOLDERS ARE STRONGLY ADVISED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX TREATMENT UNDER THE PLAN OF THEIR PARTICULAR CLAIMS.**

1. Holders of Claims

Generally, a Holder of an Allowed Claim will recognize gain or loss equal to the difference between the "amount realized" by such Holder and such Holder's adjusted tax basis in the Allowed Claim. The "amount realized" is equal to the sum of the Cash and the fair market value of any other consideration received under the Plan in respect of a Holder's Claim, including, to the extent such Holder is a Beneficiary of the Post Confirmation Entity, the fair market value of each such Holder's proportionate share of the assets transferred to the Post Confirmation Entity on behalf of and for the benefit of such Holder (to the extent that such Cash or other property is not allocable to any portion of the Allowed Claim representing accrued but unpaid interest (see discussion below)).

If applicable, the transfer of the Post Confirmation Assets to the Post Confirmation Entity by Techneglas should be treated for federal income tax purposes as a transfer of such Post Confirmation Assets to the Holders of Allowed Claims to the extent they are Beneficiaries of the Post Confirmation Entity, followed by a deemed transfer of such Post Confirmation Assets by such Beneficiaries to the Post Confirmation Entity. As a result of such treatment, such Holders of Allowed Claims will have to take into account the fair market value of their Pro Rata share, if any, of the Post Confirmation Assets transferred on their behalf to the Post Confirmation Entity in determining the amount of gain, if any, realized and required to be recognized upon consummation of the Plan on the Effective Date. In addition, because a Holder's share of the assets held in the Post Confirmation Entity may change depending upon the resolution of Disputed Claims, the Holder may be prevented from recognizing any loss in connection with consummation of the Plan until the time that all such

Disputed Claims have been resolved. The Post Confirmation Trustee will provide the Holders of Allowed Claims with valuations of the assets transferred to the Post Confirmation Entity on the behalf of and for the benefit of such Holders, as required by the Plan and the Post Confirmation Entity Agreement, and such valuations should be used consistently by the Post Confirmation Entity and such Holders for all federal income tax purposes. **HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE RECOGNITION OF GAIN OR LOSS, FOR FEDERAL INCOME TAX PURPOSES, ON THE SATISFACTION OF THEIR ALLOWED CLAIMS.**

2. Distributions in Discharge of Accrued but Unpaid Interest

Pursuant to the Plan, distributions received with respect to Allowed Claims will be allocated first to the principal amount of such Allowed Claims, with any excess allocated to accrued but unpaid interest. However, there is no assurance that the IRS will respect such allocation for federal income tax purposes. Holders of Allowed Claims not previously required to include in their taxable income any accrued but unpaid interest on an Allowed Claim may be treated as receiving taxable interest, to the extent any consideration they receive under the Plan is allocable to such accrued but unpaid interest. Holders previously required to include in their taxable income any accrued but unpaid interest on an Allowed Claim may be entitled to recognize a deductible loss, to the extent that such accrued but unpaid interest is not satisfied under the Plan. **HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE ALLOCATION OF CONSIDERATION RECEIVED IN SATISFACTION OF THEIR ALLOWED CLAIMS AND THE FEDERAL INCOME TAX TREATMENT OF ACCRUED BUT UNPAID INTEREST.**

3. Character of Gain or Loss; Tax Basis; Holding Period

The character of any gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss recognized by a Holder of Allowed Claims under the Plan will be determined by a number of factors, including, but not limited to, the status of the Holder, the nature of the Allowed Claim in such Holder's hands, the purpose and circumstances of its acquisition, the Holder's holding period of the Allowed Claim, and the extent to which the Holder previously Claimed a deduction for the worthlessness of all or a portion of the Allowed Claim. The Holder's aggregate tax basis for any consideration received under the Plan will generally equal the amount realized in the exchange (less any amount allocable to interest as described in the preceding paragraph). The holding period for any consideration received under the Plan will generally begin on the day following the receipt of such consideration.

F. CONSEQUENCES TO HOLDERS OF EQUITY INTERESTS

Pursuant to the Plan, all Interests in Techneglas are being extinguished. A Holder of an Equity Interest extinguished under the Plan should generally be allowed a "worthless stock deduction" in an amount equal to the Holder's adjusted basis in the Holder's Equity Interest. A "worthless stock deduction" is a deduction allowed to a Holder of a corporation's stock for the taxable year in which such stock becomes worthless. If the Holder held the Equity Interest as a capital asset, the loss will be treated as a loss from the sale or exchange of such capital asset. Capital gain or loss will be long-term if the Interest was held by the Holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate Holder only to offset capital gains, and by an individual Holder only to the extent of capital gains plus $3,000 of other income.

G. WITHHOLDING

All Distributions to Holders of Allowed Claims of Techneglas under the Plan are subject to any applicable withholding, including employment tax withholding. Techneglas, the Post Confirmation Entity, and/or the Reorganized Debtors, as applicable, will withhold appropriate employment taxes with respect to payments made to a Holder of an Allowed Claim which constitutes a payment for compensation. Techneglas,

the Post Confirmation Entity, and/or the Reorganized Debtors may be required to “backup” withhold a portion of any payments made to a Holder of an Allowed Claim if the Holder (a) fails to furnish the correct social security number or other taxpayer identification number (“TIN”) of such Holder, (b) furnishes an incorrect TIN, (c) has failed to properly to report interest or dividends to the IRS in the past, or (d) under certain circumstances, fails to provide a certified statement signed under penalty of perjury, that the TIN provided is the correct number and that such Holder is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

H. FEDERAL INCOME TAX TREATMENT OF REORGANIZED NEG AMERICA

1. Consequences to NEG America

Under the Plan, NEG America will continue to operate its business, as described in section III.B.3 of the Disclosure Statement, as Reorganized NEG America, which will fund distributions to all NEG America creditors. Implementation of the Plan may result in a substantial reduction of the aggregate outstanding indebtedness of NEG America. Although NEG America will realize discharge of indebtedness income as a result of any such reduction in an amount equal to the excess of the aggregate amount of indebtedness satisfied or discharged pursuant to the Plan, over the sum of the amount of consideration delivered in satisfaction thereof, NEG America will not be required to recognize any such discharge of indebtedness income because Section 108 of the IRC provides that taxpayers in bankruptcy proceedings do not recognize discharge of indebtedness income.

Reorganized NEG America will be able to carry forward any accrued NOLs for federal income tax purposes. It will, however, be required to reduce its NOLs and other “tax attributes” by the amount of discharge of indebtedness income, as described above, in the following order: (a) NOLs; (b) general business credits; (c) capital loss carryovers; (d) basis in assets; and (e) foreign tax credits. NEG America has not yet confirmed the amount (if any) of NOLs or other tax attributes that would remain after reduction of those NOLs or other tax attributes by discharge of indebtedness income as more fully described above.

2. Consequences to Holders of Claims Against NEG America

The federal income tax consequences of the Plan to a Holder of a Claim against NEG America are the same as those to a Holder of a Claim against Techneglas, as summarized in section X.E of the Disclosure Statement. **HOLDERS ARE STRONGLY ADVISED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX TREATMENT UNDER THE PLAN OF THEIR PARTICULAR CLAIMS.**

3. Consequences to Holders of Interests in NEG America

The federal income tax consequences of the Plan to a Holder of an Interest in NEG America are beyond the scope of this Disclosure Statement. **HOLDERS ARE STRONGLY ADVISED TO CONSULT THEIR TAX ADVISORS WITH RESPECT TO THE TAX TREATMENT UNDER THE PLAN OF THEIR PARTICULAR INTERESTS.**

4. Withholding by Reorganized NEG America

All Distributions to Holders of Allowed Claims against NEG America under the Plan are subject to any applicable withholding, including employment tax withholding. NEG America and/or Reorganized NEG America, as applicable, will withhold appropriate employment taxes with respect to payments made to a Holder of an Allowed Claim which constitutes a payment for compensation. NEG America and/or Reorganized NEG America may be required to “backup” withhold a portion of any payments made to a Holder

of an Allowed Claim if the Holder (a) fails to furnish the correct social security number or other taxpayer identification number ("TIN") of such Holder, (b) furnishes an incorrect TIN, (c) has failed to properly report interest or dividends to the IRS in the past, or (d) under certain circumstances, fails to provide a certified statement signed under penalty of perjury, that the TIN provided is the correct number and that such Holder is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE U.S. INTERNAL REVENUE SERVICE, WE INFORM YOU THAT ANY TAX ADVICE CONTAINED IN THIS COMMUNICATION (INCLUDING ANY ATTACHMENTS) WAS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF (1) AVOIDING TAX-RELATED PENALTIES UNDER THE U.S. INTERNAL REVENUE CODE OR (2) PROMOTING, MARKETING OR RECOMMENDING TO ANOTHER PARTY ANY TAX-RELATED MATTERS ADDRESSED HEREIN.

AS INDICATED ABOVE, THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT SUCH HOLDER'S TAX ADVISORS CONCERNING THE FEDERAL, STATE, LOCAL, AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

ARTICLE XI.
CONCLUSION AND RECOMMENDATION

The Debtors believe that the Plan is in the best interests of all Holders of Claims and Interests and urge the Holders of Claims in Classes 3A, 4A, 5A, 6A, 3B, 4B, 5B, 3C, 4C and 5C to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they will be actually received on or before ~~________________,~~ **at 4:00 p.m. prevailing Eastern Time on September 26,** 2005.

Dated: August ~~____,~~ **22,** 2005

TECHNEGLAS, INC.

By: ____________________________

Name: Joseph Schaeufele

Title: President and Chief Executive Officer

and

By: ____________________________
Robert J. Sidman (0017390)
Brenda K. Bowers (0046799)
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and

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kpiper@kirkland.com

Counsel for Techneglas, Inc.

Dated: August ~~____,~~ **22,** 2005

NIPPON ELECTRIC GLASS OHIO, INC.

By: ____________________________

Name: Katsuo Takeda

Title: President

and

By: ____________________________
Kenneth R. Cookson (0020216)
Stephanie P. Union (0071092)
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Counsel to Nippon Electric Glass Ohio, Inc.

Dated: August ~~____,~~ **22,** 2005

NIPPON ELECTRIC GLASS AMERICA, INC.

By: ____________________________

Name: Kiyoshi Asai

Title: President

and

By: ____________________________

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Counsel to Nippon Electric Glass America, Inc.

EXHIBIT A

DEBTORS' JOINT PLAN OF REORGANIZATION

EXHIBIT B

DISCLOSURE STATEMENT ORDER

[To Be Supplemented]

EXHIBIT C

TECHNEGLAS
ESTIMATED HYPOTHETICAL LIQUIDATION ANALYSIS
PURSUANT TO CHAPTER 7

Liquidation Analysis

Introduction

The Liquidation Analysis (the "Analysis") is based upon the Techneglas projected balance sheets (unaudited) as of August 31, 2005.

The Analysis presents managements' current estimated net value of assets, if liquidated under the provisions of Chapter 7 of the Bankruptcy Code and distribution of net proceeds of the liquidation to creditors. Each of the Debtors reserves the right to periodically update or modify the estimates set forth herein.

This Analysis has not been examined or reviewed by independent accountants in accordance with the standards promulgated by the American Institute of Certified Public Accountants. The estimates and assumptions contained herein, although considered reasonable by each of the Debtors, are inherently subject to significant uncertainties and contingencies beyond the control of the Debtors. Accordingly, there can be no assurance that the results shown would be realized if one or more of the Debtors were actually liquidated under the provisions of Chapter 7 of the Bankruptcy Code. Actual results in such a case could vary materially from those presented in the Analysis.

The notes to the Analysis are an integral part of the Analysis. All information is in US Dollars, unless otherwise stated.

I. Techneglas, Inc.

Estimated Asset Values *($ in thousands)*	**Estimated Book Value 08/31/05**	**Low Realizable Recovery**	**Low Value**	**High Realizable Recovery**	**High Value**
Cash	$85,856	100%	$85,856	100%	$85,856
Accounts Receivable [1]	12,135	75%	9,101	75%	9,101
Inventory [2]	7,929	20%	1,586	70%	5,550
Precious Metals [3]	1,380	222%	3,066	222%	3,066
Property, Plant & Equipment [4]	156	N/A	3,000	N/A	10,500
NEG Preference Payment [5]	16,960	50%	8,480	100%	16,960
Total	**124,416**		**111,089**		**131,034**
Costs Associated with Chapter 7 Liquidation [6]			(4,000)		(2,500)
Chapter 7 Trustee Costs [6]			(3,333)		(3,931)
Value Available to Ditribute to Creditors			**$103,757**		**$124,603**
	Plan Claims	**Recovery**	**% Recovery**	**Recovery**	**% Recovery**
Post-Petition/Administrative Claims					
Super Priority Claim - Debtor in Possession	0	0		0	
Professional Fees	1,200	1,200		1,200	
Total Post-Petition/Administrative Claims	1,200	1,200	100%	1,200	100%
Assets Available to Secured Creditors		102,557		123,403	
Total Secured Claims	0	0	100%	0	100%
Assets Available to Priority Creditors		102,557		123,403	
Taxes	2,500	2,500		2,500	
Total Priority Claims	2,500	2,500	100%	2,500	100%
Assets Available to General Unsecured Creditors		100,057		120,903	
Pre-Petition Accounts Payable/Other	22,000	5,089	23%	6,353	29%
Retiree Medical	500	116	23%	144	29%
CBA claim/Hourly Employee Severance	23,000	5,320	23%	6,641	29%
PBGC Claim [7]	16,900	16,118	95%	16,118	95%
NEG Claims	317,382	73,414	23%	91,646	29%
Total Unsecured Claims	379,782	100,057		120,903	
Assets Available to Equity		0		0	

PLEASE NOTE THAT TECHNEGLAS HAS NOT PROCESSED OR ADJUDICATED ALL OF THE CLAIMS ASSERTED AGAINST IT, THEREFORE THE AMOUNTS SET FORTH ABOVE ARE ESTIMATES ONLY.

1. "Accounts Receivable" is comprised primarily of amounts owed by MT Picture Display Corporation of America (Ohio). The net Accounts Receivable balance projected for August 31, 2005 is $12.1 million. "High Value" represents Accounts Receivable net of the approximate historical dilution of sales and potential for disputes given change in management severing of future relationships with customer. "Low Value" represents the risk associated with having the majority of the Accounts Receivable with one customer.

2. "Inventory" is comprised almost exclusively of finished goods located at a consigned warehouse near the MT Picture Display Corporation of America (Ohio) plant. There are de minimis quantities of inventory located at the Perrysburg, Ohio facility for the dopants and glass resins businesses. Inventory recovery ranges from twenty to fifty percent. The "High Recognizable Recovery" reflects the potential that the Inventory could be sold if MT Picture Display Corporation of America (Ohio) continues to buy materials from Techneglas albeit at discounted prices from those it could by from NEG directly. The "Low Recognizable Recovery" reflects the potential, in a Chapter 7 liquidation scenario, that MT Picture

Display Corporation of America (Ohio) will begin buying all its glass components from NEG directly, leaving Techneglas with highly specialized inventory and extremely limited buyers, if any.

3. "Precious Metals" represents those precious metals located at the Perrysburg. Ohio facility. These precious metals are highly liquid with a stated market price at which they can be disposed.

4. Recovery values are based upon the results of the Techneglas marketing efforts, sales process, and the estimates of CB Richard Ellis, the real estate brokers retained by Techneglas in its Chapter 11 Case.

($ in millions)	**Projected Real Estate Value**	**High Environmental/Other Clean-Up Costs (Including Removal Costs)**	**Low Fair Market Value**	**Low Environmental/Other Clean-Up Costs (Including Removal Costs)**	**High Fair Market Value**
Columbus, Ohio Property	$3.0	$3.0	$0.0	$1.3	$1.7
Pittston, Pennsylvania Propety	7.0	5.0	2.0	0.2	6.8
Perrysburg, Ohio Property	2.0	1.0	1.0	0.0	2.0
Total Property, Plant & Equipment	**$12.0**		**$3.0**	**$1.5**	**$10.5**

5. As calculated in an analysis performed by professionals retained by Techneglas based upon information provided to such professionals by Techneglas. Low recovery reflects potential defenses NEG may have to lower preference claim.

6. Costs associated with a Chapter 7 liquidation and with the duties of a Chapter 7 trustee have been assumed to be approximately four percent of the midpoint of the liquidation value of the non-cash assets of Techneglas plus a range of potential costs associated with holding the real estate properties for a three month period, and three percent of the liquidation value of the total assets of Techneglas, res pectively

7. The PBGC claim recovery is allocated among the three Debtors' estates based upon the percentage of estimated unsecured claims against the Debtors' respective estates.

EXHIBIT D

TECHNEGLAS
FINANCIAL PROJECTIONS

Techneglas

Operating Statements

($ in thousands)	Eight Months Ending 8/31/05	Reorganization Adjustment	Four Months Ending 12/31/05	Total 2005	Total 2006
Income Statement					
Total Sales	**$46,793**		**$15,811**	**$62,604**	**$59,71**
Total Cost of Goods Sold	**44,456**		**14,581**	**59,037**	**55,93**
Gross Profit	**2,337**		**1,230**	**3,567**	**3,78**
Gross Margin	*5.0%*		*7.8%*	*5.7%*	*6.3*
Total Selling, General & Administrative	**2,258**		**847**	**3,105**	**1,58**
Earnings from Operations	**79**		**383**	**462**	**2,20**
Operating Margin	*0.2%*		*2.4%*	*0.7%*	*3.7*
Professional Fees	(6,119)		(142)	(6,261)	(
Other Income/(Loss)	2,511		(1,258)	1,253	17
Earnings before Tax	**(3,529)**		**(1,017)**	**(4,546)**	**2,38**
Tax	(35)		0	(35)	(
Gain on Forgiveness of Debt		331,290	331,290	331,290	
Profit After Tax	**($3,564)**	**$331,290**	**$330,273**	**$326,709**	**$2,38**
Net Margin	*-7.6%*		*2088.9%*	*521.9%*	*4.0*
Add					
Tax Expense (Benefit)	35		0	35	(
Interest Expense	0		0	0	(
Extraordinary Items	3,599		(329,890)	(326,291)	(
EBITDA	**70**		**383**	**453**	**2,38**

Balance Sheet

($ in thousands)	Month Ending 08/31/05	Reorganization Adjustment	Post-Reorg Adjustment 08/31/05	Month Ending 12/31/05	Year Ending 2006	Year Ending 2007	Year Ending 2008
Assets							
Cash & Deposits	$85,856	($82,856)[1]	$3,000	$8,956	$8,087	$10,706	$13,339
Accounts Receivable	12,135		12,135	8,465	9,000	9,000	9,000
Inventory	7,929		7,929	4,626	6,560	6,332	6,116
Other	225		225	225	225	225	225
Total Current Assets	**106,145**	**(82,856)**	**23,289**	**22,272**	**23,872**	**26,263**	**28,680**
Precious Metals	1,380		1,380	1,380	1,380	1,380	1,380
Fixed Assets, Net	156		156	156	156	156	156
Total Assets	**$107,681**	**($82,856)**	**$24,825**	**$23,808**	**$25,408**	**$27,799**	**$30,216**
Liabilities and Stockholders' Equity							
Liabilities							
Accounts Payable	$780		$780	$780	$0	$0	$0
Accrued Liabilities	3,328	(3,328)	0	0	0	0	0
Total Current Liabilities	**4,108**	**(3,328)**	**780**	**780**	**0**	**0**	**0**
Total Liabilities Subject to Compromise	**410,818**	**(410,818)**	**0**	**0**	**0**	**0**	**0**
Total Equity	**(307,245)**	**331,290**	**24,045**	**23,028**	**25,408**	**27,799**	**30,216**
Total Liabilities & Stockholders' Equity	**$107,681**	**($82,856)**	**$24,825**	**$23,808**	**$25,408**	**$27,799**	**$30,216**

1. "Reorganization Adjustment" represents those amounts that Techneglas anticipates will be distributed to creditors pursuant to the Plan based on the following estimated payments: (a) $4.0 million, Administrative Claims; (ii) $2.5 million, Priority Tax Claims; (iii) $0.5 million, Other Priority Claims; (iv) $15.0 million, Union Claims (Class 3A); (v) **$15.8 million,** Other Unsecured Claims (Class 4A); (vi) **$23.1 million,** PBGC Claims (Class 6A) ~~$____________; (vi) ______________; $____________~~ **; (vi) $22 million, Salary Plan Standard Termination**.

EXHIBIT E

NEG AMERICA
UNAUDITED FINANCIAL STATEMENTS

NIPPON ELECTRIC GLASS AMERICA, INC.
FINANCIAL STATEMENT

INCOME STATEMENT - SEPTEMBER 1ST TO MAY 31ST, 2005

	Year to Date
NET SALES	16,444,228
COST OF SALES	14,911,749
GROSS PROFIT	*1,532,479*
SELLING, G & A EXPENSES	1,487,410
INCOME / (LOSS) FROM OPERATIONS	*45,069*
OTHER INCOME & (EXPENSE)	105,378
INCOME / (LOSS) BEFORE TAXES	*150,447*
INCOME TAX	386,827
NET INCOME / (LOSS)	*(236,380)*

NIPPON ELECTRIC GLASS AMERICA, INC.
FINANCIAL STATEMENT

BALANCE SHEET AS OF MAY 31, 2005

ASSETS		LIABILITIES & STOCKHOLDER'S EQUITY	
CURRENT ASSETS		CURRENT LIABILITIES	
CASH	10,767,001	ACCOUNTS PAYABLE	5,083,577
ACCOUNTS RECEIVABLE	3,354,311	PREPETITION DEBTS	6,131,657
INVENTORIES	2,608,254	ACCRUED EXPENSES	1,179,552
PREPAID EXPENSES	135,798	TOTAL	12,394,786
OTHER RECEIVABLES	939,912		
DEFERRED INCOME TAX REFUNDABLE	80,000	NOTES PAYABLE	-
TOTAL	17,885,276	DEFFERED INCOME TAX LIABILITY	-
PROPERTY & EQUIPMENT	542,518	STOCKHOLDER'S EQUITY	
		COMMON STOCK	2,750,000
DEFFERED TAX	-	ADDITIONAL PAID-IN CAPITAL	-
		RETAINED EARNINGS	3,283,008
		TOTAL	6,033,008
TOTAL ASSETS	18,427,794	TOTAL LIABILITIES & STOCKHOLDER'S EQUITY	18,427,794

EXHIBIT F

NEG OHIO
UNAUDITED FINANCIAL STATEMENTS

NIPPON ELECTRIC GLASS OHIO, INC.
FINANCIAL STATEMENT

INCOME STATEMENT - SEPTEMBER 1ST TO MAY 31ST, 2005

	Year to Date
NET SALES	**17,871,866**
COST OF SALES	**17,113,075**
GROSS PROFIT	***758,791***
SELLING, G & A EXPENSES	**972,592**
INCOME / (LOSS) FROM OPERATIONS	***(213,801)***
OTHER INCOME & (EXPENSE)	**760,667**
INCOME / (LOSS) BEFORE TAXES	***546,866***
INCOME TAX	-
NET INCOME / (LOSS)	***546,866***

FINANCIAL STATEMENT

BALANCE SHEET AS OF MAY 31, 2005

ASSETS		LIABILITIES & STOCKHOLDER'S EQUITY	
CURRENT ASSETS		CURRENT LIABILITIES	
CASH	7,920,800	ACCOUNTS PAYABLE	11,016,372
ACCOUNTS RECEIVABLES	8,247,265	PREPETITION DEBTS	11,390,587
INVENTORIES	874,331	OTHERS	6,881
INSURANCE CLAIM	7,667,940	TOTAL	22,413,840
OTHER RECEIVABLES	646,261		
OTHER CURRENT ASSETS	181,203	NOTES PAYABLE	-
TOTAL	25,537,800	DEFERRED INCOME TAX LIABILITY	-
PROPERTY & EQUIPMENT	1,444	STOCKHOLDER'S EQUITY	
		COMMON STOCK	9
DEFERRED TAX	68,561	ADDITIONAL PAID-IN CAPITAL	8,999,991
INVESTMENT IN NEG MEXICO	8,913,098	RETAINED EARNINGS	3,107,063
		TOTAL	12,107,063
TOTAL ASSETS	**34,520,903**	**TOTAL LIABILITIES & STOCKHOLDER'S EQUITY**	**34,520,903**