

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

IN RE: ) Case No. 06-51848  
) (Jointly Administered)  
CEP HOLDINGS, LLC, et al.,<sup>1</sup> ) Chapter 11  
)  
Debtors. ) Honorable Marilyn Shea-Stonum  
) United States Bankruptcy Judge

**DISCLOSURE STATEMENT TO ACCOMPANY  
JOINT PLAN OF LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE  
PROPOSED BY THE DEBTORS AND THE OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS DATED FEBRUARY 5, 2007**

**BAKER & HOSTETLER LLP**

Joseph F. Hutchinson, Jr., Esquire  
Thomas M. Wearsch, Esquire  
Eric R. Goodman, Esquire  
3200 National City Center  
1900 East 9th Street  
Cleveland, OH 44114  
Telephone: (216) 621-0200  
Facsimile: (216) 696-0740  
*Counsel to the Debtors*

-and-

**MCGUIREWOODS LLP**

Mark E. Freedlander, Esquire  
Sally E. Edison, Esquire  
William C. Price, Esquire  
Dominion Tower, 23rd Floor  
625 Liberty Avenue  
Pittsburgh, PA 15222  
Telephone: (412) 667-6000  
Facsimile: (412) 667-6050  
*Counsel to the Official Committee of Unsecured  
Creditors of the Debtors*

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<sup>1</sup> The Debtors include: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC

## IMPORTANT NOTICE

This Disclosure Statement<sup>2</sup> and its related documents are the only documents authorized by the Bankruptcy Court to be used in connection with the solicitation of votes to accept the Plan. No representations have been authorized by the Bankruptcy Court concerning the Debtors, their business operations or the value of their assets, except as explicitly set forth in this Disclosure Statement.

Please refer to the Plan (or, where indicated, certain motions filed with the Bankruptcy Court) for definitions of the capitalized terms used in this Disclosure Statement.

The Plan Proponents reserve the right to file an amended Plan and Disclosure Statement from time to time. The Plan Proponents urge you to read this Disclosure Statement carefully for a discussion of voting instructions, recovery information, classification of claims, the history of the Debtors and the Cases and a summary and analysis of the Plan.

The Plan and this Disclosure Statement have not been required to be prepared in accordance with federal or state securities laws or other applicable non-bankruptcy law. This Disclosure Statement has been approved by the Bankruptcy Court as containing “adequate information”; however, such approval does not constitute endorsement of the Plan or Disclosure Statement by the Bankruptcy Court and none of the United States Securities and Exchange Commission, any state securities commission or similar public, governmental or regulatory authority has approved this Disclosure Statement, or the Plan, or has passed on the accuracy or adequacy of the statements in this Disclosure Statement. Persons trading in or otherwise purchasing, selling or transferring securities, if any, of the Debtors should evaluate the Plan in light of the purposes for which it was prepared.

This Disclosure Statement contains only a summary of the Plan. This Disclosure Statement is not intended to replace a careful and detailed review of the Plan, only to aid and supplement such review. This Disclosure Statement is qualified in its entirety by reference to the Plan, and the exhibits attached thereto and the agreements and documents described therein. If there is a conflict between the Plan and this Disclosure Statement, the provisions of the Plan will govern. In the event of a conflict between this Disclosure Statement and the Agreement, the Agreement shall control. Further, in the event of a conflict between the Plan and the Agreement, the Agreement shall control. You are encouraged to review the full text of the Plan and to read carefully the entire Disclosure Statement, including all exhibits, before deciding how to vote with respect to the Plan.

Except as otherwise indicated, the statements in this Disclosure Statement are made as of February 5, 2007, and the delivery of this Disclosure Statement will not, under any circumstances, imply that the information contained in this Disclosure Statement is correct at any time after February 5, 2007. Any estimates of claims or interests in this Disclosure Statement may vary from the final amounts of claims or interests allowed by the Bankruptcy Court. In addition, the treatment of creditors under the Plan described herein is subject to change as such treatment continues to be negotiated.

**YOU SHOULD NOT CONSTRUE THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. YOU SHOULD, THEREFORE,**

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<sup>2</sup> Unless otherwise defined herein, capitalized terms shall have the meanings ascribed to them in the Joint Plan of Liquidation under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Official Committee of Unsecured Creditors Dated February 5, 2007 (the “Plan”).

**CONSULT WITH YOUR OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS IN CONNECTION WITH THE PLAN, THE SOLICITATION OF VOTES ON THE PLAN AND THE TRANSACTIONS CONTEMPLATED BY THE PLAN.**

**As to contested matters, adversary proceedings and other actions or threatened actions, this Disclosure Statement is not, and is in no event to be construed as, an admission or stipulation as to any fact or allegation.**

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## **EXHIBITS**

- Exhibit A -- Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and The Official Committee of Unsecured Creditors Dated February 5, 2007
- Exhibit B -- Order of the Bankruptcy Court Approving the Disclosure Statement Dated [DATE]
- Exhibit C -- Distribution Analysis

UNITED STATES BANKRUPTCY COURT  
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)  
Debtors. ) Honorable Marilyn Shea-Stonum  
) United States Bankruptcy Judge

**I. OVERVIEW OF THE DISCLOSURE STATEMENT**

**PURPOSE OF DISCLOSURE STATEMENT**

CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC, the above-captioned debtors and debtors-in-possession, together with the Official Committee of Unsecured Creditors prepared this Disclosure Statement to accompany and in connection with their solicitation of acceptances of the Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and The Official Committee of Unsecured Creditors Dated February 5, 2007, filed in the Debtors' reorganization proceedings under the Bankruptcy Code, pending in the Bankruptcy Court. After notice and hearing, and upon order of the Bankruptcy Court entered [DATE], the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient detail that would enable a hypothetical reasonable investor, typical of holders of claims and interests of the classes being solicited, to make an informed judgment whether to vote to accept or reject the Plan.

A copy of the Plan is attached to this Disclosure Statement and incorporated into this Disclosure Statement by reference as Exhibit A. A copy of the order of the Bankruptcy Court approving this Disclosure Statement is attached to this Disclosure Statement as Exhibit B. Unless otherwise specifically noted, all capitalized terms utilized herein shall have the meaning ascribed to such terms as set forth in the Plan.

You should read this Disclosure Statement and the Plan in their entirety before voting on the Plan. No statements or information concerning the Debtors, their subsidiaries or affiliates or any other entity described in this Disclosure Statement or the Plan, particularly, but not limited to, the Debtors' profits, financial condition, assets or liabilities are authorized by the Plan Proponents other than as set forth in this Disclosure Statement or Exhibits hereto.

The financial information set forth in this Disclosure Statement has not been audited by independent certified public accountants, nor has it necessarily been prepared in accordance with generally accepted accounting principles, except as specifically set forth herein. For that reason, and as a result of the complexity of the financial affairs of the Debtors (and their subsidiaries and/or affiliates, to the extent applicable), the Plan Proponents are not able to represent and warrant that the information set forth in this Disclosure Statement is without any inaccuracy. To the extent possible, however, the information has been prepared from the Debtors' financial books and records, and every reasonable effort

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<sup>1</sup> The Debtors include: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC

has been made to ensure that all information in this Disclosure Statement has been fairly presented.

## **PROCEDURAL INFORMATION**

### **Voting**

Each holder of a Claim or Equity Interest of a Class that is “Impaired” under the Plan, but is not deemed to have rejected the Plan, will receive this Disclosure Statement, the Plan, the Voting Procedures Order, notice of the Confirmation Hearing and a ballot for accepting or rejecting the Plan. Any holder of a Claim or Equity Interest whose legal, contractual or equitable rights are altered, modified or changed by the proposed treatment under the Plan, or whose treatment under the Plan is not provided for in section 1124 of the Bankruptcy Code, is considered “Impaired.” Each holder of a Claim or Equity Interest of a Class that is deemed to accept or reject the Plan will receive the Voting Procedures Order, notice of the Confirmation Hearing and a notice of non-voting status in the form approved by the Bankruptcy Court, but will not receive a ballot and will not be eligible to vote on the Plan. Holders of Claims or Equity Interests of a Class deemed to accept or reject the Plan will not receive copies of the Plan or the Disclosure Statement, but may obtain copies of these documents by mailing a written request for such materials to the Balloting Agent identified below.

#### **Which Classes of Claims are Entitled to Vote on the Plan?**

Classes of Claims are entitled to vote on the Plan as follows:

- Claims in Classes 1 and 4 are Impaired and entitled to vote on the Plan (each a “Voting Class” and together the “Voting Classes”).
- Claims in Classes 2 and 3 are unimpaired under the Plan, are deemed to have accepted the Plan and will not be entitled to vote on the Plan.
- Equity Interests in Class 5 are not expected to receive a distribution under the Plan, are deemed to have rejected the Plan and will not be entitled to vote on the Plan.

For a description of the Classes of Claims and Equity Interests and their respective treatment under the Plan, see Section II and Section VI D below.

You may only vote on the Plan with respect to a Claim or Equity Interest if that Claim belongs to a Voting Class under the Plan. All holders of Equity Interests are deemed to have rejected the Plan and will not be entitled to vote. The Bankruptcy Court has fixed [DATE], as the voting record date. To be eligible to vote on the Plan, persons with Claims that belong to the Voting Classes must have held them on the voting record date.

Under the Bankruptcy Code, the Plan will be deemed accepted by an Impaired Class of Claims if BMC Group, Inc. (the “Balloting Agent”) receives votes accepting the Plan representing at least:

- two-thirds of the total dollar amount of the allowed Claims in the Class that cast a vote; and
- more than one-half of the total number of allowed Claims in the Class that cast a vote.

The Voting Procedures Order will set forth which Claims are “allowed” for purposes of voting



and designate the form of ballot to be used by each Voting Class. For more information on voting procedures, please consult the Voting Procedures Order.

All properly completed ballots received by the Balloting Agent on [DATE] (the “Voting Deadline”), will be counted in determining whether each Impaired Class entitled to vote on the Plan has accepted the Plan. Any ballots received after the Voting Deadline will not be counted. All ballots must contain an original signature to be counted. No ballots received by facsimile will be accepted.

#### **Voting on the Plan**

***When does the vote need to be received?*** The deadline for the receipt by the Balloting Agent of properly completed ballots [DATE].

***Which Classes may vote?*** Persons may vote to accept or reject the Plan only with respect to Allowed Claims that belong to a Class that is Impaired under the Plan and is not deemed to have rejected the Plan. These are Classes 1 and 4.

***Which members of the Impaired Classes may vote?*** The *voting record* date for determining which members of Impaired Classes may vote on the Plan is [DATE]. Persons may vote on the Plan only with respect to Claims that were held on the voting record date.

***How do I vote on the Plan?*** For a vote to be counted, the Balloting Agent must receive an original signed copy of the ballot form approved by the Bankruptcy Court. Faxed copies and votes sent on other forms will not be accepted.

***Who should I contact if I have questions or need a ballot?*** You may contact the Balloting Agent at the address or phone number listed below.

This Disclosure Statement and the Plan are the only materials that you should use in determining how to vote on the Plan. The Plan Proponents believe that approval of the Plan provides the greatest return to holders of Claims in the Voting Classes.

#### **Voting Recommendations**

The Plan Proponents believe that the Plan presents the best opportunity for holders of Claims to maximize their respective recoveries. **The Plan Proponents encourage holders of Impaired Claims to vote to accept the Plan.**

The ballots have been specifically designed for the purpose of soliciting votes on the Plan from each Class entitled to vote. For this reason, in voting on the Plan, please use only the ballot sent to you with this Disclosure Statement. If you hold Claims in more than one Class, you must use a separate ballot for voting with respect to each Class of Claims that you hold. If you believe you have received the incorrect form of ballot, you need another ballot or you have any questions concerning the form of ballot, please contact the Balloting Agent.

Please complete and sign your ballot and return it in the enclosed pre-addressed envelope to the Balloting Agent. All correspondence in connection with voting on the Plan should be directed to the Balloting Agent at the following address:

**Balloting Agent**

**By mail:**

CEP Ballot Process Center  
c/o BMC Group, Inc.  
Attn: CEP Holdings, LLC Balloting Agent  
P.O. Box 903  
El Segundo, CA 90245-0903

**By overnight delivery:**

CEP Ballot Process Center  
c/o BMC Group, Inc.  
Attn: CEP Holdings, LLC Balloting Agent  
1330 E. Franklin Avenue  
El Segundo, CA 90245  
Phone: 888-909-0100

The Balloting Agent will prepare and file with the Bankruptcy Court a certification of the results of the voting on the Plan on a Class-by-Class basis.

Additional copies of the ballots, this Disclosure Statement and the Plan are available upon request made to the Balloting Agent. Please contact the Balloting Agent with any questions relating to voting on the Plan.

**Your Vote Is Important**

Your vote on the Plan is important because:

- Under the Bankruptcy Code, a chapter 11 plan can only be confirmed if certain majorities in dollar amount and number of claims (as described above) of each Voting Class under the plan vote to accept the plan, unless the “cram down” provisions of the Bankruptcy Code are used.
- Under the Bankruptcy Code, only the votes of those holders of claims or interests who actually submit votes on a plan are counted in determining whether the specified majorities of votes in favor of the plan have been received.
- If you are eligible to vote with respect to a Claim and do not deliver a properly completed ballot relating to that Claim by the Voting Deadline, you will be deemed to have abstained from voting with respect to that Claim and your eligibility to vote with respect to that Claim will *not* be considered in determining the number and dollar amount of ballots needed to make up the specified majority of that Claim’s Class for the purpose of approving the Plan.

All pleadings and other documents referred to in this Disclosure Statement as being on file with the Bankruptcy Court are available for inspection and review during normal business hours at the Office of the Clerk of the United States Bankruptcy Court for the Northern District of Ohio (Eastern Division), 455 United States Courthouse, 2 South Main Street, Akron, Ohio, 44308; telephone 330.252.6100, or on-line at the Bankruptcy Court's website: <http://www.ohnb.uscourts.gov>.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN AND OTHER DOCUMENTS RELATING TO THE PLAN. WHILE THE PLAN PROPONENTS SUBMIT THAT THOSE SUMMARIES PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED, THESE SUMMARIES ARE QUALIFIED BY THE COMPLETE TEXT OF SUCH DOCUMENTS. IF ANY INCONSISTENCIES EXIST BETWEEN THE TERMS AND PROVISIONS OF THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR OTHER DOCUMENTS DESCRIBED HEREIN, THE TERMS AND PROVISIONS OF THE PLAN AND OTHER DOCUMENTS ARE CONTROLLING. EACH HOLDER OF AN IMPAIRED CLAIM SHOULD REVIEW THE ENTIRE PLAN AND ALL RELATED DOCUMENTS AND SEEK THE ADVICE OF ITS OWN COUNSEL AND FINANCIAL CONSULTANT BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. ANY CHANGES TO THESE DOCUMENTS WILL BE DESCRIBED AT THE HEARING ON THE CONFIRMATION OF THE PLAN.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED UPON BY ANY PERSON OR ENTITY FOR ANY PURPOSE OTHER THAN BY HOLDERS OF IMPAIRED CLAIMS OR INTERESTS ENTITLED TO VOTE ON THE PLAN IN DETERMINING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT WILL 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 HOLDERS OF CLAIMS OR EQUITY INTERESTS.

EXCEPT TO THE EXTENT OTHERWISE SPECIFICALLY NOTED HEREIN, THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS GENERALLY INTENDED TO DESCRIBE FACTS AND CIRCUMSTANCES ONLY AS OF [DATE], AND NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT NOR THE CONFIRMATION OF THE PLAN WILL CREATE ANY IMPLICATION, UNDER ANY CIRCUMSTANCES, THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS CORRECT AT ANY TIME AFTER [DATE], OR THAT THE PLAN PROPONENTS WILL BE UNDER ANY OBLIGATION TO UPDATE SUCH INFORMATION IN THE FUTURE.

THE PLAN PROPONENTS BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTEREST OF EVERY CREDITOR AND RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

## II. SUMMARY AND OVERVIEW OF THE PLAN

The following table briefly summarizes the classifications and treatment of Claims and Equity Interests under the Plan.

| <u>Class</u> | <u>Type of Claim or Equity Interest</u>                                     | <u>Treatment</u>   | <u>Estimated Recovery</u> | <u>Impairment</u> | <u>Voting</u> |
|--------------|---|--|---------------------------|-------------------|---------------|
| N/A          | Administrative Expense Claims (other than those set forth separately below) | Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment, on the Effective Date, or as soon thereafter as is reasonably practicable, the Disbursing Agent shall pay to each holder of an Allowed Administrative Expense Claim, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim.   | 100%                      | N/A               | No            |
| N/A          | Compensation and Reimbursement Claims                                       | All Professionals or other Persons seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is thirty (30) days after the Confirmation Date, unless otherwise ordered by the Bankruptcy Court, and (ii) shall be paid in full by the Disbursing Agent in such amounts as are allowed by the Bankruptcy Court (A) upon the date upon which the order relating to any such Administrative Expense Claim is entered, or (B) upon such other terms as may be mutually agreed upon between the holder of such an Administrative Expense Claim and the Committee. | 100%                      | N/A               | No            |
| N/A          | U.S. Trustee Fees   | Paid on a quarterly basis as required by statute until the Cases are closed.   | 100%                      | N/A               | No            |

| <u>Class</u>   | <u>Type of Claim or Equity Interest</u>             | <u>Treatment</u>  | <u>Estimated Recovery</u> | <u>Impairment</u> | <u>Voting</u> |
|----------------|---|---|---------------------------|-------------------|---------------|
| N/A            | Wachovia Secured Claim                              | Except to the extent that the Wachovia Secured Claim has been paid and satisfied prior to the Effective Date in accordance with the Final DIP Order, on or as soon as reasonably practicable after the Effective Date, Wachovia shall receive in full satisfaction of such Claim, Cash in an amount equal to one hundred percent (100%) of the unpaid amount of the Allowed Wachovia Secured Claim. The liens securing such Allowed Wachovia Secured Claim shall be deemed released at such time as the Wachovia Secured Claim is paid in full.   | 100%                      | N/A               | No            |
| N/A            | Priority Tax Claims                                 | Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a different treatment, on the Effective Date, or as soon thereafter as is reasonably practicable, the Disbursing Agent shall pay to each holder of an Allowed Priority Tax Claim, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim.  | 100%                      | N/A               | No            |
| <b>Class 1</b> | Subordinated Participating Customers Secured Claims | Subject to section 502(d) of the Bankruptcy Code, and further subject to applicable provisions of the Subordinated Participation Agreement, or other order of the Bankruptcy Court and except to the extent that the Subordinated Participating Customers Secured Claims have not been paid and satisfied prior to the Effective Date in accordance with the Final DIP Order, provided that the requirements of section 502(d) of the Bankruptcy Code are satisfied, on or as soon as reasonably practicable after the Effective Date, or in the event that section 502(d) of the Bankruptcy Code is not satisfied as of the Effective Date, (in which case amounts otherwise due and payable to the Participating Customers shall be paid into the Disputed Claim Reserve) at such time as section 502(d) of the Bankruptcy Code is satisfied (such that all accounts receivable due to the Debtors and/or CEP Mexico from the Participating Customers are paid), the Subordinated Participating Customers | 100%                      | Impaired          | Yes           |

| <u>Class</u>   | <u>Type of Claim or Equity Interest</u> | <u>Treatment</u>  | <u>Estimated Recovery</u> | <u>Impairment</u> | <u>Voting</u> |
|----------------|---|---|---------------------------|-------------------|---------------|
|                |   | shall receive in full satisfaction of such Claim Cash in an amount equal to one hundred percent (100%) of the unpaid amount of the Allowed Subordinated Participating Customers Secured Claims in accordance with the provisions of the Final DIP Order and the Subordinated Participation Agreement. The Liens securing such Allowed Subordinated Participating Customers Secured Claim shall be deemed released at such time as the Subordinated Participating Customers Secured Claims are paid in full.   |                           |                   |               |
| <b>Class 2</b> | Other Secured Claims                    | On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Other Secured Claim shall receive, at the option of the Liquidating Trustee, and in full satisfaction of such Claim, either (i) Cash in an amount equal to one hundred percent (100%) of the Allowed Other Secured Claim (taking into account sections 506(a)(1) and 506(b) of the Bankruptcy Code); (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder's secured interest in such Collateral, net of the costs of disposition of such Collateral; (iii) such other distribution as necessary to satisfy the requirements of the Bankruptcy Code, including the surrender of any such collateral; or (iv) such other treatment as the Liquidating Trustee and such Other Secured Claim holder may agree. | 100%                      | Unimpaired        | No            |
| <b>Class 3</b> | Priority Non-Tax Claims                 | Except to the extent that a holder of an Allowed Priority Non-Tax Claim against the Debtors agrees to a different treatment of such Claim, on the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Priority Non-Tax Claim shall receive the greater of one hundred percent (100%) of the Allowed Amount of such Priority Non-Tax Claims or a Pro Rata Share of all remaining Cash after payment of all Allowed Claims in sections 2.1, 2.2, 2.3, 2.4, 2.5 and 4.2  | 100%                      | Unimpaired        | No            |

| <u>Class</u>   | <u>Type of Claim or Equity Interest</u> | <u>Treatment</u>  | <u>Estimated Recovery</u> | <u>Impairment</u> | <u>Voting</u> |
|----------------|---|---|---------------------------|-------------------|---------------|
|                |   | of the Plan, on the Effective Date or as soon thereafter as is practicable. On the Effective Date, cash in the distributable amount of any Disputed Class 3 claim shall be paid into the Disputed Claim Reserve consistent with Sections 8.3 and 8.5 of the Plan.   |                           |                   |               |
| <b>Class 4</b> | General Unsecured Claims                | The holders of Allowed General Unsecured Claims shall receive their Pro Rata Share of all remaining Cash, or instead with respect to Disputed Class 4 Claims, amounts shall be paid into the Disputed Claim Reserve consistent with Section 8.3 and 8.5 of the Plan, after payment in full of all Allowed Claims pursuant to sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1, 4.2 and 4.3 of the Plan at such times as the Trustee deems practicable, however, in the event that cash available for distribution to Allowed Class 4 Claims exceeds \$1.5 million an initial distribution to Allowed Class 4 Claims be made no later than ninety (90) days from the date on which the Trust Assets available for distribution to Class 4 Claims exceeds \$1.5 million. | 26% (est.)                | Impaired          | Yes           |
| <b>Class 5</b> | Equity Interests                        | Allowed Class 5 Equity Interests will receive no distribution under the Plan. All Equity Interest issued by the Debtors shall be merged into Holdings (by operation of Section 5.1 of the Plan) on the Effective Date.  | 0%                        | Impaired          | No            |

**Estimated Allowed Claims and Projected Distributions**

| <b>Class and Type of Claim</b>                              | <b>Estimated Allowed Amounts</b> | <b>Projected Distribution</b> |
|---|----------------------------------|-------------------------------|
| N/A Administrative (other than as specified below)          | \$890,000 <sup>4</sup>           | 100%                          |
| N/A Compensation and Reimbursement Claims                   | \$680,000 <sup>5</sup>           | 100%                          |
| N/A U.S. Trustee Fees                                       | -0- <sup>6</sup>                 | 100%                          |
| N/A Wachovia Secured Claim                                  | -0-                              | 100%                          |
| N/A Priority Tax  | \$220,000                        | 100%                          |
| Class 1 Subordinated Participating Customers Secured Claims | \$2,300,000                      | 100%                          |
| Class 2 Other Secured Claims                                | -0-                              | 100%                          |
| Class 3 Priority Non-Tax Claims                             | Unknown <sup>7</sup>             | 100%                          |
| Class 4 General Unsecured Claims                            | \$30,000,000                     | 26% <sup>8</sup>              |
| Class 5 Equity Interests                                    | N/A                              | -0-                           |

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<sup>4</sup> Estimates based upon internal records and assumptions. Administrative Expense Claim bar date is [DATE].

<sup>5</sup> Through carveout period of December 31, 2006.

<sup>6</sup> Estimated maximum.

<sup>7</sup> Certain amounts may be due with respect to the Ohio Bureau of Workers Compensation that may be entitled to priority status.

<sup>8</sup> The estimated return to unsecured creditors based upon estimated Cash (without taking into account any potential value of Causes of Action) available for distribution to Allowed Unsecured Claims, estimated Allowed Claims with priority senior to General Unsecured Claims and estimated General Unsecured Claims.



### **III. GENERAL INFORMATION**

#### **A. Overview of Chapter 11**

Chapter 11 is the primary business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business and affairs for itself, its creditors and its equity interest holders. In addition to permitting the rehabilitation of a debtor, another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated equity interest holders with respect to distributions of the value of a debtor's assets.

The commencement of a chapter 11 case creates a bankruptcy estate that is comprised of all of the legal and equitable interests of a debtor as of the Petition Date of the chapter 11 case. The Bankruptcy Code provides that a debtor may continue to operate its business and affairs and remain in possession of its property as a "debtor-in-possession".

The consummation of a plan of reorganization is the fundamental objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for restructuring a debtor's business and satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by a bankruptcy court binds the debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor or equity interest holder of a debtor. Pursuant to section 1123(a)(5), a debtor is permitted to distribute its property to those Persons with an interest in such property. Also, pursuant to section 1129(a)(11) of the Bankruptcy Code, a plan may provide for the liquidation of the debtor.

Certain holders of claims against and interests in a debtor are permitted to vote to accept or reject the plan. Prior to soliciting acceptances of the proposed plan, however, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. The Plan Proponents are submitting this Disclosure Statement to holders of claims against and equity interests in the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code.

#### **B. Description of Debtors**

##### **1. The Debtors**

The Debtors were formed as part of two separate purchase transactions on August 16, 2005 and December 20, 2005, respectively. As part of the August 16, 2005 transaction, the Debtors purchased the businesses associated with CEP and CEP Mexico (as defined herein) businesses were purchased from the Carlisle Companies (the "Carlisle Transaction"). As part of the December 20, 2005 transaction, the Debtors purchased the business associated with Thermoplastics (as defined herein) from Parker-Hannifin Corporation (the "Parker-Hannifin Transaction").

Creative Engineered Polymer Products, LLC ("CEP") is a limited liability company formed under the laws of the State of Ohio. CEP is wholly owned by CEP Holdings, LLC ("Holdings"), a privately-held limited liability company formed under the laws of the State of Ohio. Holdings is a holding company whose sole asset is its membership interests in CEP. CEP has three subsidiaries: (i) Composite Parts Mexico S.A. de C.V. ("CEP Mexico"), a Mexican corporation which is 99.9% owned by CEP and .01% owned by non-debtor Reserve Capital Group, Ltd; (ii) Thermoplastics Acquisition, LLC ("Thermoplastics"), an Ohio limited liability company which is wholly owned by CEP and is a debtor in the Cases; and (iii) CEP Latin America, LLC ("CEP LA"), a non-debtor Ohio limited liability company which is wholly owned by CEP. CEP LA was never funded and has no operations or debt. The principal

place of business of the Debtors is 3560 West Market Street, Suite 340, Akron, Ohio 44333.

The Debtors, collectively with CEP Mexico, operated nine (9) manufacturing plants as of the Petition Date in Ohio, Michigan, Alabama, South Carolina and Mexico. CEP operated six plants in Ohio, Michigan and Alabama. CEP Mexico operated two plants in Mexico. Thermoplastics operated one plant in Ohio and one in South Carolina.

CEP and its subsidiaries were custom molders and extruders of rubber and plastic products, primarily for the original equipment manufacturer (“OEM”) automotive market.

Gross sales for the Debtors’ businesses was approximately \$174,815,367 for fiscal 2006. As of the Petition Date, the Debtors employed approximately 1,106 hourly and salaried employees of whom approximately 455 were represented by collective bargaining units. In addition to the Debtors’ manufacturing facilities in Ohio, Michigan, South Carolina, and Alabama, the Debtors also maintained a technical center in Livonia, Michigan which offered design assistance and program management services for the Debtors’ businesses. CEP Mexico produced plastic products at two factories in Mexico.

As of December 31, 2006, the Debtors and CEP Mexico were no longer engaged in any ongoing business operations. As described more fully below, the Debtors utilized the chapter 11 process for the purpose of an orderly wind down and liquidation of their businesses, assets and affairs. The businesses and assets of CEP Mexico were likewise wound down and liquidated in conjunction with the Debtors’ Cases.

#### **IV. PREPETITION SECURED DEBT**

In conjunction with the Carlisle Transaction, CEP Acquisition LLC n/k/a CEP entered into a Loan and Security Agreement, dated as of August 16, 2005, the CEP Loan Agreement, with Wachovia, as both Agent and Lenders thereunder. The CEP Loan Agreement provided two term loans and a revolving credit facility to CEP in the maximum amount of \$45 million (collectively, the “CEP Prepetition Loan”). The CEP Prepetition Loan funded the Carlisle Transaction. The CEP Prepetition Loan was secured by substantially all the assets of CEP, including, without limitation, all accounts, general intangibles, goods, inventory, equipment, real property, accounts receivable, other personal property and proceeds thereof (collectively, the “Prepetition CEP Collateral”). As of the Petition Date, the amount outstanding under the CEP Prepetition Loan was not less than \$21,693,507.60 (not taking into account pre-petition and post-petition interest, fees and expenses to which Agent may be entitled under the CEP Loan Agreement and applicable law).

In conjunction with the Parker-Hannifin Transaction, Thermoplastics entered into a Loan and Security Agreement, dated as of December 21, 2005 (the “Thermoplastics Loan Agreement”), with Wachovia, as both Agent and Lenders. The Thermoplastics Prepetition Loan (as defined herein) substantially funded the Parker-Hannifin Transaction. The Thermoplastics Loan Agreement provided a term loan and a revolving credit facility to Thermoplastics in the maximum amount of \$5 million (the “Thermoplastics Prepetition Loan”, and together with the CEP Prepetition Loan, the “Prepetition Loans”). The Thermoplastics Prepetition Loan is secured by substantially all the assets of Thermoplastics, including, without limitation, all accounts, general intangibles, goods, inventory, equipment, accounts receivable, other personal property and proceeds thereof (collectively, the “Prepetition Thermoplastics Collateral”, and together with the Prepetition CEP Collateral, the “Prepetition Collateral”). As of the Petition Date, the amount outstanding under the Thermoplastics Prepetition Loan was not less than \$4,219,688.58 (not taking into account pre-petition and post-petition interest, fees and expenses to which Agent may be entitled under the Thermoplastics Loan Agreement and applicable law). The Prepetition

Loans are cross-defaulted and cross-collateralized.

Although intended to be entity specific, in actuality, the CEP Prepetition Loan and the Thermoplastics Prepetition Loan were not entity specific, as there were intercompany loans, transactions and other financial accommodations such that the CEP Prepetition Loan, in part funded operations of Thermoplastics and CEP Mexico and the Thermoplastics Prepetition Loan, in part funded operations of CEP and CEP Mexico.

As a result of severe liquidity constraints of the Debtors, prior to the Petition Date, Visteon, GM and Delphi (collectively, the “Subordinated Participating Customers”) and Wachovia entered into a Subordinated Participation Agreement dated June 30, 2006 and a First Amendment to Subordination Participation Agreement dated August 18, 2006 pursuant to which the Subordinated Participating Customers purchased subordinated, last out participation interests (the “Participation Interests”) in the Prepetition Loans. The Participating Customers purchased, in the aggregate, \$2.9 million of Participation Interests in the Prepetition Loans, the proceeds of which were used by the Debtors to fund their operations, including, *inter alia*, the building of the Subordinated Participating Customers’ parts. In consideration of the purchase of Participation Interests by the Participating Customers, the Debtors were required to execute a Customer Agreement. The Customer Agreement required, among other things, the following: (i) the Participating Customers to (a) make Cash Infusions (as that term is defined in the Final DIP Order) to the Debtors for the funding of, among other things, Restructuring Charges and Wind Down Charges (as those terms are defined in the Final DIP Order); (b) purchase certain of the Debtors’ (and CEP Mexico’s) inventory; (c) purchase some or all of the Designated Equipment (as that term is defined in the Final DIP Order); and (d) continue accelerated payments terms to the Debtors on terms of “net immediate” (approximately 10 days); and (ii) the Debtors, on behalf of themselves and CEP Mexico, to (x) maintain production and produce parts banks requirements of the Participating Customers; and (y) assume the Access and Security Agreement (as that term is defined in the Final DIP Order) subject to certain modifications in the Customer Agreement, which provided the Participating Customers access to the Debtors’ facilities and granted security in certain equipment.

## **V. THE CHAPTER 11 CASES**

### **A. Debtors’ Chapter 11 Filings**

The Debtors allege that the Debtors and other automotive suppliers and manufacturers faced a series of unanticipated operational and market challenges that adversely affected their operations and cash flows. These challenges allegedly impaired both the Debtors’ suppliers and customers which in turn have severely affected the Debtors’ operations and businesses. With respect to suppliers, the Debtors allege that the September 2005 hurricanes in the Gulf Coast region have disproportionately damaged manufacturers who rely on plastic resins. Shortly after the hurricanes, the Debtors began experiencing sharp increases in their principal raw materials (plastic resins) which increases were attributable to interrupted refining capacity. With prices already high due to increased global demand, insecurity and supply constraint issues, the hurricanes magnified the rise in the price of crude oil and natural gas. With respect to the Debtors’ customers, the Debtors were unsuccessful in recovering much of these increases in raw material costs from their customers through price increases. The structure of the American automotive industry is such that it is difficult for some manufacturers such as the Debtors to pass rising material costs on to customers.

In addition to increased material costs, the Debtors allege that the general instability of the industry directly harmed the Debtors’ liquidity. For example, the Debtors were impaired by the bankruptcy filing of several large OEM’s, including Delphi, the Debtors’ second largest customer. The

bankruptcy filing of Delphi in October 2005 alone resulted in a cash loss to the Debtors of nearly \$1.7 million based on the Debtors' unpaid prepetition claim in that case. In addition to bankruptcy filings in the industry, the general credit downgrade led to delays and increasingly delinquent customer payments for approved tooling programs. These programs are typically managed and paid for by the Debtors for the benefit of a particular customer which subsequently reimbursed the Debtors. The increased delays and failure of customers to pay for these programs decreased the portion of accounts receivable against which Wachovia would lend under the CEP Loan Agreement and Thermoplastics Loan Agreement. This, the Debtors allege, further impaired the Debtors' liquidity.

The Debtors also allege that they experienced excess capacity at their plants due to decisions by their customers. For example, GM's transfer from the GMT800 platform to the GMT900 platform led to substantial idling of capacity. In late 2005, GM started phasing out the GMT800 platform, a manufacturing platform in which the Debtors were heavily involved. The Debtors allege that they were harmed by this action because (i) the Debtors had significant up front costs invested in the GMT800 platform and (ii) GM did not provide the Debtors with replacement work in the new GMT900 platform. Thus, the Debtors did not recover their costs associated with the GMT800 platform and operated at significantly lower capacity at several manufacturing plants due to a failure to receive work under the GMT900 platform.

Given the Debtors' liquidity issues, the Debtors worked with the Subordinated Participating Customers and Wachovia to allow the Debtors to formulate a restructuring plan that would reorganize the Debtors outside of a chapter 11 proceeding. As part of this plan, in May 2006 the Debtors entered into a series of forbearance, accommodation and access and security agreements with Wachovia and the Subordinated Participating Customers, which agreements provided a 120-day window for the Debtors to effectuate an out-of-court restructuring plan. During the out-of-court restructuring efforts by the Debtors, the Debtors caused an unofficial committee of trade creditors (the "Unofficial Trade Committee") to be organized, of which five (5) of the seven (7) members of the Committee were participants. The Unofficial Trade Committee as well as the Participating Customers rejected the Debtors' out-of-court restructuring proposals, and accordingly, the Debtors filed for bankruptcy protection on September 20, 2006.

## **B. Debtor-in-Possession Financing<sup>9</sup>**

On the Petition Date, the Debtors filed the Motion of the Debtors and Debtors in Possession for Emergency Order Authorizing Debtors to: (A) Use Cash Collateral on an Emergency Basis; (B) Incur Postpetition Debt on an Emergency Basis; (C) Grant Adequate Protection and Provide Security and Other Relief to Wachovia Capital Finance Corporation (Central); and (D) Grant Certain Related Relief (the "DIP Motion"). The Unofficial Trade Committee filed an Objection to the DIP Motion. By Order dated September 26, 2006, the Bankruptcy Court granted the DIP Motion on an interim basis and authorized the Debtors to obtain interim postpetition financing on a secured, superpriority basis. The Debtors, Wachovia, the Subordinated Participating Customers and the Unofficial Trade Committee reach a resolution with respect to the Unofficial Trade Committee's objections to the DIP Motion; however, the Bankruptcy Court would not enter the order submitted by the Debtors in connection with the DIP Motion. Further negotiations by and among the Debtors, Wachovia, the Subordinated Participating Customers and the Committee led to a consensual resolution of the issues presented by the Unofficial Trade Committee

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<sup>9</sup> Capitalized terms related to the Debtor-in-Possession financing that are not defined herein, shall have the meanings ascribed to them in the Plan or the Final DIP Order, in that order.

and the Bankruptcy Court. Thereafter, on October 27, 2006, by Order of the Bankruptcy Court granted the DIP Motion on a final basis (the “Final DIP Order”), which authorized the Debtors to enter into the First Amendment to Postpetition Agreement, Customer Agreement and Postpetition Documents (as those terms are defined in the Final DIP Order) for an aggregate maximum principal amount of \$30,880,000.00. In accordance with the Final DIP Order, Wachovia was granted a security interest in substantially all of the Debtors assets on a superpriority basis for funding related to the Final DIP Order. Further, the Final DIP Order required the Subordinated Participating Customers to provide Cash Infusions (as that term is defined in the Final DIP Order) to the Debtors for the administration of the Estates.

Subject to the terms and conditions of the Plan, all amounts due and owing Wachovia and the Subordinated Participating Customers under the Final DIP Order will be paid in full or the Disputed Amount funded into the Disputed Claim Reserve on the Effective Date, if not sooner paid.

### **C. The Official Committee of Unsecured Creditors**

On September 28, 2006, the Office of the United States Trustee filed its Notice of Appointment of Creditors’ Committee and appointed five (5) members to serve on a single committee and to represent the interests of all general unsecured creditors of the Debtors. The five (5) members were (i) E.I. du Pont de Nemours and Company (“DuPont”); (ii) Rhodia, Inc.; (iii) The Brown Corporation of Greenville; (iv) Lanxess Corp.; and (v) Excel Polymers LLC. Thereafter, on October 12, 2006, the Office of the United States Trustee filed an Amended Appointment of Committee of Unsecured Creditors and appointed two (2) additional members to serve on a single committee and to represent the interests of all general unsecured creditors of the Debtors. The two (2) additional members were (i) Gold Key Processing Ltd.; and (ii) Washington Penn Plastic Co. Inc.

DuPont and Rhodia, Inc. serve as co-chairpersons of the Committee. The Committee’s counsel is the law firm of McGuireWoods LLP. The financial advisor to the Committee is Grant Thornton LLP, as successor to Stout Risius Ross.

### **D. Compliance with Bankruptcy Code, Bankruptcy Rules, Local Court Rules and U.S. Trustee Deadlines**

On October 30, 2006, the Debtors filed their Statement of Financial Affairs, Schedules of Assets and Liabilities, and lists of Equity Security Holders, each as amended from time to time. On October 25, 2006, the Office of the United States Trustee conducted a meeting of creditors pursuant to section 341 of the Bankruptcy Code. Additionally, the Debtors have filed all monthly operating reports and timely paid all statutory quarterly fees as required by the Office of the U.S. Trustee. To the best of the Debtors’ knowledge, information and belief, the Debtors have complied with all other applicable requirements of the Bankruptcy Code and Bankruptcy Rules, as well as local Bankruptcy Court rules and deadlines of the Office of the U.S. Trustee.

### **E. Sale of Substantially All of the Debtors’ Assets**

#### **1. Liquidating Facilities Sale.**

By Order dated November 21, 2006, the Bankruptcy Court approved the sale of substantially all of the Debtors’ machinery and equipment located at Vandalia, Ohio; Bishopville, South Carolina; Crestline, Ohio; Canton, Ohio; Lapeer, Michigan; Belleville, Michigan; and Middlefield, Ohio (the “Liquidating Facilities Sale”). In furtherance of the Liquidating Facilities Sale, the Bankruptcy Court approved the Debtors retention of Bidity Auctions Worldwide, Inc. (the “Auctioneer”) to facilitate the

Liquidating Facilities Sale under an Asset Marketing Agreement by and between the Debtors and the Auctioneer, as amended (the "Asset Marketing Agreement"). Under the Asset Marketing Agreement, the Auctioneer guaranteed the net sum of \$5,015,000 (the "Guaranteed Minimum") for the auctions for the Debtors' machinery and equipment located at the following facilities: (i) Vandalia, Ohio; (ii) Belleville, Michigan; (iii) Canton, Ohio; (iv) Crestline, Ohio; and (vi) Lapeer, Michigan (the "First Auction Sites"). In connection with the sales of the First Auction Sites and the Auctioneer's Guaranteed Minimum, the Auctioneer caused to be issued for the benefit of the Estates and their secured lender, Wachovia, a letter of credit (the "Auctioneer Line of Credit") in the amount of \$5,015,000. The Auctioneer has successfully completed the sale of the First Auction Sites for the net sale amount of approximately \$5,602,000. Wachovia drew against the Auctioneer Line of Credit for satisfaction of the Guaranteed Minimum and applied all such amounts to the claim of Wachovia. Under the Asset Marketing Agreement, the Auctioneer was entitled to retain an amount equal to the Auctioneer Line of Credit (\$5,015,000), plus \$480,000, plus one-half of the Auctioneer's actual operating expenses for the month January 2007 related to the First Auction Sites. After application of the amounts related to the immediately preceding sentence, the Auctioneer and the Debtors shared the remaining proceeds fifteen percent (15%) for the Auctioneer and eighty-five percent (85%) for the Debtors.

Under the Asset Marketing Agreement, the Auctioneer was also responsible for the sale of the machinery and equipment located at the following facilities: (i) Bishopville, South Carolina; and (ii) Middlefield, Ohio (the "Second Auction Sites"). With respect to the sales related to the Second Auction Sites, the Auctioneer was solely entitled to retain the following: (i) ten percent (10%) for bids made in person; (ii) fourteen percent (14 %) for bids made via the internet; and (iii) three percent (3%) for all payments made in a method other than cash, cashier's check or money order (the "Buyer's Premium"). The sales at the Second Auction Sites occurred on January 30 and 31, 2007 and yielded approximately \$1.12 million.

## 2. Tuscaloosa, Alabama Sale.

The Estates sold substantially all of their assets (including machinery, equipment and inventory, but excluding accounts receivable) located at their Tuscaloosa, Alabama facility to Visteon for \$1,750,000.

## 3. CEP Mexico Sales.

The Debtors sold the assets located in the facilities (including machinery, equipment and inventory) of CEP Mexico pursuant to Orders of the Bankruptcy Court dated November 28, 2006 and November 29, 2006, respectively. The sale of assets located in the facilities of CEP Mexico were sold as follows: (i) Hermosillo, Mexico assets to Delphi Automotive Systems, LLC, or its Mexican maquiladora subsidiary, Alambrados Y Circuitos Electricos S.A. de C.V. (the "Hermosillo Sale"); and (ii) Chihuahua, Mexico assets to Century Mold Mexico, LLC (the "Chihuahua Sale" together with the Hermosillo Sale, collectively the "CEP Mexico Sales").

The Estates currently hold in escrow \$5,408,597, which represents the net proceeds of the CEP Mexico Sales. It is expected that net proceeds from the sale of assets located in facilities of CEP Mexico will be available for distribution for the benefit of creditors of the Estates if (a) substantive consolidation (as described in Section VI.B hereof) is approved by the Bankruptcy Court, or (b) substantive consolidation is not approved by the Bankruptcy Court, but a determination of the value of the Estates' equity interests in CEP Mexico occurs in an amount equal to the amount held in escrow from the sale of assets located in the facilities of CEP Mexico.

4. Real Estate Sales.

The Plan Proponents anticipate that the real estate located at the Debtors' Lapeer, Michigan facility will be sold prior to the Effective Date to Marvin Engineering Co. and Daniel Schreiber in the amount of approximately \$2,042,000. Also, the Plan Proponents anticipate that the real estate located at the Debtors' Crestline, Ohio facility will be sold prior to the Effective Date in amount of approximately \$650,000.

5. Parker-Hannifin Real Estate Sales.

Under the terms of the Parker-Hannifin Transaction, the Debtors submit that they possess an equitable interest in the real estate located at the Debtors' Vandalia, Ohio and Bishopville, South Carolina facilities. Parker-Hannifin retained a purchase money mortgage in the Vandalia and Bishopville facilities as part of the Parker-Hannifin Transaction. The Plan Proponents are seeking independent valuation information relating to the value, if any, of the Estates' interest in these facilities. The Debtors will either list the Vandalia and/or Bishopville facilities for sale or surrender them to Parker-Hannifin depending upon the determination of the value of the Estates' interest in these facilities.

**F. Termination or Assumption of Pension Plans**

(i) CEP by virtue of UNITE representation at its Middlefield, OH facility, is a participant in the Unite Textile Workers Pension Plan ("UNITE Plan"). CEP understands that the UNITE Plan is fully funded. CEP will terminate its participation in the UNITE Plan, and there is no expectation of withdrawal liability arising from CEP's termination of participation in the UNITE Plan.

(ii) CEP assumed the Pension Plan for Bargaining Unit Employees of Carlisle Engineered Products-Crestline as part of the Carlisle Transaction. The Crestline Pension Plan is a defined benefit plan for members of the United Steelworkers of America Local 563-L. The Crestline Pension Plan is underfunded and as a result of the underfunding, it is believed that The Reserve Group has liability for underfunding of the Crestline Pension Plan in the event of termination of the Crestline Pension Plan. Accordingly, the Debtors and The Reserve Group are discussing the potential assumption of the Crestline Pension Plan by The Reserve Group. In the event that The Reserve Group does not agree to assume the Crestline Pension Plan, it will be terminated by either standard termination or distress termination, at the discretion of the Debtors and with consent from the Committee, as soon as practicable.

(iii) CEP assumed the pension plan for Bargaining Unit Employees of the Canton, Ohio Plan of Geauga Company Division of Carlisle Corporation as part of the Carlisle Transaction. The Canton Pension Plan is a defined benefit plan for members of the United Steelworkers of America Local 3610-04. The Canton Pension Plan is underfunded and as a result of the underfunding, it is believed that The Reserve Group has liability for underfunding of the Canton Pension Plan in the event of termination of the Canton Pension Plan. Accordingly, the Debtors and The Reserve Group are discussing the potential assumption of the Canton Pension Plan by The Reserve Group. In the event that The Reserve Group does not agree to assume the Canton Pension Plan, it will be terminated by either standard termination or distress termination, at the discretion of the Debtors and with consent from the Committee, as soon as practicable.

(iv) As of the date of the Disclosure Statement, the PBGC has not filed a proof of claim. In the event of assumption of the Pension Plans by The Reserve Group, the Debtors do not expect the PBGC to assert claims that will be Allowed Claims. Further, assumption of the Pension Plans will be subject to separate agreement and contingent upon approval by the Bankruptcy Court following notice

and hearing. In the event termination of the Pension Plans, the Debtors expect that the PBGC may assert claims for (i) underfunded benefit liabilities under 29 U.S.C. § 1362(b); (2) minimum funding contributions under 29 U.S.C. § 1362(c); and/or (3) insurance premiums due under 29 U.S.C. §§ 1306, 1307. The priority and amount of such claims remains undetermined at this time, and any such claims will be addressed under applicable provisions of the Plan.

#### **G. Termination of Collective Bargaining Agreements**

The Debtors are engaged in good faith effects bargaining with the unions representing former represented employees of the Debtors, in accordance with applicable non-bankruptcy law. Among the requests by the Debtors of the unions in such bargaining is the agreed termination of collective bargaining agreements. In the event, however, that agreed upon consensual termination of the collective bargaining agreements does not promptly occur, the Debtors will file one or more motions with the Bankruptcy Court pursuant to section 1113 of the Bankruptcy Code seeking authorization to terminate collective bargaining agreements effective as of the Confirmation Date. It is expected that termination – either voluntarily or by order of the Bankruptcy Court pursuant to section 1113 of the Bankruptcy Code – may give rise to termination claims of the respective unions the amounts that have not been fully calculated as of the date this Disclosure Statement.

#### **H. Extension of the Debtors' Exclusivity Periods**

Section 1121(b) of the Bankruptcy Code provides for an initial period of 120 days after the filing of a voluntary petition for relief under chapter 11 during which a debtor has the exclusive right to file a plan of reorganization in the reorganization proceeding. Section 1121(c)(3) of the Bankruptcy Code provides that if a debtor files a plan of reorganization within such 120 day period, the debtor has a period of 180 days from the filing of its voluntary petition for relief to obtain acceptances of such plan, during which time competing plans may not be filed. The Debtors' initial exclusive periods were set to expire on January 18, 2007, and March 19, 2007, respectively. On December 22, 2006, the Debtors filed a motion seeking to extend the exclusivity deadlines set forth in section 1121(b) of the Bankruptcy Code. The Committee has consented to an extension of the Debtors' exclusive period to file a plan until January 31, 2007.

### **VI. PLAN OF LIQUIDATION**

THE FOLLOWING DISCUSSION OF THE PLAN CONSTITUTES A SUMMARY ONLY AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN ITSELF. YOU SHOULD READ THE PLAN BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. CHANGES MAY BE MADE TO THE PLAN. ANY SUCH CHANGES MADE TO THE PLAN WILL BE DESCRIBED AT THE CONFIRMATION HEARING. A copy of the Plan is attached as Exhibit A to this Disclosure Statement.

#### **A. General Description of the Plan**

This Disclosure Statement has been submitted by the Plan Proponents in order to afford the Debtors the opportunity to confirm a Plan on or before May 15, 2007, that will be consummated on or before June 15, 2007.



## **B. Substantive Consolidation**

The Plan contemplates “substantive consolidation” of the assets and liabilities of the non-debtor affiliate, CEP Mexico, with the assets and liabilities of the Debtors. Substantive consolidation means that on the Effective Date (i) all assets of CEP Mexico (and all proceeds thereof) and liabilities of CEP Mexico, shall be deemed merged or treated as though they were merged into and with the assets and liabilities of the Estate of Holdings, and, likewise, all assets (and proceeds thereof) of the Estates of CEP and Thermoplastics and all liabilities of CEP and Thermoplastics shall be deemed merged or treated as though they were merged into and with the assets and liabilities of the Estate of Holdings; (ii) no distributions shall be made under the Plan on account of inter-company claims among the Debtors (and CEP Mexico) and all such Claims be eliminated; (iii) all guarantees of the Debtors (and CEP Mexico) of the obligations of any other Debtors (and/or CEP Mexico) shall be deemed eliminated and extinguished such that any Claim against any Debtor (or CEP Mexico) and any guaranty thereof executed by any other Debtor (and/or CEP Mexico) and any joint or several liability of any of the Debtors (and/or CEP Mexico) shall be deemed to be one obligation of Consolidated Holdings; and (iv) each and every claim filed or to be filed in any of the Cases (and CEP Mexico) shall be deemed to be filed against Consolidated Holdings; provided, however, that (a) for the purposes of determining the availability of the right of set-off under section 553 of the Bankruptcy Code, the Debtors (and CEP Mexico) shall be treated as separate entities so that, subject to the other provisions of section 553 of the Bankruptcy Code debts due to any of the Debtors (or CEP Mexico) may not be set-off against the debts of any of the other Debtors (or CEP Mexico), and (b) for purposes of determining the Plaintiff of, and availability of defenses to, Avoidance Actions, the Debtors (and/or CEP Mexico) may, at the option of the Trustee, be treated as separate entities. To the extent that a creditor is holding an Allowed Claim against more than one of the Debtors’ Estates (including Allowed Claims against CEP Mexico), such creditors shall be treated as a holder of an Allowed Claim as against Consolidated Holdings.

## **C. Unclassified Allowed Claims and Their Treatment**

### **1. Administrative Expense Claims.**

Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment, on the Effective Date, or as soon thereafter as is reasonably practicable, the Liquidating Trustee shall pay to each holder of an Allowed Administrative Expense Claim, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim.

### **2. Bar Date For Administrative Expense Claims.**

THE DEADLINE TO FILE PROOFS OF ADMINISTRATIVE EXPENSE CLAIMS AND REQUESTS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS THAT AROSE PRIOR TO THE CONFIRMATION DATE IS NO LATER THAN THIRTY (30) DAYS FOLLOWING THE CONFIRMATION DATE. THIS DEADLINE, HOWEVER, DOES NOT INCLUDE CLAIMS FOR COMPENSATION AND REIMBURSEMENT WHICH SHALL BE TREATED PURSUANT TO SECTION VI (C)(3) HEREUNDER AND BANKRUPTCY CODE SECTION 503(b)(9) CLAIMS, WHICH ARE TO BE FILED ON OR BEFORE MARCH 1, 2007 PURSUANT TO THE BAR DATE ORDER.

Notwithstanding anything to the contrary herein, no proof of Administrative Expense Claim or application for payment of an Administrative Expense Claim that arose or arises after the Petition Date, need be filed for the allowance of any: (i) claims for professional fees; or (ii) fees of the U.S. Trustee arising under 28 U.S.C. § 1930. All Claims described in clause (i) and (ii) of the immediately preceding

sentence shall be paid by the Liquidating Trustee in accordance with the terms of the Plan.

ANY PERSONS THAT FAIL TO FILE A PROOF OF ADMINISTRATIVE EXPENSE CLAIM OR REQUEST FOR PAYMENT THEREOF ON OR BEFORE THE APPLICABLE ADMINISTRATIVE BAR DATE AS REQUIRED HEREIN OR PURSUANT TO OTHER APPLICABLE ORDER OF THE BANKRUPTCY COURT SHALL BE FOREVER BARRED FROM ASSERTING SUCH CLAIM AGAINST ANY OF THE DEBTOR, THE ESTATE, OR ITS PROPERTY AND THE HOLDER THEREOF SHALL BE ENJOINED FROM COMMENCING OR CONTINUING ANY ACTION, EMPLOYMENT OF PROCESS OR ACT TO COLLECT, OFFSET OR RECOVER SUCH ADMINISTRATIVE EXPENSE CLAIM.

3. Compensation and Reimbursement Claims.

All Professionals or other Persons seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4), or 503(b)(5) of the Bankruptcy Code (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is thirty (30) days after the Confirmation Date, unless otherwise ordered by the Bankruptcy Court, and (ii) shall be paid in full by the Liquidating Trustee in such amounts as are allowed by the Bankruptcy Court (A) upon the date upon which the order relating to any such Administrative Expense Claim is entered, or (B) upon such other terms as may be mutually agreed upon between the holder of such an Administrative Expense Claim and the Committee.

4. U.S. Trustee.

All fees payable in the Cases under 28 U.S.C. §1930, as agreed by the Debtors and Committee or as determined by the Bankruptcy Court, will, if not previously paid in full, be paid in Cash on the Effective Date and will continue to be paid by the Liquidating Trustee as required under 28 U.S.C. §1930 until such time as an order is entered by the Bankruptcy Court closing the Cases.

5. Wachovia Secured Claims.

Except to the extent that the Wachovia Secured Claims has been paid and satisfied prior to the Effective Date in accordance with the Final DIP Order, on or as soon as reasonably practicable after the Effective Date, Wachovia shall receive in full satisfaction of such Claim, Cash in an amount equal to one hundred percent (100%) of the unpaid amount of the Allowed Wachovia Secured Claim. The liens securing such Allowed Wachovia Secured Claim shall be deemed released at such time as the Wachovia Secured Claim is paid in full.

6. Priority Tax Claims.

Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a different treatment, on the Effective Date, or as soon thereafter as is reasonably practicable, the Liquidating Trustee shall pay to each holder of an Allowed Priority Tax Claim, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim.

**D. Classification and Treatment of Allowed Claims and Equity Interests**

The Plan divides Allowed Claims against and Equity Interests in the Debtors into various classes that the Plan Proponents believe are in accordance with the classification requirements established by the Bankruptcy Code. Distribution of Cash to the holders of Allowed Claims under the Plan are in full

satisfaction of such Allowed Claims (including any and all interest or costs accrued and allowable thereon). All Claims against and Equity Interests in the Debtors arising prior to the Petition Date will be discharged under the Plan on the Effective Date of the Plan to the extent provided in the Plan or the Confirmation Order.

A summary of the classification and treatment of Allowed Claims and Allowed Interests under the Plan is set forth below.

1. Class 1: Subordinated Participating Customers Secured Claims

Distribution: Subject to section 502(d) of the Bankruptcy Code, and further subject to applicable provisions of the Subordinated Participation Agreement or other order of Bankruptcy Court, and except to the extent that the Subordinated Participating Customers Secured Claims have not been paid and satisfied prior to the Effective Date in accordance with the Final DIP Order, provided that the requirements of section 502(d) of the Bankruptcy Code are satisfied, on or as soon as reasonably practicable after the Effective Date, or in the event that section 502(d) of the Bankruptcy Code is not satisfied as of the Effective Date, (in which case amounts otherwise due and payable to the Participating Customers under Section 4.1 of the Plan shall be paid into the Disputed Claim Reserve) at such time as section 502(d) of the Bankruptcy Code is satisfied (such that all accounts receivable due to the Debtors and/or CEP Mexico from the Participating Customers are indefeasibly paid in full), the Subordinated Participating Customers shall receive in full satisfaction of such Claim Cash in an amount equal to one hundred percent (100%) of the unpaid amount of the Allowed Subordinated Participating Customers Secured Claims in accordance with the provisions of the Final DIP Order and the Subordinated Participation Agreement. The Liens securing such Allowed Subordinated Participating Customers Secured Claim shall be deemed released at such time as the Subordinated Participating Customers Secured Claims are paid in full.

**Class 1 is impaired under the Plan. Holders of Allowed Class 1 Claims are entitled to vote to accept or reject the Plan.**

2. Class 2: Other Secured Claims

Distribution: On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Other Secured Claim shall receive, at the option of the Trustee, and in full satisfaction of such Claim, either (i) Cash in an amount equal to one hundred percent (100%) of the Allowed Other Secured Claim (taking into account sections 506(a)(1) and 506(b) of the Bankruptcy Code), (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder's secured interest in such Collateral, net of the costs of disposition of such Collateral, (iii) such other distribution as necessary to satisfy the requirements of the Bankruptcy Code, including the surrender of any such collateral; or (iv) such other treatment as the Trustee and such holder other Secured Claim may agree. In the event the Debtor treats a Claim under clause (i) or (ii) of this section 3.2, the Liens securing such other Secured Claim shall be deemed released.

**Class 2 is unimpaired under the Plan. Each holder of an Allowed Class 2 Claim is conclusively presumed to have accepted the Plan, and, consequently, is not entitled to vote to accept or reject the Plan.**

3. Class 3: Priority Non-Tax Claims

Distribution: Except to the extent that a holder of an Allowed Priority Non-Tax Claim against the Debtors agrees to a different treatment of such Claim, on the Effective Date, or as soon thereafter as is

reasonably practicable, each holder of an Allowed Priority Non-Tax Claim shall receive the greater of 100% of the Allowed Amount of such Priority Non-Tax Claims or a Pro Rata Share of all remaining Cash after payment or treatment consistent with Section 8.3 and 8.5 of the Plan of all Allowed Claims in sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1 and 4.2 of the Plan, on the Effective Date or as soon thereafter as is practicable.

**Class 3 is unimpaired under the Plan. Each holder of an Allowed Class 3 Claim is conclusively presumed to have accepted the Plan, and, consequently, is not entitled to vote to accept or reject the Plan.**

4. Class 4: General Unsecured Claims

Distribution: The holders of Allowed General Unsecured Claims shall receive their Pro Rata Share of all remaining Cash after payment in full of all Allowed Claims, or treatment consistent with Sections 8.3 and 8.5 of the Plan, pursuant to sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1, 4.2 and 4.3 of the Plan, at such times as the Trustee deems practicable, however, in the event that cash available for distribution to Allowed Class 4 Claims exceeds \$1.5 million an initial distribution to Allowed Class 4 Claims be made no later than ninety (90) days from the date on which the Trust Assets available for distribution to Class 4 Claims exceeds \$1.5 million.

**Class 4 is impaired under the Plan. Holders of Allowed Class 4 Claims are entitled to vote to accept or reject the Plan**

5. Class 5: Equity Interests

Treatment: All Equity Interests issued by the Debtors, other than Equity Interests in Holdings, shall be merged into Holdings on the Effective Date. Each holder of an Equity Interest shall neither receive nor retain any property or interest in property on account of such Equity Interest unless and until all Allowed Claims are paid in full with interest. It is not anticipated that any distributions will be made to Class 5 Equity Interest Holders.

**Class 5 is impaired under the Plan, and the holders of Allowed Class 5 Equity Interests are deemed to reject the Plan. Consequently, holders of Allowed Class 5 Equity Interests are not entitled to vote to accept or reject the Plan.**

**E. Claims Bar Date**

On December 15, 2006, the Bankruptcy Court entered the Order, Pursuant to Sections 501 and 502 of the Bankruptcy Code and Bankruptcy Rules 2002 and 3003(c)(3), Establishing Bar Dates and Filing Proofs of Claim and Approving Form and Manner of Notice Thereof (the "Bar Date Order"), which established a Bar Date for the filing of proofs of claim or interest for all creditors of the Debtors, including, without limitation, holders of executory contracts and unexpired leases of the Debtors (other than for Administrative Expense Claims) of March 1, 2007 ("Bar Date") and on or before March 19, 2007, for governmental units. Paragraph 13 of the Bar Date Order provides: "Pursuant to Bankruptcy Rule 3003(c)(2), any entity that is required to file a proof of claim in these Cases pursuant to the Bankruptcy Code, the Bankruptcy Rules or this Order with respect to a particular claim against a Debtor, but that fails to properly do so by the applicable Bar Date, shall be forever barred, estopped and enjoined from: (a) asserting any claim against the Debtors that the entity has that (i) is in an amount that exceeds the amount, if any, that is identified in the Schedules on behalf of such entity as undisputed, noncontingent and liquidated or (ii) is of a different nature or a different classification than any claim

identified in the Schedules on behalf of such entity; or (b) voting upon, or receiving distributions under, the Plan or any other plan of reorganization in these Cases in respect of an Unscheduled Claim.” Accordingly, to the extent a proof of claim was not filed by the applicable bar date, such Claim shall not be an “Allowed Claim” as defined in the Plan.

## **F. Treatment and Status of Certain Claims**

### **1. Environmental Claims**

There is a possibility that the State of Ohio EPA and/or the US EPA could assert a claim against the Debtors based on operator liability with respect to soil and groundwater contamination at the Middlefield property for the period of time that the Debtors operated their businesses at the Middlefield property until they surrender such property to the landlord. Prior to the Debtors’ possession of the Middlefield property under its lease, the property had been and continues to be undergoing remediation due to groundwater contamination alleged to have originated on the property and/or resulting from historic operations that occurred on the property prior to the Debtors’ taking possession. The Debtors have not been named in any private party tort action or received any orders from the Ohio EPA or the US EPA concerning contamination at the Middlefield property. Liability associated with the continuing contamination is retained by the owner of the property which has agreed to indemnify the Debtors with respect to environmental liabilities related to such property existing as of the date that the Debtors took possession.

### **2. Tort and Litigation Claims**

The Debtors, or CEP Mexico, are a party to a variety of legal proceedings and administrative actions. The legal actions pending against the Debtors, or CEP Mexico, are summarized below:

#### **(a) Civil Actions.**

(i) Washington Penn Plastic Company, Inc. Case No. 06 CV 1224. United States District Court for the Northern District of Ohio. Nature of Relief – Breach of Contract. This claim also names certain non-Debtor insiders of the Debtors as defendants.

(ii) Advanced Communications Co. Case No. 06CV-11340. Akron Municipal Court Small Claims Division Summit County, Ohio. Nature of Relief – Complaint on Account.

(iii) KW Plastics, Recycling Division. Case No. CV2006000124. Pike County Circuit Court, Troy, Alabama. Nature of Relief – Complaint on Security Agreement.

(b) Employee Related Litigation. Maria Monk has filed a workers compensation claim against CEP.

Unless otherwise stated in the Plan, such claims, when and if Allowed, will be included in Class 4.

### **3. Insurance Claims.**

Notwithstanding the foregoing, all Insurance Claims that arose prior to the Petition Date shall be deemed Allowed in the greater of (i) an amount equal to (x) the amount of any remaining self-insured retention under the Insurance Policy applicable to such Insurance Claim, divided by (y) the number of

Insurance Claims to which the applicable Insurance Policy and self-insured retention applies; and (ii) \$0.00. The allowance of an Insurance Claim pursuant to this provision shall not be deemed an admission of liability by CEP, Thermoplastics and/or Holdings, and therefore shall not be conclusive as to the Debtors' liability in any proceeding by the holder of an Insurance Claim against an Insurer.

4. Workers' Compensation Claims

The Debtors conducted business in Ohio under self-insured programs for workers compensation coverage. Prior to the Petition Date, the Debtors learned from the Bureau of Workers' Compensation of the State of Ohio that they were not authorized by the state to operate under the state's self-insurance program for workers' compensation coverage. The Debtors had third party workers' compensation coverage in all other states where they had employees and conducted business. Given the cessation of operations by the Debtors, it is the intention of the Debtors to promptly terminate all workers' compensation coverage in each state where the Debtors conducted business and had employees in accordance with applicable non-bankruptcy law. The Debtors will utilize good faith best efforts in dealing with the workers' compensation commissions of each respective state to minimize claims, however, any agreement reached between the Debtors and any workers' compensation commission or bureau shall be subject to Committee consent. Potential claims of the Bureau of Workers' Compensation or third party insurers in states where the Debtors had operations and employees have not been calculated as of the date of this Disclosure Statement.

5. Reclamation Claims

On October 13, 2006, the Bankruptcy Court entered the Order Establishing Procedures for Resolving Reclamation Claims Asserted Against the Debtors and Granting Certain Related Relief (the "Reclamation Order").

The Reclamation Order required the Debtors to file a report on or before January 18, 2007, identifying those reclamation demands it recognized as valid, and those that were invalid (the "Reclamation Report"). The Reclamation Report evidences the receipt by the Debtors of seven (7) reclamation claims. The Reclamation Report establishes that six of the reclamation claims are invalid in accordance with applicable non-bankruptcy law and one reclamation claim totaling approximately \$119,166.35 is subject to defenses in accordance with Sixth Circuit case law. It is therefore estimated that there are no valid reclamation claims against the Debtors.

**G. Confirmation Hearing**

The Bankruptcy Court will hold the Confirmation Hearing at the following time and place:

| <b>Confirmation Hearing</b>  |
|--|
| <b>Date and Time:</b> Commencing at [TIME] (Eastern time), on [DATE].  |
| <b>Place:</b> The United States Bankruptcy Court, Northern District of Ohio (Eastern Division), Bankruptcy Courtroom Number 260, U.S. Courthouse and Federal Building, 2 South Main Street, Akron, Ohio 44308. |
| <b>Judge:</b> The Honorable Marilyn Shea-Stonum, United States Bankruptcy Judge, Northern District of Ohio.  |
| The Confirmation Hearing may be adjourned from time to time on announcement in the Bankruptcy Court on the scheduled date for the hearing. No further notice will  |

be required to adjourn the hearing.

At the Confirmation Hearing, the Bankruptcy Court will:

- determine whether sufficient majorities in number and dollar amount, as applicable, from each Voting Class have delivered properly executed votes accepting the Plan to approve the Plan;
- hear and determine objections, if any, to the Plan and to confirmation of the Plan that have not been previously disposed of;
- determine whether the Plan meets the confirmation requirements of the Bankruptcy Code; and
- determine whether to confirm the Plan.

Any objection to confirmation of the Plan must be in writing and filed and served as required by the Bankruptcy Court under the order approving this Disclosure Statement. That order requires any objections to the confirmation of the Plan to be served so as to be received on or before 4:00 p.m. on [DATE], by the following persons:

- Counsel for the Debtors, BAKER & HOSTETLER LLP, 3200 National City Center, 1900 East 9th Street, Cleveland, OH 44114, Attn: Joseph F. Hutchinson, Jr., Esquire;
- Counsel for the Committee, MCGUIREWOODS LLP, Dominion Tower, 23rd Floor, 625 Liberty Avenue, Pittsburgh, PA 15222, Attn: Mark E. Freedlander, Esquire;
- The Office of the United States Trustee for the Northern District of Ohio, H.M. Metzenbaum U.S. Courthouse, 201 Superior Avenue East, Suite 441, Cleveland, OH 44114-1240, Attn: Maria Giannirakis, Esquire;

## **H. Cancellation of Existing Securities and Agreements**

On the Effective Date, except as expressly provided in the Plan, the securities, promissory notes, trust indentures, security agreements, deeds of trust, collateral agency agreement and other instruments evidencing or securing a Claim shall be deemed cancelled without further act or action under any applicable agreement or Law, and the obligations of the Debtors under the agreements, instruments, trust indentures and certificates governing or securing such Claims, as the case may be, shall be discharged. Pursuant to Section 5.1 of the Plan, on the Effective Date, the membership interests of CEP, Thermoplastics and CEP Mexico will be merged into Holdings to form Consolidated Holdings.

## **I. Means of Executing the Plan**

### **1. Liquidating Trust**

(a) Execution of Agreement. On the Effective Date, the Agreement shall be executed, and all other necessary steps shall be taken to establish the CEP Liquidating Trust and the beneficial interests therein, which shall be for the benefit of all Beneficiaries.

(b) Purpose of CEP Liquidating Trust. The CEP Liquidating Trust shall be established and maintained for the sole purpose of liquidating and distributing assets of the Estates and CEP Mexico and proceeds thereof contributed to the CEP Liquidating Trust (and constituting Trust Assets), in accordance with Treasury Regulation section 30.1.7701-4(d), and resolving and administering claims, with no objective to continue or engage in the conduct of a trade or business.

(c) Liquidating Trust Assets. On the Effective Date, right, title and interest to all assets as described in Section 7.1(c) of the Plan shall re-vest in the CEP Liquidating Trust as Trust Assets. On the Effective Date, the Estates (and CEP Mexico) shall be deemed to assign, set over, transfer, and convey to the CEP Liquidating Trust all of their right, title and interest in assets of the Estates (and CEP Mexico). To the extent that certain assets of the Estates (and CEP Mexico), because of their nature or because they will accrue subsequent to the Effective Date, cannot be assigned, set over, transferred or conveyed to the CEP Liquidating Trust on the Effective Date, such assets shall be deemed assigned, set over, transferred and conveyed to the CEP Liquidating Trust as soon as practical after the Effective Date. On or after the Effective Date, the Liquidating Trustee shall continue as a plaintiff in all litigation or Causes of Action (on behalf of the Beneficiaries) in which the Debtors (and CEP Mexico) were plaintiffs prior to the Effective Date. All recoveries and proceeds arising from litigation and Causes of Action shall be deemed assigned, set over, transferred and conveyed to the CEP Liquidating Trust upon receipt thereof. All fees and costs of the Liquidating Trustee (and agents thereof) arising from or relating to pursuing litigation or Causes of Action or other services performed at the request of the Liquidating Trustee on behalf of the CEP Liquidating Trust shall be paid as a first priority in right of distribution from the CEP Liquidating Trust. The transfer of assets of the Estates (and CEP Mexico) to the Liquidating Trust shall be made for the benefit of the Beneficiaries, in each case, but only to the extent the Beneficiaries are entitled to distributions under the Plan.

(d) Governance of CEP Liquidating Trust. The CEP Liquidating Trust shall be governed by the Trustee in accordance with the Agreement and consistent with the Plan.

(e) The Liquidating Trustee. The Liquidating Trustee shall be designated on or before the Effective Date by the Committee. The designation of the Trustee shall be effective on the Effective Date without the need for a further order of the Bankruptcy Court. The Trustee shall exercise reasonable business judgment to administer Trust Assets and to make timely distributions from the CEP Liquidating Trust to its Beneficiaries.

(f) Nontransferability of CEP Liquidating Trust Interests. The beneficial interests in the CEP Liquidating Trust shall not be certificated and are not transferable (except as otherwise provided in the Agreement).

(g) Cash. The Liquidating Trustee may invest Cash consisting of the Trust Assets (including any earnings thereon or proceeds therefrom) in short term overnight investments or longer term investments as permitted by section 345 of the Bankruptcy Code; *provided, however*, that such investments are investments permitted to be made by a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable Internal Revenue Service guidelines, rulings, or other controlling authorities.

(h) Costs and Expenses of the Liquidating Trustee. The costs and expenses of the CEP Liquidating Trust, including the fees and expenses of the Trustee and its retained professionals, shall be paid out of the CEP Liquidating Trust. Such costs and expenses shall be treated as administrative expenses of the Estates, having, however, a first priority in right of distribution, and without the need for Bankruptcy Court authorization or entry of a Final Order. The Liquidating Trustee



shall retain such amounts as are reasonably necessary (at the discretion of the Liquidating Trustee) to meet the future expenses of administering the CEP Liquidating Trust in the Liquidation Expense Reserve Account.

(i) Compensation of the Liquidating Trustee. The Liquidating Trustee shall be entitled to reasonable compensation, which shall be on economic terms agreeable to the Committee and established prior to the Effective Date. The compensation payable to the Liquidating Trustee shall be treated consistent with section 7.1(h) of the Plan.

(j) Distribution of Trust Assets. The Liquidating Trustee shall distribute at least annually and in accordance with the Agreement, beginning on the Effective Date or as soon thereafter as is practicable, the Trust Assets on hand (including any Cash received from the Debtors and CEP Mexico on the Effective Date, and treating as Cash for purposes of section 7.1 of the Plan any permitted investments under section 7.1(g) of the Plan), except such amounts (i) as would be distributable to a holder of a Disputed Claim if such Disputed Claim had been Allowed prior to the time of such distribution (but only until such Claim is resolved); (ii) as are reasonably necessary to meet contingent liabilities and to maintain the value of the assets of the CEP Liquidating Trust during liquidation; (iii) to pay reasonable expenses (including, but not limited to, any taxes imposed on the assets of the CEP Liquidating Trust or in respect of the CEP Liquidating Trust); and (iv) to satisfy other liabilities incurred by the CEP Liquidating Trust in accordance with this Plan or the Agreement.

(k) Retention of Professionals by the Liquidating Trustee. The Liquidating Trustee may retain and reasonably compensate counsel and other professionals to assist in its duties as Liquidating Trustee on such terms as the Trustee deems appropriate without Bankruptcy Court approval. The Liquidating Trustee may retain any professional who represented parties in interest (including the Debtors, CEP Mexico or the Committee) in the Cases.

(l) Authority to Grant Releases. Without limiting the generality of section 7.6 of the Plan, in connection with the compromise and settlement of any Causes of Action, the Liquidating Trustee is authorized to release and discharge, to the fullest extent permitted by law, non-Debtor parties to Causes of Action from all Claims and Causes of Action that, the Committee or the Liquidating Trustee (as successor to the Debtors and CEP Mexico on behalf of the Beneficiaries) has or may have whether known or unknown against such Persons. Any settlement effectuated prior to the Confirmation Date, upon notice thereof to the Bankruptcy Court, shall be deemed incorporated into the Plan and entry of the Confirmation Order including provisions of such settlement shall be deemed a settlement pursuant to section 1123(6)(3)(A) of the Bankruptcy Code.

(m) Attorney-Client Privilege. Any attorney-client privilege, work-product privilege or other privilege or immunity that the Estates, CEP Mexico or Committee are entitled to assert in the Causes of Action shall vest in the Liquidating Trustee (and the attorneys and agents of the Liquidating Trustee) and the Liquidating Trustee shall be entitled to assert such privilege and immunity to the same extent that the Debtors, CEP Mexico and Committee were entitled to do so prior to the Effective Date.

(n) Transfer of Claims of Debtors, the Estates and CEP Mexico to CEP Liquidating Trust. All assets of the Debtors, the Estates and CEP Mexico are to be transferred to and deemed property of the CEP Liquidating Trust for the benefit of the Beneficiaries on the Effective Date. Included among such assets are Causes of Action. A full investigation of potential Causes of Action has not been undertaken by either the Debtors, CEP Mexico or the Committee. It is, however, the Committee's belief that potential Causes of Action may exist as against, among others, (i) insiders of the

Debtors and/or CEP Mexico and their respective affiliates arising from or relating to the Carlisle Transaction and/or the Parker-Hannifin Transaction; (ii) the Carlisle Companies and/or Parker-Hannifin Corporation and/or their respective subsidiaries, affiliates, agents or other Persons arising from or relating to the Carlisle Transaction and/or the Parker-Hannifin Transaction; (iii) Persons (and/or subsidiaries and affiliates thereof) identified in the Debtors' items 3(a) and 3(b) of the respective Debtors' Statements of Financial Affairs with respect to Avoidance Actions (and other Persons subsequently discovered by the Committee or Trustee as having received payments that should have been listed and identified in item 3(a) or 3(b) of the respective Debtors' Statements of Financial Affairs and were not); (iv) any one or more of the Participating Customers, other customers of the Debtors and/or CEP Mexico, or debtors of the Debtors or CEP Mexico, for failure to pay accounts receivable or other amounts due to the Debtors (including Cash Infusions) and/or CEP Mexico in accordance with, inter alia, the Final DIP Order and/or its related agreements, purchase orders, course of conduct as between the Debtors, CEP Mexico and any customer of the Debtors or CEP Mexico with unpaid accounts due and owing to the Debtors or CEP Mexico; (v) other Causes of Action identified by the Liquidating Trustee in the course of his post-Effective Date due diligence.

(o) Federal Income Tax Treatment of CEP Liquidating Trust.

(i) Trust Assets Treated as Owned by Creditors. For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee, and the holders of beneficial interests in the CEP Liquidating Trust) shall treat the transfer of the Trust Assets to the CEP Liquidating Trust for the benefit of the Beneficiaries thereof, whether Allowed on or after the Effective Date, as (A) a transfer of the Trust Assets directly to the holders of satisfaction of such Claims (other than to the extent allocable to Disputed General Unsecured Claims) followed by (B) the transfer by such holders to the CEP Liquidating Trust of the Trust Assets in exchange for beneficial interests in the CEP Liquidating Trust. Accordingly, the Beneficiaries shall be treated for federal income tax purposes as the grantors and owners of their respective shares of the Trust Assets.

(ii) Tax Reporting.

(A) The Trustee shall file returns for the CEP Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-1 through 4(a) and in accordance with this section 7.1(n) of the Plan. The Liquidating Trustee shall also annually send to each record holder of a beneficial interest a separate statement setting forth the holder's share of items of income, gain, loss, deduction, or credit and will instruct all such holders to report such items on their federal income tax returns or to forward the appropriate information to the beneficial holders with instructions to report such items on their federal income tax returns. The CEP Liquidating Trust's taxable income, gain, loss, deduction, or credit will be allocated (subject to section 7.1(n)(ii)(C) of the Plan, relating to Disputed General Unsecured Claims) to the holders of Allowed General Unsecured Claims in accordance with their relative beneficial interests in the CEP Liquidating Trust.

(B) As soon as possible after the Effective Date, but in no event later than ninety (90) days after the Effective Date, the Liquidating Trustee shall make a good faith valuation of the Trust Assets. Such valuation shall be made available from time to time, to the extent relevant, and used consistently by all parties (including, without limitation the Debtors, the Liquidating Trustee, and the holders of Allowed General Unsecured Claims) for all federal income tax purposes. The Liquidating Trustee shall also file (or cause to be filed) any other statements, returns, or disclosures relating to the CEP Liquidating Trust that are required by any governmental unit.

(C) Subject to definitive guidance from the Internal Revenue Service or a court of competent jurisdiction to the contrary (including the receipt by the Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the Internal Revenue Service upon audit if not contested by the Trustee), the Trustee shall (i) treat any Trust Assets allocable to, or retained on account of, Disputed Claims as held by one or more discrete trusts for federal income tax purposes (the “Disputed Claim Reserve”) in accordance with the trust provisions of the Tax Code (section 641 *et seq.*); (ii) treat as taxable income or loss of the Disputed Claim Reserve, with respect to any given taxable year, the portion of the taxable income or loss of the CEP Liquidating Trust that would have been allocated to the holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are unresolved); (iii) treat as a distribution from any reserve established under CEP Liquidating Trust any increased amounts distributed by the CEP Liquidating Trust as a result of any Disputed Claims resolved earlier in the taxable year, to the extent such distributions relate to taxable income or loss of the CEP Liquidating Trust determined in accordance with the provisions hereof; and (iv) to the extent permitted by applicable law, report consistent with the foregoing for state and local income tax purposes. All holders of Allowed General Unsecured Claims shall report, for tax purposes, consistent with the foregoing.

(D) The Liquidating Trustee shall be responsible for payments, out of the Trust Assets, of any taxes imposed on the CEP Liquidating Trust or the Trust Assets, including any Disputed Claim Reserve established under the CEP Liquidating Trust. In the event, and to the extent, any Cash retained on account of Disputed General Unsecured Claims in any Disputed Claim Reserve established under the CEP Liquidating Trust is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets allocable to, or retained on account of, Disputed General Unsecured Claims, such taxes shall be (i) reimbursed from any subsequent Cash amounts retained on account of Disputed General Unsecured Claims, or (ii) to the extent such Disputed General Unsecured Claims have subsequently been resolved, deducted from any amounts distributable by the Liquidating Trustee as a result of the resolutions of such Disputed General Unsecured Claims.

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

(p) Dissolution. The CEP Liquidating Trust and the Liquidating Trustee shall be discharged or dissolved, as the case may be, at such time as (i) all Disputed General Unsecured Claims have been resolved, (ii) all Trust Assets have been liquidated and (iii) all distributions required to be made by the Liquidating Trustee under the Plan have been made, but in no event shall the Liquidating Trust be dissolved later than a period that would not adversely affect the status of the CEP Liquidating Trust as a liquidating trust for federal income tax purposes. The CEP Liquidating Trust shall only exist for a period as long as is necessary to facilitate or complete the recovery and liquidation of the Trust Assets and the disposition of their proceeds. The Liquidating Trustee shall not unduly prolong the duration of the CEP Liquidating Trust and shall at all times endeavor to resolve, settle or otherwise dispose of all claims that constitute Trust Assets and to effect the distribution of the Trust Assets in accordance with the terms hereof and terminate the CEP Liquidating Trust as soon as practicable. Prior to and upon termination of the CEP Liquidating Trust, the Trust Assets will be distributed to the Beneficiaries of CEP Liquidating Trust, pursuant to the provisions set forth in sections V.E and V.F of the CEP Liquidating Trust and Articles 2 and 4 of the Plan.

(q) Indemnification of Trustee. The Liquidating Trustee, and the Trustee’s

agents and professionals shall not be liable for actions taken or omitted in its capacity as, or on behalf of, the Trustee, except those acts arising out of its or their own willful misconduct, gross negligence, bad faith, self-dealing, breach of fiduciary duty or *ultra vires* acts, and each shall be entitled to indemnification and reimbursement for fees and expenses in defending any and all of its actions or inactions in its capacity as, or on behalf of, the Liquidating Trustee, except for any actions or inactions involving willful misconduct, gross negligence, bad faith, self-dealing, breach of fiduciary duty; or *ultra vires* acts. Any indemnification claim of the Liquidating Trustee (and the other parties entitled to indemnification under this subsection 7.1(p) of the Plan) shall be satisfied first from the Trust Assets. The Liquidating Trustee shall be entitled to rely, in good faith, on the advice of its retained professionals.

2. Distributions to Holders as of the Confirmation Date.

As of the close of business on the Confirmation Record Date, the Claims Register, the equity register and transfer and other registers as maintained by the Debtors and/or their respective agents, as applicable, will be closed and there will be no further changes in the record holder of any Claim or Equity Interest. The Liquidating Trustee will have no obligation to recognize any transfer of any Claim or Equity Interest occurring after the Confirmation Date. The Liquidating Trustee will instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those record holders stated on the Claims Register and other registers as of the close of business on the Confirmation Date.

3. Closing of Cases by Charitable Gift.

If at any time the Liquidating Trustee determines with consent of the Committee that the expense of administering the CEP Liquidating Trust so as to make a final distribution to Allowed Claims is likely to exceed the value of the Trust Assets remaining in the CEP Liquidating Trust, the Liquidating Trustee shall apply to the Bankruptcy Court for authority to (i) reserve any amounts necessary to close the Cases, (ii) donate any balance to a charitable organization exempt from federal income tax under section 501(c)(3) of the Tax Code that is unrelated to the Debtors and any insider of the Debtors and (iii) close the Cases in accordance with the Bankruptcy Code and Bankruptcy Rules. Notice of such application shall be given electronically, to the extent practicable, to those parties who have filed requests for notices and whose electronic addresses remain current and operating.

4. Release of Liens.

Except as otherwise specifically provided in or contemplated by the Plan or in any contract, instrument or other agreement or document created in connection with the Plan, (i) each holder of: (a) any purported Secured Claim and/or (b) any judgment, personal property or ad valorem tax, molder, warehouse or artisan or similar Lien Claim, in each case regardless of whether such Claim is an Allowed Claim, shall, on or immediately before the Effective Date and regardless of whether such Claim has been scheduled or proof of such Claim has been filed: (y) turn over and release to the Estates any and all property of the Debtors or Estates that secures or purportedly secures such Claim, or such Lien and/or Claim shall automatically, and without further action by the Debtors or the Liquidating Trustee, as the case may be, be deemed released and (z) execute such documents and instruments as the Debtors or Liquidating Trustee, as the case may be, requires to evidence the holder of a Claim's release of such property or Lien, and if such holder refuses to execute appropriate documents or instruments, the Debtors, CEP Mexico or the Liquidating Trustee, as the case may be, in its discretion, file a copy of the Confirmation Order in the appropriate recording office, which shall serve to release any holder of a Claim's rights in such property; and (ii) on the Effective Date, all right, title and interest in such property shall revert or be transferred to the CEP Liquidating Trust as Trust Assets, free and clear of all Claims, interests, and Liens of any kind.

5. Cancellation of Existing Securities and Agreements.

On the Effective Date, except as expressly provided in the Plan, the securities, promissory notes, trust indentures, share certificates, security agreements, deeds of trust, collateral agency agreements and other instruments evidencing or securing a Claim shall be deemed cancelled without further act or action under any applicable agreement or Law, and the obligations of the Debtors and the Liquidating Trustee, as successor to the Debtors and CEP Mexico under the agreements, instruments, trust indentures and certificates governing and securing such Claims and Equity Interests, as the case may be, shall be discharged.

6. Liquidating Trustee's Post-Confirmation Role.

All rights and obligations of the Debtors under this Plan that exist or continue on or after the Effective Date shall vest in the Liquidating Trustee and shall be rights and obligations exercisable by the Liquidating Trustee on and after the Effective Date. Further, the Liquidating Trustee shall perform each of the following acts as soon as practicable on or after the Effective Date:

(a) *General Powers.* In furtherance of and consistent with the purpose of the CEP Liquidating Trust and the Plan, the Liquidating Trustee shall (A) have the power and authority to hold, manage, sell and distribute the Trust Assets in accordance with the Plan, (B) have the power and authority to prosecute, defend and resolve, in the name of the Debtors, CEP Mexico and/or the name of the Liquidating Trustee, Causes of Action, (C) have the power and authority to prosecute and resolve objections to Disputed Claims, (D) have the power and authority to perform such other functions as are provided in the Plan, and (E) have the power and authority to administer the closure of the Cases. The Liquidating Trustee shall be responsible for all decisions and duties with respect to the CEP Liquidating Trust and the Trust Assets. In all circumstances, the Liquidating Trustee shall act in the best interests of all beneficiaries of the CEP Liquidating Trust and in furtherance of the purpose of the CEP Liquidating Trust.

(b) *Liquidating Payments and Transfers.* On the Effective Date, or as soon thereafter as is reasonably practicable, the Trustee, as disbursing agent, shall make payments and transfers to holders of Allowed Claims to claimants in the manner set forth at sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1, 4.2, 4.3 and 4.4 of the Plan, and in accordance with section 6.2 of the Plan.

(c) *Administration of Taxes.* The Liquidating Trustee shall be authorized to exercise all powers regarding the Debtors' and CEP Mexico's tax matters, including filing tax returns, to the same extent as if the Liquidating Trustee were the debtor in possession. The Liquidating Trustee shall (A) complete and file within ninety (90) days of the filing for dissolution by CEP, Thermoplastics, Holdings and CEP Mexico, to the extent not previously filed, the Debtors' final federal, state, and local tax returns; (B) request an expedited determination of any unpaid tax liability of the Debtors under section 505(b) of the Bankruptcy Code for all tax periods of the Debtors ending after the Petition Date through the liquidation of the Debtors as determined under applicable tax laws, to the extent not previously requested; and (C) represent the interest and account of the Debtors before any taxing authority in all matters, including, but not limited to, any action, suit, proceeding, or audit.

(d) *Claims Administration and Prosecution and Plan Distributions.* The Trustee shall have the power and authority to prosecute and resolve objections to Disputed Subordinated Participating Customers Secured Claims, Disputed Administrative Expense Claims, Disputed Priority Tax Claims, Disputed Other Secured Claims, Disputed Priority Non-Tax Claims and Disputed General Unsecured Claims. The Liquidating Trustee shall have the right, power and authority to retain and assert

all defenses, rights of setoff and counterclaims with respect to each of the foregoing. The Liquidating Trustee shall also have the power and authority to hold, manage and distribute Plan distributions to the holders of Allowed Claims consistent with applicable provisions of this Plan.

Notwithstanding the foregoing, all Insurance Claims that arose prior to the Petition Date shall be deemed Allowed in the greater of (i) an amount equal to (x) the amount of any remaining self-insured retention under the Insurance Policy applicable to such Insurance Claim, divided by (y) the number of Insurance Claims to which the applicable Insurance Policy and self-insured retention applies; and (ii) \$0.00. The allowance of an Insurance Claim pursuant to this provision shall not be deemed an admission of liability by CEP, Thermoplastics and/or Holdings, and therefore shall not be conclusive as to the Debtors' liability in any proceeding by the holder of an Insurance Claim against an Insurer.

7. Books and Records.

Unless applicable non-bankruptcy law permits the distribution or destruction of certain of the Debtors' and CEP Mexico's business records at an earlier date, the Liquidating Trustee shall have the responsibility of storing and maintaining books and records until one year after the Effective Date, after which time such books and records may, at the sole discretion of the Liquidating Trustee, be abandoned or destroyed without further Bankruptcy Court order unless applicable non-bankruptcy law requires the retention and maintenance of any such books and records for a longer period, in which instance the Liquidating Trustee shall retain such books and records for at least the minimum period required by applicable non-bankruptcy law. For purposes of this section, books and records include computer generated or computer maintained books and records and computer data, as well as electronically generated or maintained books and records or data, along with books and records of the Debtors and CEP Mexico maintained by or in possession of third parties and all of the claims and rights of the Debtors and CEP Mexico in and to their books and records, wherever located.

8. Corporate Action.

On the Effective Date, the Liquidating Trustee, shall perform each of the actions and effect each of the transfers required by the terms of the Plan in the time period allocated therefor, and all matters provided for under the Plan that would otherwise require approval of the stockholders, directors or comparable governing bodies of the Debtors shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to the applicable general corporation law (or other applicable governing law) of the state in which the Debtors incorporated or organized, without any requirement of further action by the stockholders or directors (or other governing body) of the Debtors and/or CEP Mexico.

9. Effectuating Documents and Further Transactions.

The Debtors, CEP Mexico and/or Liquidating Trustee, as the case may be, are authorized and directed to execute, deliver, file, or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

10. Securities Exempt.

The beneficial interests in the CEP Liquidating Trust satisfy the requirements of section 1145 of the Bankruptcy Code and, therefore, such interests are exempt from registration under the Securities Act of 1933, as amended, and any state or local law requiring registration.

11. Distribution Procedures

(a) *Effective Date Payments and Transfers by the Debtors.* On the Effective Date, the Debtors shall remit to the Liquidating Trustee, who in turn shall pay as soon as practicable holders of Allowed Claims pursuant to sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1, 4.2 and 4.3 of the Plan an amount in Cash equal to the Allowed amount of such Claims or in such other amounts as set forth in the Plan. On the Effective Date, after payment of Allowed Claims in accordance with sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1, 4.2 and 4.3 of the Plan and funding of the Disputed Claim Reserve, all Cash (or equivalents to Cash) and all right, title and interest to assets of the Estates and assets of CEP Mexico of the Debtors (and CEP Mexico) shall re-vest in the CEP Liquidating Trust. The transfer of the assets as described in the preceding sentence to the CEP Liquidating Trust shall be made for the benefit of the Beneficiaries, in each case, but only to the extent that the Beneficiaries are entitled to distributions under the Plan.

(b) *Disbursing Agent.* All distributions under the Plan will be made by the Liquidating Trustee. The Liquidating Trustee will not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, and in the event that the Disbursing Agent is otherwise so ordered, all costs and expenses of procuring any such bond or surety will be borne by the CEP Liquidating Trust. The Liquidating Trustee shall be empowered to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan and/or CEP Liquidating Trust, (ii) make all distributions contemplated in the Plan, (iii) employ professionals to represent it with respect to its responsibilities under the Plan and (iv) exercise such other powers as may be vested in the Liquidating Trustee by order of the Bankruptcy Court, pursuant to the Plan and/or CEP Liquidating Trust, or as deemed by the Liquidating Trustee to be necessary and proper to implement the provisions of the Plan. Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Liquidating Trustee on or after the Effective Date (including without limitation, taxes) and any reasonable compensation and expense reimbursement claims (including, without limitation, reasonable attorneys' fees and other professional fees and expenses) made by the Liquidating Trustee shall be paid in Cash subject to the terms and conditions of the CEP Liquidating Trust.

(c) *Distributions of Cash.* At the option of the Liquidating Trustee, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.

(d) *Delivery of Distributions.* Subject to Bankruptcy Rule 9010, unless otherwise provided in the Plan, all distributions to any holder of an Allowed Claim will be made to the holder of each Allowed Claim at the address of such holder as listed in the Schedules, or on the books and records of the Debtors' claims agent BMC unless the Debtors or Liquidating Trustee, as the case may be, have been notified, in advance, in writing of a change of address, including, without limitation, by the timely filing of a proof of claim or interest by such holder that provides an address for such holder different from the address reflected in the Schedules or in the Debtors' books and records. In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder will be made unless and until the Liquidating Trustee has been notified of the then current address of such holder, at which time or as soon as reasonably practicable thereafter, such distribution will be made to such holder without interest; provided, however, that, such undeliverable distributions will be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of ninety (90) days after the date of distribution in accordance with the section on unclaimed distributions below. The Liquidating Trustee will have no obligation to attempt to locate any holder of an Allowed Claim other than by reviewing the Schedules and its books and records maintained by BMC (including any proofs of claim filed against the Debtors).

(e) *Minimum Distributions.* No payment of Cash less than \$50 shall be made by the Liquidating Trustee. Any assets of the Estates and/or Trust Assets that are undistributable in accordance with this section 6.5 of the Plan shall vest in the CEP Liquidating Trust for the benefit of its Beneficiaries.

(f) *Date of Distributions.* Unless otherwise expressly provided herein, any distributions or deliveries to be made under the Plan shall be made in accordance with the provisions of the Plan and the Agreement, in that order.

12. Transfer of Claims of Debtors, the Estates and CEP Mexico to CEP Liquidating Trust.

All assets and property of the Debtors, the Estates and CEP Mexico are to be transferred to and deemed assets and property of the CEP Liquidating Trust for the benefit of the Beneficiaries on the Effective Date. Included among such assets are Causes of Action. A full investigation of potential Causes of Action has not been undertaken by either the Debtors, CEP Mexico or the Committee. It is, however, the Committee's belief that potential Causes of Action may exist as against, among others, (i) insiders of the Debtors and/or CEP Mexico and their respective affiliates arising from or relating to the Carlisle Transaction and/or the Parker-Hannifin Transaction; (ii) the Carlisle Companies and/or Parker-Hannifin Corporation and/or their respective subsidiaries, affiliates, agents or other Persons arising from or relating to the Carlisle Transaction and/or the Parker-Hannifin Transaction; (iii) Persons (and/or subsidiaries and affiliates thereof) identified in the Debtors' items 3(a) and 3(b) of the respective Debtors' Statements of Financial Affairs with respect to Avoidance Actions (and other Persons subsequently discovered by the Committee or Liquidating Trustee as having received payments that should have been listed and identified in item 3(a) or 3(b) of the respective Debtors' Statements of Financial Affairs and were not); (iv) any one or more of the Participating Customers, other customers of the Debtors and/or CEP Mexico, or debtors of the Debtors or CEP Mexico, for failure to pay accounts receivable or other amounts due to the Debtors (including Cash Infusions) and/or CEP Mexico in accordance with, *inter alia*, the Final DIP Order and/or its related agreements, purchase orders, course of conduct as between the Debtors, CEP Mexico and any customer of the Debtors or CEP Mexico with unpaid accounts due and owing to the Debtors or CEP Mexico; (v) other Causes of Action identified by the Committee or Liquidating Trustee in the course of their post-Effective Date due diligence.

**J. Treatment of Disputed, Contingent and Unliquidated Claims**

1. Disputed Claims

The Debtors, and from and after the Effective Date the Liquidating Trustee, shall be entitled to object to Administrative Expense Claims, Priority Tax Claims, Subordinated Participating Customers Secured Claims, Other Secured Claims, Priority Non-Tax Claims and General Unsecured Claims.

(a) No Distribution Pending Allowance of Claims. Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or distribution provided hereunder shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

(b) Reserve on Account of Disputed Claims.

(i) Establishment and Maintenance of Reserve for Disputed Claims. The Liquidating Trustee shall maintain a reserve (the "Disputed Claims Reserve") at an amount equal to



the aggregate of 100% of the distributable amounts to which holders of such Disputed Claims would be entitled under the Plan if such Disputed Claims were Allowed Claims in their Disputed Claim Amounts or such lesser amount as required by a Final Order. For purposes of effectuating the provisions of this Section 8.13(a) and the distributions to holders of Allowed Claims, the Bankruptcy Court shall set, may fix or liquidate the amount of Disputed Claims pursuant to section 502(c) of the Bankruptcy Code, in which event the amounts so fixed or liquidated shall be deemed the amounts of the Disputed Claims for purposes of distribution under this Plan. In lieu of fixing or liquidating the amount of any Disputed Claim, the Bankruptcy Court may determine the amount to be reserved for such Disputed Claim or such amount may be fixed by agreement in writing between the Liquidating Trustee and the holder of a Disputed Claim.

(ii) Distributions Upon Allowance of Disputed Claims. The holder of a Disputed Claim that becomes an Allowed Claim shall receive distributions in Cash from the Disputed Claim Reserve as soon as practical following the date on which such Disputed Claim becomes an Allowed Claim pursuant to a Final Order. Such distributions shall be made in accordance with the Plan based upon the distributions that would have been made to such holder under the Plan if the Disputed Claim had been an Allowed Claim on or prior to the Effective Date. No holder of a Disputed Claim shall have any Claim against the Disputed Claim Reserve or the CEP Liquidating Trust with respect to such Claim until such Disputed Claim shall become an Allowed Claim, and no holder of a Disputed Claim shall have any right to interest on such Disputed Claim except for any proportional Reserve Income earned on the Disputed Claim Reserve.

(c) Resolution of Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, following the Effective Date, the Trustee shall have the right to the exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under sections 328(a), 330 and 503 of the Bankruptcy Code) to make and file objections to Claims and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than one hundred eighty (180) days after the Effective Date (subject, however, to the right of the Liquidating Trustee to seek an extension of time to file such objections by seeking such extension with approval from the Bankruptcy Court).

(d) Estimation. The Debtors or the Liquidating Trustee (as the case may be) may at any time request that the Bankruptcy Court estimate any contingent, unliquidated or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim, 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. In the event that the Bankruptcy Court estimates any contingent, unliquidated or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors or the Liquidating Trustee (as the case may be) 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 exclusive of one another. On and after the Confirmation Date, Claims that have been estimated may be compromised, settled, withdrawn or otherwise resolved subsequently, without further order of the Bankruptcy Court.

(e) Distributions to Holders of Allowed Claims Upon Disallowance of Disputed Claims. Subject to section 7.2 of the Plan, upon disallowance of any Disputed Claim, each holder of an Allowed Claim in the same Class as the disallowed Disputed Claim will be entitled to its Pro Rata Share of Cash equal to the distribution that would have been made in accordance with the Plan to the

holder of such Disputed Claim had such Disputed Claim been an Allowed Claim on or prior to the Effective Date. Such distributions on account of disallowed Disputed Claims will be made as soon as practicable after the fifteenth business day following allowance or disallowance of the last Disputed Claim. Upon allowance or disallowance of all or a portion of such Disputed Claims, the Debtor, or the Liquidating Trustee, as the case may be, will make appropriate distributions in accordance with the Plan.

**K. The Committee**

The Committee shall disband and be released of its duties and obligations on the Effective Date. Any rights or duties of the Committee under the Agreement shall be exercised by the co-chairs of the Committee as of the Confirmation Date, which Committee co-chairs shall continue to take all actions required of the Committee as of the Effective Date, consistent with section 1103 of the Bankruptcy Code.

**L. Vesting of Property and Discharge of Claims**

1. Vesting of Assets

As of the Effective Date, all property of the Estates (and CEP Mexico) shall vest in the CEP Liquidating Trust, and shall constitute the Trust Assets.

As of the Effective Date, all assets of the Estates (and CEP Mexico) shall be free and clear of all Claims and Liens, except as provided in the Plan or the Confirmation Order.

2. Discharge of Claims and Debts and Termination of Equity Interests

Except as otherwise specifically provided herein or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made hereunder shall discharge all existing debts and Claims, and terminate all Equity Interests of any kind, nature or description whatsoever, other than Consolidated Holdings, against or in the Estates or any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise provided herein or in the Confirmation Order, upon the Effective Date, all existing Claims against the Estates shall be, and shall be deemed to be, discharged and terminated, and all holders of Claims and Equity Interests shall be precluded and enjoined from asserting against the Estates, or any of its assets or properties, any other or further Claim or Equity Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of Claim or is listed in the Schedules.

**M. Exculpation**

None of the Debtors, Committee nor any of their respective members, officers, directors, employees, advisors, professionals or agents, (collectively, "Exculpation Parties") shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of the Cases, including, without limitation, negotiations regarding or concerning the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Estates or the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and, in all respects, the Exculpation Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

## **N. Executory Contracts**

On the Effective Date, all executory contracts and unexpired leases to which any one or more Debtors is a party shall be deemed rejected as of the Effective Date, including, without limitation, collective bargaining agreements subject to section 1113 of the Bankruptcy Code and agreements for the provision of retiree benefits subject to section 1114 of the Bankruptcy Code, except for an executory contract or unexpired lease that (i) has been assumed or rejected pursuant to Final Order of the Bankruptcy Court entered prior to the Effective Date or (ii) is the subject of a separate motion to assume or reject (or terminate or modify, as the case may be) filed under sections 365, 1113 and/or 1114 of the Bankruptcy Code by the Debtors prior to the Effective Date.

Notwithstanding the foregoing, any agreements, documents or instruments relating thereto (including Insurance Policies) that, are postpetition contracts shall continue to operate unaffected by the Plan, with the Insurers responsible for claims in accordance with the terms and provisions of such post-petition contracts (including Insurance Policies) unless otherwise terminated by the Liquidating Trustee. The Debtors' Insurance Policies that have expired as of the Confirmation Date (whether entered into prior or subsequent to the Petition Date) are not executory contracts subject to assumption or rejection. The Insurers shall be responsible for continuing coverage obligations under such Insurance Policies regardless of the payment status of any retrospective or other insurance premiums.

Nothing contained in the Plan shall constitute or be deemed to be a waiver of any cause of action that the Debtors may hold against any Person, including, without limitation, any Insurer under any of the Debtors' Insurance Policies.

Entry of the Confirmation Order shall constitute the approval, pursuant to sections 365(a), 1113 and/or 1114 of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected as of the Effective Date pursuant to the Plan.

Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected by Operation of the Plan. In the event that the rejection of an executory contract or unexpired lease by the Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors or any property to be distributed under the Plan unless a proof of claim is filed with the Bankruptcy Court and served upon the Trustee on or before the date that is thirty (30) days after the Confirmation Date. The foregoing sentence shall not, however, be applicable to any separate pre-Confirmation Date order of the Bankruptcy Court authorizing rejection of an executory contract or unexpired lease wherein a separate deadline by which rejection damages claims was established.

## **O. Retention of Jurisdiction of the Bankruptcy Court**

The Bankruptcy Court shall retain jurisdiction of all matters arising under, arising out of, or related to the Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes: (a) to hear and determine motions for the assumption, assumption and assignment, or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom; (b) to determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date, including, without limitation, any proceeding to recover a Cause of Action; (c) to ensure that distributions to holders of Allowed Claims are accomplished as provided herein; (d) to consider Claims or the allowance, classification, priority, compromise, estimation, or payment of any Claim; (e) to enter,

implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified, or vacated; (f) to issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation, or enforcement of the Plan, the Confirmation Order, or any other order of the Bankruptcy Court; (g) to hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement, or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof; (h) to hear and determine all applications under sections 328, 330, 331, and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred by Professionals prior to the Confirmation Date; (i) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing; (j) to hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Agreement, and to hear and determine all matters involving or relating to the CEP Liquidating Trust or the Liquidating Trustee; (k) to take any action and issue such orders as may be necessary to construe, enforce, implement, execute, and consummate the Plan or to maintain the integrity of the Plan following consummation; (l) to recover all assets of the Debtors' property of the Estates and CEP Mexico, wherever located, which jurisdiction shall not be limited as a result of the transfer of such assets and property to the Liquidating Trust pursuant to the Plan; (m) to determine such other matters and for such other purposes as may be provided in the Confirmation Order; (n) to hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code (including, without limitation, matters with respect to any taxes payable by a trust or reserve established in furtherance of the Plan); (o) to hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code; and (p) to enter a final decree closing the Cases.

**P. Conditions to Effectiveness of the Plan**

1. Conditions

The following are conditions precedent to the Effective Date of the Plan:

(a) No stay of the Confirmation Order shall then be in effect;

(b) The Debtors shall have sufficient Cash to pay the sum of (i) Allowed Wachovia Secured Claim, Allowed Subordinated Participating Customers Secured Claims, Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Other Secured Claims and Allowed Priority Non-Tax Claims, and the Professional fees that have accrued but not been paid (to the extent that any of the foregoing are not otherwise payable under the Final DIP Order by "Cash Infusions", as the term is defined in the Final DIP Order); and/or (ii) an amount that would be required to distribute to the holders of Disputed Subordinated Participating Customers Secured Claims, Disputed Administrative Expense Claims, Disputed Priority Tax Claims, Disputed Other Secured Claims, and Disputed Priority Non-Tax Claims if all such Claims are subsequently Allowed, as set forth more fully in Article VII hereof; and

(c) Substantial Consummation will or is likely to occur on or before June 15, 2007.

**Q. Reserved.**

**R. Other Miscellaneous Provisions**

1. Modification of the Plan

The Plan may be amended, modified, or supplemented by the Debtors and the Committee in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as the Bankruptcy Court may otherwise direct. In addition, after the Confirmation Date, so long as such action does not materially adversely affect the treatment of holders of Claims or Equity Interests under the Plan, the Debtors and Committee may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan. Prior to the Effective Date, the Debtors and Committee may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, *provided* that such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims or Equity Interests.

2. Revocation and Withdrawal of Plan

The Debtors and Committee reserve the right to revoke or withdraw the Plan at any time prior to the Confirmation Date. If the Debtors and Committee take such action, the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any other person in any further proceedings involving the Debtors.

3. Cram-Down Reservation

**If any impaired class votes to accept the Plan by the requisite statutory majorities provided in sections 1126(c) and 1126(d) of the Bankruptcy Code, as applicable, and/or if any impaired class is deemed to have rejected the Plan, the Debtor reserves the right to undertake to have the Bankruptcy Court confirm the Plan under section 1129(c) of the Bankruptcy Code and/or amend the Plan in accordance with Section 13.10 hereof to the extent necessary to obtain entry of a confirmation order.**

**VII. PROJECTED DISTRIBUTION TO CREDITORS**

Attached as Exhibit C hereto is a distribution analysis. The distribution analysis was prepared by Huron Consulting, the financial advisor to the Debtors. It is important to note that distributions to unsecured creditors are substantially impacted by claims asserted against the Debtors. The claims bar date has not passed, and as such, the attached analysis is entirely premised on assumptions made with respect to claims in the Debtors cases (using the best information available). Actual distributions could be greater than projected in the event that Allowed Claims are less than estimated amounts and actual distributions could be less than projected in the event that Allowed Claims exceed estimated amounts. Likewise, the analysis attributes no value to Causes of Action due to their uncertain nature (solely for purposes of conservative estimation and which shall not be deemed an admission or waiver by the Debtors or Committee with respect to the value or viability of any Causes of Action).

**SUBSTANTIAL EFFORT HAS BEEN MADE TO ENSURE THE ACCURACY OF THE ESTIMATED INFORMATION SUMMARIZED IN THE TABLE IN SECTION II HEREOF. ANTICIPATED ALLOWED AMOUNTS OF ALLOWED CLAIMS AND ALLOWED INTERESTS**

AND THE PROJECTED DISTRIBUTIONS SUMMARIZED IN THE TABLE IN SECTION II HEREOF ARE SUBJECT, HOWEVER, TO THE UNCERTAINTIES OF LITIGATION THAT MAY OCCUR WITH RESPECT TO CERTAIN CLAIMS AND OTHER FACTORS THAT MAY OR MAY NOT BE RESOLVED IN THE DEBTORS' FAVOR. THEREFORE, NO ASSURANCES CAN BE GIVEN THAT THE ESTIMATED AMOUNTS OF ALLOWED CLAIMS AND ALLOWED INTERESTS AND THE PROJECTED DISTRIBUTION WILL BE ACHIEVED.

## **VIII. UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS**

### **A. Introduction**

The following discussion summarizes certain material United States federal income tax ("Federal Income Tax") consequences of the Plan to certain holders of Allowed Claims (the "Creditors") and the Debtors. This discussion does not address the Federal Income Tax consequences to: (i) Creditors whose claims are entitled to payment in full in cash, or are otherwise unimpaired under the Plan; and (ii) holders of equity interests or claims that are extinguished without a distribution. This discussion is based upon existing provisions of the Tax Code, Treasury regulations promulgated thereunder, judicial authorities and current administrative rulings and practices now in effect. No assurance can be given that future legislation, regulations, administrative pronouncements and/or judicial decisions will not change applicable law and affect the analysis described herein. Any such change could be applied retroactively in a manner that would adversely affect the creditors and the Debtors.

The Federal Income Tax consequences of certain aspects of the Plan are uncertain due to the lack of applicable legal authority and may be subject to administrative or judicial interpretations that differ from the discussion below. Counsel for the Debtors has not sought and will not seek any rulings from the Internal Revenue Service ("IRS") with respect to the Federal Income Tax consequences discussed below. Although the discussion below represents the best judgment as to the matters discussed herein, it does not in any way bind the IRS or the courts or in any way constitute an assurance that the Federal Income Tax consequences discussed herein will be accepted by the IRS or the courts.

The following discussion does not address state, local or foreign tax considerations that may be applicable to the Debtors or creditors and the discussion does not address the tax consequences of the Plan to certain types of creditors (including foreign persons, financial institutions, life insurance companies, tax-exempt organizations and taxpayers who may be subject to the alternative minimum tax) who may be subject to special rules not addressed herein.

THE FOLLOWING SUMMARY OF CERTAIN MATERIAL FEDERAL INCOME TAX CONSEQUENCES IS FOR GENERAL INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF AN ALLOWED CLAIM OR EQUITY INTEREST. THE DEBTORS ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN WITH RESPECT TO THE DEBTOR OR THE HOLDERS OF ANY CLAIMS OR EQUITY INTERESTS, NOR ARE THE DEBTORS RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS ARE ADVISED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF THE IMPLEMENTATION OF THE PLAN IN GENERAL AND IN PARTICULAR, THE TIMING, CHARACTER AND AMOUNTS OF INCOME, GAIN, LOSS, DEDUCTION, CREDIT OR CREDIT RECAPTURE TO BE RECOGNIZED, AND ANY PROCEDURAL REQUIREMENTS WITH WHICH

THE HOLDER MUST COMPLY.

**B. Certain Material United States Federal Income Tax Consequences to the Debtors**

The Debtors do not believe that there will be any material current cash United States federal income tax consequences to the Debtors as a result of the implementation of the Plan.

**C. Certain Material United States Federal Income Tax Consequences to Holders of Claims**

1. **General**

The tax treatment of holders of Claims and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided for by the Plan will depend upon, among other things, (i) whether the Claim (or any portion thereof) constitutes a Claim for principal or interest; (ii) the type and classification of consideration received by the holder in exchange for the Claim; (iii) whether the holder is a resident of the United States for tax purposes (or falls into any special class of taxpayers, such as those that are excluded from this discussion as noted above); (iv) the manner in which a holder acquired a Claim; (v) the length of time the Claim has been held; (vi) whether the claim was acquired at a discount; (vii) whether the holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or prior years; (viii) whether the holder has previously included accrued but unpaid interest with respect to the Claim; (ix) the method of tax accounting of the holder; (x) whether the claim is an installment obligation for United States federal income tax purposes; and (xi) whether the “market discount” rules are applicable to the holder. Therefore, holders of Claims should consult their tax advisors for information that may be relevant to their particular situation and circumstances and the particular tax consequences to them of the transactions contemplated by the Plan.

A holder of a Claim should generally recognize a gain (or loss) to the extent that the amount realized under the Plan in respect of the Claim exceeds (or is exceeded by) the holder’s tax basis in the Claim. The holder’s amount realized for this purpose will generally equal the amount of Cash the holder receives under the Plan in respect of its Claim. The timing and amount of income, gain or loss recognized as a consequence provided for by the Plan will depend on, among other things, whether the holder of a Claim receives multiple distributions pursuant to the Plan and whether the Debtors’ obligation to make such payments is treated as a new debt for United States federal income tax purposes. Gain or loss may not currently be recognized if the property received does not have an ascertainable fair market value.

2. **Market Discount**

The market discount provisions of the Internal Revenue Code of 1986 (the “Tax Code”) may apply to holders of certain Claims. In general, a debt obligation other than a debt obligation with a fixed maturity of one year or less that is acquired by a holder in the secondary market (or, in certain circumstances, upon original issuance) is a “market discount bond” as to that holder if its stated redemption price at maturity (or, in the case of a debt obligation having original issue discount, its revised issue price) exceeds the tax basis of the debt obligation will not be a “market discount bond” if such excess is less than a statutory *de minimis* amount. Gain recognized by the holder of a Claim with respect to a “market discount bond” will generally be treated as ordinary interest income to the extent of the market discount accrued on such bond during the holder’s grace period of ownership, unless the holder elected to include accrued market discount in taxable income currently. A holder of a market discount bond that is required under the market discount rules of the Tax Code to defer deduction of all or a portion of the interest on indebtedness incurred or maintained to acquire or carry the bond may be

allowed to deduct such interest, in whole or in part, on disposition of such bond.

### 3. **Information Reporting and Backup Withholding**

Certain payments, including the payments with respect to Claims pursuant to the Plan, are generally subject to information reporting by the payor (the Debtors) to the IRS. Moreover, such reportable payments are subject to backup withholding under certain circumstances. Under the Tax Code's backup withholding rules, a holder of a Claim may be subject to backup withholding with respect to distributions or payments made pursuant to the Plan, unless the holder: (1) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact, or (2) provides a correct United States taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income.

Holders of Claims that are non-United States Persons and that receive payments or distributions under the Plan will not be subject to backup withholding, provided that such holders furnish certification of their status as non-United States Persons (and furnish any other required certification), or are otherwise exempt from backup withholding. Generally, such certification is provided on IRS Form W-8BEN.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's United States federal income tax liability and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a United States federal income tax return).

PERSONS CONCERNED WITH THE TAX CONSEQUENCES OF THE PLAN SHOULD CONSULT THEIR OWN ACCOUNTANTS, ATTORNEYS AND/OR ADVISORS. THE DEBTORS MAKE THE ABOVE-NOTED DISCLOSURE OF POSSIBLE TAX CONSEQUENCES FOR THE SOLE PURPOSE OF ALERTING READERS TO TAX ISSUES THEY MAY WISH TO CONSIDER.

## **IX. ALTERNATIVES TO THE PLAN**

The Plan Proponents submit that the Plan is the best means of providing maximum recoveries to creditors. Alternatives to the Plan that have been considered and evaluated by the Plan Proponents during the course of the Cases and include (i) liquidation of the Debtors' (and CEP Mexico's) assets under chapter 7 of the Bankruptcy Code, and (ii) an alternative chapter 11 plan. The Plan Proponents thorough consideration of these alternatives to the Plan have caused them each respectively to conclude that the Plan, in comparison, provides a greater recovery to creditors on a more expeditious timetable and in a manner which minimizes inherent risks in any other course of action available to the Debtors and/or CEP Mexico.

### **A. Other Plans of Reorganization**

If the Plan is not confirmed, the Plan Proponents or any other party in interest (if the Debtors' exclusive period in which to file a chapter 11 plan has expired) could attempt to formulate an alternative chapter 11 plan that might provide for the liquidation of the Debtors' assets other than as provided in the Plan. However, since substantially all of the Debtors' assets (including CEP Mexico's assets) have already been sold to various parties, the Plan Proponents submit that any alternative chapter 11 plan will not provide greater or more rapid return to impaired creditors than the Plan. Any attempt to formulate an alternative chapter 11 plan would necessarily delay creditors' receipt of distributions and is highly unlikely to formulate a methodology to create greater value (return) to impaired creditors than the Plan.



Accordingly, the Plan Proponents submit that the Plan will enable all creditors entitled to distributions to realize the greatest possible recovery on their respective Claims with the least possible delay.

## **B. Liquidation Under Chapter 7 of the Bankruptcy Code**

If the Plan or any other chapter 11 plan for the Debtors cannot be confirmed under section 1129(a) of the Bankruptcy Code, the Cases may be converted to cases under chapter 7 of the Bankruptcy Code, in which event a trustee would be appointed (or subsequently elected) to liquidate any remaining assets of the Debtors for distribution to creditors pursuant to chapter 7 of the Bankruptcy Code. If a trustee is appointed and the remaining assets of the Debtors are liquidated under chapter 7 of the Bankruptcy Code, all creditors holding Allowed Administrative Expense Claims, Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims may receive distributions of a lesser value on account of their Allowed Claims and likely would have to wait a longer period of time to receive such distributions than they would under the Plan. A chapter 7 trustee would be required to invest substantial time and resources to investigate (i) the facts underlying the multitude of Claims filed against the Estates; (ii) inter-Debtor and inter-company (including (CEP Mexico) claims; and (iii) ownership rights and interests as between the Debtors and CEP Mexico, thereby substantially increasing both costs and time necessary to fully administer the Estates. Likewise, in addition to fees of professionals retained by a chapter 7 trustee, the chapter 7 trustee would also charge a fee tied to the value of all assets administered by the chapter 7 trustee in accordance with section 326(a) of the Bankruptcy Code.

## **X. CONFIRMATION REQUIREMENTS**

### **A. The Confirmation Hearing**

The Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a confirmation hearing before a plan of reorganization may be confirmed. The Confirmation Hearing to confirm the Plan has been scheduled for the date set forth in the attached notice of confirmation hearing before the Honorable Marilyn Shea-Stonum, United States Bankruptcy Judge in the United States Bankruptcy Court, Northern District of Ohio (Eastern Division), Bankruptcy Courtroom Number 260, U.S. Courthouse and Federal Building, 2 South Main Street, Akron, Ohio 44308. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to confirmation must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the claim or number and type of shares of equity security interests held by the objector. Any such objection must be filed with the Bankruptcy Court and served so that it is received by the Bankruptcy Court and certain other parties when and as set forth in the attached notice of confirmation hearing.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. At the hearing on the confirmation of the Plan, the Bankruptcy Court will confirm the Plan only if the requirements of the Bankruptcy Code, particularly those set forth in section 1129 of the Bankruptcy Code, have been satisfied.

### **B. Acceptances Necessary to Confirm the Plan**

At the Confirmation Hearing, the Bankruptcy Court must determine, among other things, whether the Plan has been accepted by the requisite amount and number of Allowed Claims and Allowed Interests in each impaired class. Under the Bankruptcy Code, a class of creditors or equity security holders is impaired if its legal, equitable or contractual rights are altered by a proposed plan of reorganization. If a class is not impaired, each creditor or equity security holder in such unimpaired class is conclusively

presumed to have accepted the plan pursuant to section 1126(f) of the Bankruptcy Code. Classes 2 and 3 are not impaired under the Plan and are, therefore, not entitled to vote on the Plan. Classes 1 and 4 are impaired under the Plan and holders of Allowed Claims or Allowed Interests in such classes are entitled to vote for or against the Plan by completing and returning ballots mailed to them with this Disclosure Statement in the manner set forth in the ballots. Class 5 is impaired under the Plan, but is deemed to reject the Plan, and is not entitled to vote.

An impaired class of creditors and each holder of a claim in such class will be deemed to have accepted the Plan if the holders of at least two-thirds in amount and more than one-half of those in number of the Allowed Claims in such impaired class for which complete and timely ballots have been received have voted for acceptance of the Plan. An impaired class of equity securities and each holder of an interest in such class will be deemed to have accepted a plan if the plan has been accepted by at least two-thirds in amount of the interests in such class who actually vote on the Plan.

Because the equity interests held by the members of Class 5 is entirely eliminated under the Plan, Class 5 is deemed to have rejected the Plan, and the Debtors cannot satisfy the requirements of section 1129(a)(8) of the Bankruptcy Code. Accordingly, the Debtors intend to seek confirmation of the Plan pursuant to section 1129(b) of the Bankruptcy Code. Under section 1129(b), the Bankruptcy Court must determine, among other things, that the Plan does not discriminate unfairly and that it is fair and equitable with respect to each class of impaired Allowed Claims and Allowed Interests that have not voted to accept the Plan.

### **C. Best Interests of Creditors**

The Bankruptcy Code requires that each holder of an impaired claim or equity interest either (i) accept the Plan, or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The first step in determining whether this test has been satisfied is to determine the dollar amount that would be generated from the liquidation of the Debtors' assets and properties in the context of a chapter 7 liquidation case. The gross amount of cash that would be available for satisfaction of claims and equity interests would be the sum consisting of the proceeds resulting from the disposition of the unencumbered assets and properties of the Debtors, augmented by the unencumbered cash held by the Debtors at the time of the commencement of the liquidation cases.

The next step is to reduce that gross amount by the costs and expenses of liquidation and by such additional administrative and priority claims that might result from the use of chapter 7 for the purposes of liquidation. Any remaining net cash would be allocated to creditors and shareholders in strict priority in accordance with section 726 of the Bankruptcy Code. Finally, the present value of such allocations (taking into account the time necessary to accomplish the liquidation) are compared to the value of the property that is proposed to be distributed under the Plan on the Effective Date.

The Debtors' costs of liquidation under chapter 7 would include the fees payable to a trustee in bankruptcy, as well as those fees that might be payable to attorneys and other professionals that such a trustee might engage. Other liquidation costs include the expenses incurred during the Cases and subsequently allowed in the chapter 7 cases, such as compensation for attorneys, financial advisors, appraisers, accountants and other professionals for the Debtors, and the Committee, and costs and expenses of members of the Committee, as well as other compensation claims.

The foregoing types of claims, costs, expenses, fees and such other claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition priority and unsecured Claims.

The Plan Proponents submit that each impaired Class will receive under the Plan a recovery at least equal in value to the recovery such Class would receive pursuant to a liquidation of the Debtors under chapter 7 of the Bankruptcy Code, and almost certainly more due to the statutory fees to which a chapter 7 trustee is entitled for administering assets.

After consideration of the effects that a chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in the Cases, including the chapter 7 trustee's investment of substantial time and resources to investigate the facts underlying the multitude of Claims filed against the Estates, and the chapter 7 trustee's investigation of inter-Debtor and inter-company (including (CEP Mexico) claims and ownership rights and interests as between the Debtors and CEP Mexico, the Plan Proponents have determined that confirmation of the Plan will provide each holder of an Allowed Claim with a recovery that is not less than such holder would receive pursuant to liquidation of the Debtors under chapter 7.

The Plan Proponents also submit that the value of any distributions to each Class of Allowed Claims in a chapter 7 case, including all Other Secured Claims, would be less than the value of distributions under the Plan because such distributions in a chapter 7 case would not occur for a substantial period of time. In the event litigation was necessary to resolve claims asserted in a chapter 7 case, the delay could be prolonged and administrative expenses increased.

#### **D. Feasibility**

Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed only if the Court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor. Since the Plan provides for the complete liquidation of the Debtors, the Bankruptcy Court will find that the Plan is feasible if it determines that the Debtors will be able to satisfy the conditions precedent to the Effective Date and otherwise have sufficient funds to meet its post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Plan and closing the Cases. The Plan Proponents submit that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code.

#### **E. Confirmation of the Plan**

In the event the Bankruptcy Court determines that all of the requirements for the confirmation of the Plan are satisfied, the Bankruptcy Court will issue the Confirmation Order confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

### **XI. CERTAIN RISK FACTORS TO BE CONSIDERED**

HOLDERS OF IMPAIRED CLAIMS AGAINST OR INTERESTS IN THE DEBTORS (OR CEP MEXICO) ARE ENCOURAGED TO READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THOSE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS

## IMPLEMENTATION.

### **A. Parties-In-Interest May Object to the Plan Proponents' Classification of Claims**

Section 1122 of the Bankruptcy Code provides that a plan of reorganization may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Plan Proponents submit that the classification of claims and interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, the Plan Proponents cannot give assurances that the Bankruptcy Court will reach the same conclusion.

### **B. The Plan Proponents May Not Be Able to Secure Confirmation of the Plan**

The Plan Proponents cannot assure you that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, the Plan Proponents cannot assure you that the Bankruptcy Court will confirm the Plan. A non-accepting creditor or equity security holder of the Debtors might challenge 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. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, a finding by the Bankruptcy Court that the confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization and that 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. While the Plan Proponents cannot give assurances that the Bankruptcy Court will conclude that these requirements have been met, the Plan Proponents submit that the Plan will not be followed by a need for further financial reorganization and that non-accepting holders within each class under the Plan will receive distributions at least as great as would be received following a liquidation under chapter 7 of the Bankruptcy Code when taking into consideration all administrative claims and the costs and uncertainty associated with any such chapter 7 case.

The confirmation and consummation of the Plan are also subject to certain conditions.

### **C. The Plan Proponents and/or the Trustee May Object to the Amount or Classification of Your Claim**

The Plan Proponents reserve the right to object to the amount or classification of any claim or interest. The estimates set forth in this Disclosure Statement cannot be relied on by any creditor whose claim or interest is subject to an objection. Any such claim or interest holder may not receive its specified share of the estimated distributions described in this Disclosure Statement. Such an objection to claim may be prosecuted by the Trustee.

### **D. Insurance Claims**

There is no guarantee that holders of Insurance Claims that are Allowed Claims will receive any payments on account of their Insurance Claims because such Claims may not be covered under the applicable Insurance Policies.

In addition, holders of Insurance Claims that are Allowed Claims, and that may otherwise be covered under the Insurance Policies, may not have access to or receive any proceeds under the Insurance Policies because the Insurers may deny coverage on otherwise valid claims. The Insurers have issued

Insurance Policies to the Debtors that may provide coverage for Insurance Claims. The Insurers, however, may assert that the Plan may alter or violate the Insurers' rights under the Insurance Policies and applicable law and may potentially seek to avoid any coverage otherwise available under the Insurance Policies. In particular, the Insurers may assert that the Plan violates the Insurers' rights to (i) control the defense, investigation, and settlement of Insurance Claims; (ii) require the Debtors' compliance with the terms and conditions of the Insurance Policies; (iii) assert certain subrogation rights available to the Insurers under the Policies; and (iv) assert claims for setoff, contribution and recoupment. The Insurers may also assert that the Plan seeks to provide certain injunctive relief that may alter the Debtors' obligations under the Policies in such a way that would also void any available insurance coverage.

**E. Assumptions Forming the Basis for Calculating Estimated Returns to Creditors Could be Incorrect**

The distribution analysis, at Exhibit C hereto, includes certain assumptions regarding, among others, (a) the costs of administering the CEP Liquidating Trust; (b) the amount of Allowed Claims; (c) the priority of certain Claims; and (d) the recoverable value of accounts receivable. In the event that any one or more of the assumptions made relating to these items proves to be incorrect, the actual return to creditors, and in particular Allowed General Unsecured Claims, could be less than projected. The assumptions, however, for purposes of being conservative, attribute no value to Causes of Action which may have significant value, and as such, incorrect assumptions in respect of any of the foregoing may be offset by recoveries in respect of Causes of Action.

**F. The Bankruptcy Court May Not Permit the Substantive Consolidation of CEP Mexico**

Substantive consolidation is an equitable remedy that may at the discretion of the Bankruptcy Court be authorized in appropriate circumstances. The Plan Proponents submit that the substantive consolidation of CEP Mexico with the Debtors is appropriate in the context of the facts and circumstances of these Cases. The entirety of the net proceeds of the sale of the assets located in the CEP Mexico facilities are included in the calculation of return to creditors. In the event that substantive consolidation of CEP Mexico with the Debtors is not authorized by the Bankruptcy Court, the proceeds of the assets located in the facilities of CEP Mexico may not be available to creditors of the Debtors. Likewise, in the event that substantive consolidation of CEP Mexico with the Debtors is not authorized by the Bankruptcy Court, substantial cost and delay may result in the resolution of, among other things, inter-company claims by and between the Debtors and CEP Mexico, and ownership interests in assets located in the facilities of CEP Mexico (the proceeds of which are currently held in escrow and included in calculated return to creditors) that could adversely affect return to creditors.

**XII. WHERE YOU CAN OBTAIN MORE INFORMATION**

Pursuant to the requirements of the Office of the U.S. Trustee, the Debtors are required to and have filed monthly operating reports for the postpetition period with the Bankruptcy Court. These monthly operating reports may be obtained at prescribed per page copy rates by writing to the Clerk of the United States Bankruptcy Court for the Northern District of Ohio (Eastern Division), 455 United States Courthouse, 2 South Main Street, Akron, Ohio, 44308; (telephone 330.252.6100) or BMC Group, Inc., CEP Holdings, LLC, et al., c/o BMC Group, P.O. Box 903, El Segundo, CA, 90245-0903 (telephone 888.909.0100), or on-line at the Bankruptcy Court's website: <http://www.ohnb.uscourts.gov>, or BMC's website: <http://www.bmcgroup.com/cep>.

### **XIII. CONCLUSION AND RECOMMENDATION**

The Plan Proponents believe that confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will provide the greatest recoveries to holders of Claims. The Plan Proponents urge holders of Claims entitled to vote on the Plan to vote to accept the Plan.

Dated: February 5, 2007

CEP Holdings, LLC, Creative Engineered Polymer  
Products, LLC and Thermoplastics Acquisition, LLC

By: /s/ Joseph Mallak  
Name: Joseph Mallak  
Title: President & CEO

The Official Committee of Unsecured Creditors

By: /s/ Bruce D. Tobiansky  
Name: Bruce D. Tobiansky  
E.I. du Pont de Nemours and Company  
Committee Co-Chair

By: /s/ Doreen Bailey-Wilson  
Name: Doreen Bailey-Wilson  
Rhodia, Inc.  
Committee Co-Chair

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**EXHIBIT A**

JOINT PLAN OF LIQUIDATION

UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

IN RE: ) Case No. 06-51848  
) (Jointly Administered)  
CEP HOLDINGS, LLC, *et al.*,<sup>1</sup> ) Chapter 11  
)  
Debtors. ) Honorable Marilyn Shea-Stonum  
) United States Bankruptcy Judge

**JOINT PLAN OF LIQUIDATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE  
PROPOSED BY THE DEBTORS AND THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS  
DATED FEBRUARY 5, 2007**

**BAKER & HOSTETLER LLP**  
Joseph F. Hutchinson, Jr., Esquire  
Thomas M. Wearsch, Esquire  
Eric R. Goodman, Esquire  
3200 National City Center  
1900 East 9<sup>th</sup> Street  
Cleveland, OH 44114  
Telephone: (216) 621-0200  
Facsimile: (216) 696-0740  
*Counsel to the Debtors*

-and-

**MCGUIREWOODS LLP**  
Mark E. Freedlander, Esquire  
Sally E. Edison, Esquire  
William C. Price, Esquire  
Dominion Tower, 23rd Floor  
625 Liberty Avenue  
Pittsburgh, PA 15222  
Telephone: (412) 667-6000  
Facsimile: (412) 667-6050  
Counsel to the Official Committee of Unsecured  
Creditors of the Debtors

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<sup>1</sup> The Debtors include: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC.



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UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF OHIO  
EASTERN DIVISION

IN RE: ) Case No. 06-51848  
) (Jointly Administered)  
CEP HOLDINGS, LLC, *et al.*,<sup>2</sup> ) Chapter 11  
)  
Debtors. ) Honorable Marilyn Shea-Stonum  
) United States Bankruptcy Judge

**JOINT PLAN OF LIQUIDATION  
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE  
PROPOSED BY THE DEBTORS AND THE OFFICIAL  
COMMITTEE OF UNSECURED CREDITORS  
DATED FEBRUARY 2, 2007**

CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC, the above-captioned debtors and debtors-in-possession, propose jointly with the Official Committee of Unsecured Creditors the following chapter 11 plan of liquidation pursuant to section 1121(a) of title 11 of the United States Code:

**ARTICLE I.**

**DEFINITIONS AND INTERPRETATION**

**DEFINITIONS.** The following terms used herein shall have the respective meanings defined below (such meanings to be equally applicable to both the singular and plural):

**1.1 Administrative Expense Claim** means any right to payment constituting a cost or expense of administration of any of the Cases allowed under sections 503(b), 507(a)(1), and 1114(e) of the Bankruptcy Code, including, without limitation, any actual and necessary costs and expenses of preserving the Estates; any actual and necessary costs and expenses of operating the Debtors' businesses; any indebtedness or obligations incurred or assumed by the Debtors, as debtors-in-possession, during the Cases, including, without limitation, for the acquisition or lease of property or an interest in property; or the rendition of services, any allowances of compensation and reimbursement of expenses to the extent allowed by Final Order under sections 328(a), 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the Estates under section 1930 of chapter 123 of title 28 of the United States Code.

**1.2 Agreement** means the CEP Liquidating Trust Agreement substantially in the form of Exhibit 1 hereto.

**1.3 Allowed** means, with reference to any Claim, (i) any Claim against the Debtors that has been listed by the Debtors in the Schedules, as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent

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<sup>2</sup> The Debtors include: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC

and for which no contrary proof of claim has been filed, (ii) any timely filed Claim as to which no objection to allowance has been interposed in accordance with section 8.1 hereof or such other applicable period of limitation fixed by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or as to which any objection has been determined by a Final Order to the extent such objection is determined in favor of the respective holder, or (iii) any Claim expressly allowed by a Final Order or hereunder.

**1.4 Authorized Agent** means Joseph Mallak, as to be approved by the Confirmation Order, and where the term is used with respect to rights, powers or obligations on or after the Effective Date it shall mean the Liquidating Trustee.

**1.5 Avoidance Actions** means any actions commenced, or that may be commenced, before or after the Effective Date pursuant to sections 542, 544, 545, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code.

**1.6 Bankruptcy Code** means title 11 of the United States Code, as amended from time to time, as applicable to these Cases.

**1.7 Bankruptcy Court** means the United States District Court for the Northern District of Ohio (Eastern Division), having jurisdiction over these Cases and, to the extent of any reference made under section 157 of title 28 of the United States Code, the unit of such District Court having jurisdiction over these Cases under section 151 of title 28 of the United States Code.

**1.8 Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under section 2075 of title 28 of the United States Code, as amended from time to time, applicable to these Cases, and any Local Rules of the Bankruptcy Court.

**1.9 BBK** means BBK, Ltd., the agent under the Final DIP Order to the Participating Customers.

**1.10 BMC** means BMC Group, Inc.

**1.11 Beneficiaries** means all Persons entitled to receive distributions from the CEP Liquidating Trust pursuant to the Plan and the Agreement.

**1.12 Business Day** means any day other than a Saturday, a Sunday, or any other day on which banking institutions in New York, New York are required or authorized to close by law or executive order.

**1.13 Canton Pension Plan** means the Pension Plan for the bargaining unit employees of CEP's Canton, Ohio plant.

**1.14 Cases** means the within captioned jointly administered chapter 11 bankruptcy cases filed on the Petition Date.

**1.15 Cash** means legal tender of the United States of America.

**1.16 Causes of Action** means any and all actions, causes of action, liabilities, obligations, rights, suits, damages, judgments, claims and demands whatsoever, including but not limited to Avoidance Actions, whether known or unknown, existing or hereafter arising, in law, equity, or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Petition

Date or during the course of these Cases, arising out of, relating to or in connection with the pre-bankruptcy and/or post-bankruptcy Debtors and/or CEP Mexico.

**1.17** CEP means Creative Engineered Polymer Products, LLC.

**1.18** CEP Liquidating Trust means that certain trust that will come into existence upon the Effective Date into which all of the assets, rights, powers and obligations of the Debtors and CEP Mexico will vest pursuant to the Plan, which trust shall be formed pursuant to and governed by the Agreement.

**1.19** CEP Loan Agreement means that certain Loan and Security Agreement dated as of August 16, 2005 by and between CEP and Wachovia as amended, supplemented and modified from time to time, and including all schedules, attachments, exhibits and addendums thereto.

**1.20** CEP Mexico means the non-debtor Mexican subsidiary of CEP, Composite Parts Mexico S.A. de C.V.

**1.21** Claim has the meaning set forth in section 101(5) of the Bankruptcy Code.

**1.22** Claims Register means the list maintained by BMC listing all Claims as scheduled and/or filed in the Cases.

**1.23** Class means any group of Claims or Equity Interests classified by the Plan in accordance with section 1122(a)(1) of the Bankruptcy Code.

**1.24** Collateral means any property or interest in property of the Estates subject to a lien, charge or other encumbrance to secure the payment or performance of a Claim, which lien, charge or other encumbrance is not subject to avoidance under the Bankruptcy Code.

**1.25** Committee means the statutory committee of unsecured creditors appointed by the Office of the United States Trustee in these Cases pursuant to section 1102 of the Bankruptcy Code, as the composition of the same has been or may be modified by the addition or removal of members from time to time.

**1.26** Confirmation Date means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order.

**1.27** Confirmation Hearing means the hearing to be held by the Bankruptcy Court regarding confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

**1.28** Confirmation Order means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

**1.29** Consolidated Holdings means the post-Effective Date surviving entity following the substantive consolidation of CEP, Thermoplastics and CEP Mexico with Holdings.

**1.30** Crestline Pension Plan means the Pension Plan for the bargaining unit employees of CEP's Crestline, Ohio plant.

**1.31** Debtor means any one of the Debtors.



**1.32 Debtors** means CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC, and where the term is used with respect to rights or obligations on or after the Effective Date, it shall mean the Liquidating Trustee.

**1.33 Disbursing Agent** means the Liquidating Trustee.

**1.34 Disclosure Statement** means the disclosure statement relating to the Plan, including, without limitation, all exhibits, schedules and attachments thereto, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code.

**1.35 Disputed** means, with respect to any Claim which has not been Allowed pursuant to the Plan or a Final Order:

(a) if no proof of claim has been filed by the applicable deadline: (i) a Claim that has been or hereafter is listed on the Schedules as disputed, contingent or unliquidated; or (ii) a Claim that has been or hereafter is listed on the Schedules as other than disputed, contingent or unliquidated, but as to which the Debtors or any other party in interest has interposed an objection or request for estimation which has not been withdrawn or determined by a Final Order; or

(b) if a proof of claim or request for payment of an Administrative Expense Claim has been filed by the applicable deadline: (i) a Claim for which no corresponding Claim has been or hereafter is listed on the Schedules; (ii) a Claim for which a corresponding Claim has been or hereafter is listed on the Schedules as other than disputed, contingent or unliquidated, but the nature or amount of the Claim as asserted in the proof of claim varies from the nature and amount of such Claim as listed on the Schedules; (iii) a Claim for which a corresponding Claim has been or hereafter is listed on the Schedules as disputed, contingent or unliquidated; or (iv) a Claim for which a timely objection or request for estimation is interposed by the Debtors which has not been withdrawn or determined by a Final Order.

**1.36 Disputed Claim Amount** means the amount set forth in the proof of claim relating to a Claim that is Disputed or an amount estimated pursuant to an order of the Bankruptcy Court in respect of a Claim that is Disputed in accordance with section 502(a) of the Bankruptcy Code and Bankruptcy Rule 3018.

**1.37 Disputed Claim Reserve** shall have the meaning set forth in Section 8.3 hereof.

**1.38 Distribution Record Date** means the Confirmation Date.

**1.39 Delphi** means Delphi Automotive Systems, LLC and its affiliates and subsidiaries.

**1.40 Effective Date** means a Business Day on or after the Confirmation Date specified by the Debtors on which (i) no stay of the Confirmation Order is in effect, and (ii) the conditions to the effectiveness of the Plan specified in section 10.2 hereof have been satisfied or waived.

**1.41 Equity Interest** means the interest of any holder of an equity security of the Debtors represented by any issued and outstanding shares of common or preferred stock or other instrument evidencing a present ownership interest in one or more of the Debtors, whether or not transferable, or any option, warrant or right, contractual or otherwise, to acquire any such interest.

**1.42 Estates** means the bankruptcy estates of CEP, Holdings, and Thermoplastics respectively, in these Cases pursuant to section 541 of the Bankruptcy Code.

**1.43 Final Order** means an order or judgment of the Bankruptcy Court entered by the Clerk of the Bankruptcy Court on the docket in the Cases that has not been reversed, vacated or stayed and as to which (i) the time to appeal, petition for certiorari or move for a new trial, reargument or rehearing has expired and as to which no appeal, petition for certiorari or other proceeding for a new trial, reargument or rehearing shall then be pending, or (ii) if an appeal, writ of certiorari, new trial, reargument or rehearing thereof has been sought, such order or judgment of the Bankruptcy Court shall have been affirmed by the highest court to which such order was appealed, or certiorari shall have been denied or a new trial, reargument or rehearing shall have been denied or resulted in no modification of such order, and the time to take any further appeal, petition for certiorari or move for a new trial, reargument or rehearing shall have expired.

**1.44 Final DIP Order** means that certain Final Order Authorizing Debtors to: (A) Use Cash Collateral; (B) Incur Postpetition Debt; (C) Grant Adequate Protection and Provide Security and Other Relief to Wachovia Capital Finance Corporation (Central); and (D) Grant Certain Related Relief entered by the Bankruptcy Court on October 27, 2006 in these Cases together with all agreements, exhibits or documents attached thereto.

**1.45 General Unsecured Claim** means any Claim against the Debtors or CEP Mexico that is (i) not a Wachovia Secured Claim, Subordinated Participating Customer Secured Claim, Administrative Expense Claim, Priority Tax Claim, Other Secured Claim or Priority Non-Tax Claim, or (ii) otherwise determined by the Bankruptcy Court to be a General Unsecured Claim.

**1.46 GM** means General Motors Corporation and its affiliates and subsidiaries.

**1.47 Holdings** means CEP Holdings, LLC.

**1.48 Impaired** shall have the meaning ascribed to it in section 1124 of the Bankruptcy Code.

**1.49 Insurance Claim** means any claim against one or more of the Debtors to the extent it may be covered and payable under any Insurance Policy of any Debtor and/or the Debtors.

**1.50 Insurance Policy** means any policy of insurance and agreements relating thereto covering the Debtors or that may be available to provide coverage for claims against the Debtors.

**1.51 Insurer** means any entity that has issued an Insurance Policy to the Debtor.

**1.52 Law** means any law, rule, regulation, order, decree or other requirement having the force of law and, where applicable, any interpretation thereof by an authority having jurisdiction with respect thereto or charged with administration thereof.

**1.53 Lien** means a judicial lien as defined in section 101(36) of the Bankruptcy Code; a lien as defined in section 101(37) of the Bankruptcy Code; a security interest as defined in section 101(51) of the Bankruptcy Code; a statutory lien as defined in section 101(53) of the Bankruptcy Code; and any other lien, interest, charge or encumbrance.

**1.54 Liquidating Trustee** means Shaun M. Martin, the trustee of the CEP Liquidating Trust appointed in accordance with the Agreement.

**1.55 Liquidation Expense Reserve Account** means the bank account or investment(s) established by the Liquidating Trustee to pay and reserve for all reasonable costs, expenses and fees incurred in connection with maintaining the CEP Liquidating Trust and the Trust Assets.

**1.56 Other Secured Claim** means any Secured Claim against one or more of the Debtors and/or CEP Mexico that is not a Wachovia Secured Claim or Subordinated Participating Customer Secured Claim and has not been paid in full in Cash out of the proceeds of a Sale Transaction in accordance with any agreement of sale and/or order of the Bankruptcy Court approving same.

**1.57 PBGC** means the Pension Benefit Guaranty Corporation, an agency of the United States government created by the Employee Retirement Income Security Act of 1971, as amended, to administer the pension plan termination insurance program established under 29 U.S.C. §§ 1301(a)(13) and (14).

**1.58 Pension Plan** means each of the Canton Pension Plan and the Crestline Pension Plan, which collectively shall be the “Pension Plans”.

**1.59 Person** has the meaning set forth in section 101(41) of the Bankruptcy Code.

**1.60 Petition Date** means September 20, 2006.

**1.61 Plan** means this joint chapter 11 plan of liquidation, including exhibits, schedules and/or attachments annexed hereto, as the same may be amended or modified from time to time in accordance with the provisions of the Bankruptcy Code, the Bankruptcy Rules and the terms hereof.

**1.62 Plan Proponents** means the Debtors and the Committee.

**1.63 Priority Non-Tax Claim** means any Claim, other than an Administrative Expense Claim or a Priority Tax Claim, entitled to priority in payment as specified in section 507(a)(3), (4), (5), (6), (7) or (9) of the Bankruptcy Code.

**1.64 Priority Tax Claim** means any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

**1.65 Pro Rata Share** means a proportionate share, so that the ratio of the consideration distributed on account of an Allowed Claim in a Class to the amount of such Allowed Claim is the same as the ratio of the amount of the consideration distributed on account of all Allowed Claims in such Class to the amount of all Allowed Claims in such Class.

**1.66 Professionals** means any Bankruptcy Court approved professional person employed by the applicable entity in these Cases at any time before the Confirmation Date.

**1.67 Reserve Income** means the interest earned on all funds maintained in the Disputed Claim Reserve on account of a Claim that is Disputed prior to the distribution of such funds (based upon the average rate of interest earned on all accounts and investments in which the Disputed Claim Reserve are invested as estimated by the Liquidating Trustee).

**1.68 Sale Transaction** means the sale of any assets of any of the Estates approved by the Bankruptcy Court by a Final Order prior to the Effective Date pursuant to section 363 of the Bankruptcy Code, or the sale, transfer or other disposition of the business and/or assets of CEP Mexico as of the Confirmation Date.

**1.69 Schedules** means the schedules of assets and liabilities and the statements of financial affairs filed by the Debtors under section 521 of the Bankruptcy Code, Bankruptcy Rule 1007 and the Official Bankruptcy Forms of the Bankruptcy Rules, as such schedules and statements have been or may be supplemented or amended from time to time through the Confirmation Date.

**1.70 Secured Claim** means a Claim (i) secured by Collateral, to the extent of the value of such Collateral (a) as set forth in the Plan, (b) as agreed to by the holder of such Claim and the Debtor, or (c) as determined by a Final Order, including the Final DIP Order, in accordance with section 506(a) of the Bankruptcy Code; or (ii) secured by the amount of any rights of setoff of the holder thereof under section 553 of the Bankruptcy Code.

**1.71 Subordinated Participation Agreement** means the agreement among Wachovia, the Subordinated Participating Customers, and BBK to which the Subordinated Participating Customers purchased a subordinated, last out participation in the Wachovia Loan Agreements dated June 30, 2006, as amended as follows: (i) First Amendment to Subordinated Participation Agreement, effective as of August 16, 2006; (ii) Second Amendment to Subordinated Participation Agreement, effective as of September 26, 2006; and (iii) Third Amendment to Subordinated Participation Agreement executed in connection with the Final DIP Order.

**1.72 Subordinated Participating Customers' Secured Claims** The principal amount of \$2,318,485.00 allowed and allocated among the Participating Customers pursuant to the Subordinated Participation Agreement, as amended and in accordance with the Final DIP Order.

**1.73 Subordinated Participating Customers** means Delphi, GM and Visteon.

**1.74 Tax Code** means title 26 of the United States Code, as amended from time to time.

**1.75 Thermoplastics** means Thermoplastics Acquisition, LLC.

**1.76 Thermoplastics Loan Agreement** means that certain Loan and Security Agreement dated as of December 21, 2005 by and between Thermoplastics and Wachovia as amended, supplemented and modified from time to time, and including all schedules, attachments, exhibits and addendums thereto.

**1.77 Trust Assets** means all of the assets of the Debtors and property of their respective Estates and CEP Mexico, including, but not limited to, the Causes of Action, all of which shall vest in the CEP Liquidating Trust on the Effective Date pursuant to the Plan and in accordance with the Agreement.

**1.78 Voting Class** means Class 1 and Class 4 designated in Article III of the Plan.

**1.79 Voting Procedures Order** means that certain Order (A) Approving Proposed Disclosure Statement, (B) Establishing Procedures for Solicitation and Tabulation of Votes to Accept or Reject Proposed Joint Plan of Liquidation and (C) Scheduling Certain Dates in Connection Therewith entered by the Bankruptcy Court in these cases together with any exhibits or documents attached thereto.

**1.80 Visteon** means Visteon Corporation.

**1.81 Wachovia** means Wachovia Capital Finance Corporation (Central).

**1.82 Wachovia Loan Agreements** means collectively the CEP Loan Agreement and Thermoplastics Loan Agreement.

## **INTERPRETATION; APPLICATION OF DEFINITIONS AND RULES OF CONSTRUCTION**

The words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained therein. The words

“including” and “include” and other words of similar import shall be deemed to be followed by the phrase “without limitation.” A term used herein that is not defined herein shall have the meaning assigned to that term in the Bankruptcy Code or Bankruptcy Rules. Wherever from the context it appears appropriate, each term stated shall include both singular and plural, and pronouns shall include the masculine, feminine and neuter regardless of how stated. The rules of construction contained in section 102 of the Bankruptcy Code shall apply to the Plan. The headings in the Plan are for convenience of reference only and shall not limit or otherwise affect the provisions hereof. The exhibits attached to this Plan are incorporated into and are part of this Plan as if fully set forth in this Plan.

## ARTICLE II.

### **ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS**

**2.1 Administrative Expense Claims.** Except to the extent that a holder of an Allowed Administrative Expense Claim agrees to a different treatment, on the Effective Date, or as soon thereafter as is reasonably practicable, the Liquidating Trustee shall pay to each holder of an Allowed Administrative Expense Claim, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim.

**2.2 Compensation and Reimbursement Claims.** All Professionals or other Persons seeking an award by the Bankruptcy Court of compensation for services rendered or reimbursement of expenses incurred through and including the Confirmation Date under sections 327, 328, 330, 331, 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code (i) shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred by the date that is thirty (30) days after the Confirmation Date, unless otherwise ordered by the Bankruptcy Court; and (ii) shall be paid in full by the Liquidating Trustee in such amounts as are allowed by the Bankruptcy Court (A) upon the date upon which the order relating to any such Administrative Expense Claim is entered, or (B) upon such other terms as may be mutually agreed upon between the holder of such an Administrative Expense Claim and the Committee.

**2.3 Fees Under 28 U.S.C. §1930.** All fees payable in the Cases under 28 U.S.C. §1930, as agreed by the Debtors and Committee or as determined by the Bankruptcy Court, will, if not previously paid in full, be paid in Cash on the Effective Date and will continue to be paid by the Liquidating Trustee as required under 28 U.S.C. §1930 until such time as an order is entered by the Bankruptcy Court closing the Cases.

**2.4 Wachovia Secured Claim.** Except to the extent that the Wachovia Secured Claims has been paid and satisfied prior to the Effective Date in accordance with the Final DIP Order, on or as soon as reasonably practicable after the Effective Date, Wachovia shall receive in full satisfaction of such Claim, Cash in an amount equal to one hundred percent (100%) of the unpaid amount of the Allowed Wachovia Secured Claim. The liens securing such Allowed Wachovia Secured Claim shall be deemed released at such time as the Wachovia Secured Claim is paid in full.

**2.5 Priority Tax Claims.** Except to the extent that a holder of an Allowed Priority Tax Claim agrees to a different treatment, on the Effective Date, or as soon thereafter as is reasonably practicable, the Liquidating Trustee shall pay to each holder of an Allowed Priority Tax Claim, in full satisfaction of such Claim, an amount in Cash equal to the Allowed amount of such Claim.

### ARTICLE III.

#### CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

The following table designates the Classes of Claims against and Equity Interests in the Debtors and specifies which of those Classes are (i) impaired or unimpaired by the Plan, (ii) entitled to vote to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code and (iii) deemed to reject the Plan:

| <u>Class</u> | <u>Designation</u>                                  | <u>Impairment</u> | <u>Entitled to Vote</u> |
|--------------|---|-------------------|-------------------------|
| Class 1      | Subordinated Participating Customers Secured Claims | Impaired          | Yes                     |
| Class 2      | Other Secured Claims                                | Unimpaired        | No                      |
| Class 3      | Priority Non-Tax Claims                             | Unimpaired        | No                      |
| Class 4      | General Unsecured Claims                            | Impaired          | Yes                     |
| Class 5      | Equity Interests                                    | Impaired          | No (deemed to reject)   |

For convenience of identification, the Plan classifies the Allowed Claims in Class 2 as a single Class. This Class is actually a group of subclasses, depending on the underlying property securing such Allowed Claims, and each subclass is treated hereunder as a distinct Class for voting and distribution purposes.

### ARTICLE IV.

#### TREATMENT OF CLAIMS AND EQUITY INTERESTS

**4.1 Class 1 – Subordinated Participating Customers Secured Claims.** Subject to section 502(d) of the Bankruptcy Code, and further subject to applicable provisions of the Subordinated Participation Agreement or other order of the Bankruptcy Court, and except to the extent that the Subordinated Participating Customers Secured Claims have not been paid and satisfied prior to the Effective Date in accordance with the Final DIP Order and further, provided that the requirements of section 502(d) of the Bankruptcy Code are satisfied, on or as soon as reasonably practicable after the Effective Date, or in the event that section 502(d) of the Bankruptcy Code is not satisfied as of the Effective Date (in which case amounts otherwise due and payable to the Participating Customers under this Section 4.1 shall be paid into the Disputed Claim Reserve), at such time as section 502(d) of the Bankruptcy Code is satisfied (such that all accounts receivable due to the Debtors and/or CEP Mexico from the Participating Customers are paid), the Subordinated Participating Customers shall receive in full satisfaction of such Claim Cash in an amount equal to one hundred percent (100%) of the unpaid amount of the Allowed Subordinated Participating Customers Secured Claims in accordance with the provisions of the Final DIP Order and the Subordinated Participation Agreement. The Liens securing such Allowed Subordinated Participating Customers Secured Claim shall be deemed released at such time as the Subordinated Participating Customers Secured Claims are paid in full.

**4.2 Class 2 – Other Secured Claims.** On or as soon as reasonably practicable after the Effective Date, each holder of an Allowed Other Secured Claim shall receive, at the option of the Liquidating Trustee, and in full satisfaction of such Claim, either (i) Cash in an amount equal to one hundred percent (100%) of the Allowed Other Secured Claim (taking into account sections 506(a)(1) and

506(b) of the Bankruptcy Code); (ii) the proceeds of the sale or disposition of the Collateral securing such Allowed Other Secured Claim to the extent of the value of the holder's secured interest in such Collateral, net of the costs of disposition of such Collateral; (iii) such other distribution as necessary to satisfy the requirements of the Bankruptcy Code, including the surrender of any such collateral; or (iv) such other treatment as the Liquidating Trustee and such holder other Secured Claim may agree. In the event that a holder of an Other Secured Claim is treated in accordance with clause (i) or (ii) of this section 4.2, the Liens securing such other Secured Claim shall be deemed released.

**4.3 Class 3 - Priority Non-Tax Claims.** Except to the extent that a holder of an Allowed Priority Non-Tax Claim against the Debtors agrees to a different treatment of such Claim, on the Effective Date, or as soon thereafter as is reasonably practicable, each holder of an Allowed Priority Non-Tax Claim shall receive the greater of one hundred percent (100%) of the Allowed Amount of such Priority Non-Tax Claims or a Pro Rata Share of all remaining Cash after payment, or treatment consistent with sections 8.3 and 8.5 hereof, of all Allowed Claims in sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1 and 4.2, on the Effective Date or as soon thereafter as is practicable.

**4.4 Class 4 - General Unsecured Claims.** The holders of Allowed General Unsecured Claims shall receive their Pro Rata Share of all remaining Cash after payment in full of all Allowed Claims, or treatment consistent with sections 8.3 and 8.5 hereof, pursuant to sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1, 4.2 and 4.3 at such times as the Liquidating Trustee deems practicable, however, in the event that Cash available for distribution to Allowed Class 4 Claims exceeds \$1.5 million, an initial distribution to Allowed Class 4 Claims shall be made no later than ninety (90) days from the date on which the Trust Assets available for distribution to Class 4 Claims exceeds \$1.5 million.

**4.5 Class 5 - Equity Interests.** All Equity Interests issued by the Debtors other than Equity Interests in Holdings shall be merged by operation of section 5.1 hereof on the Effective Date. On the Effective Date, the Equity Interests of Holdings shall be transferred or conveyed to the CEP Liquidating Trust for the benefit of the Beneficiaries of the CEP Liquidating Trust. Each holder of an Equity Interest shall neither receive nor retain any property or interest in property on account of such Equity Interest unless and until all Allowed Claims are paid in full with interest.

## ARTICLE V.

### **SUBSTANTIVE CONSOLIDATION OF HOLDINGS, CEP, THERMOPLASTICS AND CEP MEXICO**

**5.1 Substantive Consolidation.** On the Effective Date (i) all assets of CEP Mexico (and all proceeds thereof) and liabilities of CEP Mexico, shall be deemed merged or treated as though they were merged into and with the assets and liabilities of the Estate of Holdings, and, likewise, all assets (and proceeds thereof) of the Estates of CEP and Thermoplastics and all liabilities of CEP and Thermoplastics shall be deemed merged or treated as though they were merged into and with the assets and liabilities of the Estate of Holdings; (ii) no distributions shall be made under the Plan on account of inter-company claims among the Debtors (and CEP Mexico) and all such Claims shall be eliminated; (iii) all guarantees of the Debtors (and CEP Mexico) of the obligations of any other Debtors (and/or CEP Mexico) shall be deemed eliminated and extinguished such that any Claim against any Debtor (or CEP Mexico) and any guaranty thereof executed by any other Debtor (and/or CEP Mexico) and any joint or several liability of any of the Debtors (and/or CEP Mexico) shall be deemed to be one obligation of Consolidated Holdings; and (iv) each and every claim filed or to be filed in any of the Cases (and CEP Mexico) shall be deemed to be filed against Consolidated Holdings; provided, however, that (a) for the purposes of determining the availability of the right of set-off under section 553 of the Bankruptcy Code, the Debtors (and CEP Mexico) shall be treated as separate entities so that, subject to the other provisions of section 553 of the

Bankruptcy Code debts due to any of the Debtors (or CEP Mexico) may not be set-off against the debts of any of the other Debtors (or CEP Mexico), and (b) for purposes of determining the Plaintiff of, and availability of defenses to, Avoidance Actions, the Debtors (and/or CEP Mexico) may, at the option of the Liquidating Trustee, be treated as separate entities. To the extent that a creditor is holding an Allowed Claim against more than one of the Debtors' Estates (including Allowed Claims against CEP Mexico), such creditors shall be treated as a holder of an Allowed Claim as against Consolidated Holdings.

## ARTICLE VI.

### **PROVISIONS GOVERNING DISTRIBUTIONS**

**6.1 Distribution Record Date.** As of the close of business on the Confirmation Date, the various registers for each of the Classes of Claims or Equity Interests as maintained by the Debtors, or their agents, (and CEP Mexico) shall be deemed closed, and there shall be no further changes in the record holders of any of the Claims or Equity Interests unless otherwise specifically provided under the Plan. Nether the Debtors (and CEP Mexico) nor the CEP Liquidating Trustee shall have any obligation to recognize any transfer of the Claims or Equity Interests occurring on or after the Confirmation Date.

#### **6.2 Method of Distributions Under the Plan.**

(a) **Effective Date Payments and Transfers by the Debtors.** On the Effective Date, the Debtors shall remit to the Liquidating Trustee, who in turn shall pay as soon as practicable holders of Allowed Claims pursuant to section 2.1, 2.2, 2.3, 2.4, 2.5, 4.1, 4.2 and 4.3 an amount in Cash equal to the Allowed amount of such Claims or in such other amounts as set forth in the Plan. On the Effective Date, after payment of Allowed Claims in accordance with sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1, 4.2 and 4.3 hereof, and funding of the Disputed Claim Reserve, all remaining Cash (or equivalents to Cash) and all right, title and interest to assets of the Estates and assets of CEP Mexico, of the Debtors (and CEP Mexico) shall re-vest in the CEP Liquidating Trust. The transfer of the assets as described in the preceding sentence to the CEP Liquidating Trust shall be made for the benefit of the Beneficiaries, in each case, but only to the extent that the Beneficiaries are entitled to distributions under the Plan.

(b) **Disbursing Agent.** All distributions under the Plan will be made by the Liquidating Trustee. The Liquidating Trustee will not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court, and in the event that the Liquidating Trustee is otherwise so ordered, all costs and expenses of procuring any such bond or surety will be borne by the CEP Liquidating Trust. The Liquidating Trustee shall be empowered to (i) effect all actions and execute all agreements, instruments and other documents necessary to perform its duties under the Plan and/or CEP Liquidating Trust, (ii) make all distributions contemplated in the Plan, (iii) employ professionals to represent it with respect to its responsibilities under the Plan and (iv) exercise such other powers as may be vested in the Liquidating Trustee by order of the Bankruptcy Court, pursuant to the Plan and/or Liquidating Trust, or as deemed by the Liquidating Trustee to be necessary and proper to implement the provisions of the Plan. Except as otherwise ordered by the Bankruptcy Court, the amount of any reasonable fees and expenses incurred by the Liquidating Trustee on or after the Effective Date (including without limitation, taxes) and any reasonable compensation and expense reimbursement claims (including, without limitation, reasonable attorneys' fees and other professional fees and expenses) made by the Liquidating Trustee shall be paid in Cash subject to the terms and conditions of the CEP Liquidating Trust.

(c) **Distributions of Cash.** At the option of the Liquidating Trustee, any Cash payment to be made hereunder may be made by check or wire transfer or as otherwise required or provided in applicable agreements.



(d) **Delivery of Distributions.** Subject to Bankruptcy Rule 9010, unless otherwise provided in the Plan, all distributions to any holder of an Allowed Claim will be made to the holder of each Allowed Claim at the address of such holder as listed in the Schedules, or on the books and records of the Debtors' claims agent BMC unless the Debtors or Liquidating Trustee, as the case may be, have been notified, in advance, in writing of a change of address, including, without limitation, by the timely filing of a proof of claim or interest by such holder that provides an address for such holder different from the address reflected in the Schedules or in the Debtors' books and records. In the event that any distribution to any holder is returned as undeliverable, no distribution to such holder will be made unless and until the Liquidating Trustee has been notified of the then current address of such holder, at which time or as soon as reasonably practicable thereafter, such distribution will be made to such holder without interest; provided, however, that, such undeliverable distributions will be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of ninety (90) days after the date of distribution in accordance with the section on unclaimed distributions below. The Liquidating Trustee will have no obligation to attempt to locate any holder of an Allowed Claim other than by reviewing the Schedules and its books and records maintained by BMC (including any proofs of claim filed against the Debtors).

**6.3 Withholding and Reporting Requirements.** In connection with the Plan and the CEP Liquidating Trust and all instruments issued in connection therewith and distributed thereon, the Liquidating Trustee shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements.

**6.4 Time Bar to Cash Payments.** Checks issued in accordance with the Plan in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Liquidating Trustee by the holder of the Allowed Claim to whom such check was originally issued. Any Claim in respect of such a voided check shall be made on or before thirty (30) days after the expiration of the sixty (60) day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert to the CEP Liquidating Trust and any Claim in respect of such voided check shall be discharged and forever barred from assertion against the Debtors and their property or the CEP Liquidating Trust, as the case may be.

**6.5 Minimum Distributions.** No payment of Cash less than \$50 shall be made by the Liquidating Trustee. Any Trust Assets that are undistributable in accordance with this section 6.5 shall vest in the CEP Liquidating Trust for the benefit of its Beneficiaries.

**6.6 Setoffs.** The Debtors, CEP Mexico or the Liquidating Trustee, as the case may be, may, but shall not be required, to set off against any Claim (for purposes of determining the Allowed amount of such Claim on which distribution shall be made), any claims of any nature whatsoever that the Debtors may have against the holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, CEP Mexico or the Liquidating Trustee of any such claim the Debtors or CEP Mexico may have against the holder of such Claim.

**6.7 Transactions on Business Days.** If the Effective Date or any other date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, the transactions contemplated by the Plan to occur on such day shall instead occur on the next Business Day but shall be deemed to have been completed as of the required date.

**6.8 Allocation of Plan Distribution Between Principal and Interest.** All distributions in respect of any Allowed Claim shall be allocated first to the principal amount of such Allowed Claim, as

determined for federal income tax purposes, and thereafter, to the remaining portion of such Claim comprising interest, if any (but solely to the extent that interest is an allowable portion of such Allowed Claim).

## ARTICLE VII.

### MEANS FOR IMPLEMENTATION AND EXECUTION OF THE PLAN

#### 7.1 The CEP Liquidating Trust

(a) **Execution of the Agreement.** On the Effective Date, the Agreement shall be executed, and all other necessary steps shall be taken to establish the CEP Liquidating Trust and the beneficial interests therein, which shall be for the benefit of all creditors and parties in interest entitled to receive distributions under the Plan. This section 7.1 sets forth certain of the rights, duties and obligations of the Liquidating Trustee. In the event of any conflict between the terms of section 7.1 of the Plan and the terms of the Agreement, the terms of the Agreement shall govern.

(b) **Purpose of CEP Liquidating Trust.** The CEP Liquidating Trust shall be established and maintained for the sole purpose of liquidating and distributing assets of the Estates and CEP Mexico and proceeds thereof contributed to the CEP Liquidating Trust (and constituting Trust Assets), in accordance with Treasury Regulation section 30.1.7701-4(d), and resolving and administering Claims, with no objective to continue or engage in the conduct of a trade or business.

(c) Transfer of Assets of the Estates (and CEP Mexico) to the CEP Liquidating Trust.

(i) On the Effective Date, right, title and interest to all assets as described in section 6.2(a) hereof shall vest in the CEP Liquidating Trust as Trust Assets.

(ii) On the Effective Date, the Estates (and CEP Mexico) shall be deemed to assign, set over, transfer and convey to the CEP Liquidating Trust all of their right, title and interest in assets of the Estates (and CEP Mexico). To the extent that certain assets of the Estates (and CEP Mexico), because of their nature or because they will accrue subsequent to the Effective Date, cannot be assigned, set over, transferred or conveyed to the CEP Liquidating Trust on the Effective Date, such assets shall be deemed assigned, set over, transferred and conveyed to the CEP Liquidating Trust as soon as practical after the Effective Date.

(iii) On or after the Effective Date, the Liquidating Trustee shall continue as a plaintiff in all litigation or Causes of Action (on behalf of the Beneficiaries) in which the Debtors (and CEP Mexico) were plaintiffs prior to the Effective Date. All recoveries and proceeds arising from litigation and Causes of Action shall be deemed assigned, set over, transferred and conveyed to the CEP Liquidating Trust upon receipt thereof. All fees and costs of the Liquidating Trustee (and agents thereof) arising from or relating to pursuing litigation or Causes of Action or other services performed at the request of the Liquidating Trustee on behalf of the CEP Liquidating Trust shall be paid as a first priority in right of distribution from the CEP Liquidating Trust.

(iv) The transfer of assets of the Estates (and CEP Mexico) to the Liquidating Trust shall be made for the benefit of the Beneficiaries, in each case, but only to the extent the Beneficiaries are entitled to distributions under the Plan.

(d) **Governance of CEP Liquidating Trust.** The CEP Liquidating Trust shall be governed by the Liquidating Trustee in accordance with the Agreement and consistent with the Plan.

(e) **The Liquidating Trustee.** Shaun M. Martin shall be the Liquidating Trustee. The designation of the Liquidating Trustee shall be effective on the Effective Date without the need for a further order of the Bankruptcy Court. The Liquidating Trustee shall exercise reasonable business judgment to administer Trust Assets and to make timely distributions from the CEP Liquidating Trust to its Beneficiaries.

(f) **Nontransferability of Interests in the CEP Liquidating Trust.** The beneficial interests in the CEP Liquidating Trust shall not be certificated and are not transferable (except as otherwise provided in the Agreement).

(g) **Cash.** The Liquidating Trustee may invest Cash consisting of the Trust Assets (including any earnings thereon or proceeds therefrom) in short term overnight investments or longer term investments as permitted by section 345 of the Bankruptcy Code; *provided, however*, that such investments are investments permitted to be made by a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable Internal Revenue Service guidelines, rulings, or other controlling authorities.

(h) **Costs and Expenses of the Liquidating Trustee.** The costs and expenses of the CEP Liquidating Trust, including the fees and expenses of the Liquidating Trustee and its retained professionals, shall be paid out of the CEP Liquidating Trust. Such costs and expenses shall be treated as administrative expenses of the Estates, having, however, a first priority in right of distribution, and without the need for Bankruptcy Court authorization or entry of a Final Order. The Liquidating Trustee shall retain such amounts as are reasonably necessary (at the discretion of the Liquidating Trustee) to meet the future fees and expenses incurred in administering the CEP Liquidating Trust in the Liquidation Expense Reserve Account.

(i) **Compensation of the Liquidating Trustee.** The Liquidating Trustee shall be entitled to reasonable compensation, which shall be on economic terms agreeable to the Committee and established prior to the Effective Date. The compensation payable to the Liquidating Trustee shall be treated consistent with section 7.1(h) hereunder.

(j) **Distribution of Trust Assets.** The Liquidating Trustee shall distribute at least annually and in accordance with the Agreement, beginning on the Effective Date or as soon thereafter as is practicable, the Trust Assets on hand (including any Cash received from the Debtors and CEP Mexico on the Effective Date, and treating as Cash for purposes of this section 7.1 any permitted investments under Section 7.1(g) hereof), except such amounts (i) as would be distributable to a holder of a Disputed Claim if such Disputed Claim had been Allowed prior to the time of such distribution (but only until such Claim is resolved); (ii) as are reasonably necessary to meet contingent liabilities and to maintain the value of the assets of the CEP Liquidating Trust during liquidation; (iii) to pay reasonable expenses (including, but not limited to, any taxes imposed on the assets of the CEP Liquidating Trust or in respect of the CEP Liquidating Trust); and (iv) to satisfy other liabilities incurred by the CEP Liquidating Trust in accordance with this Plan or the Agreement.

(k) **Retention of Professionals by the Liquidating Trustee.** The Liquidating Trustee may retain and reasonably compensate counsel and other professionals to assist in its duties as Liquidating Trustee on such terms as the Liquidating Trustee deems appropriate without Bankruptcy Court approval. The Liquidating Trustee may retain any professional who represented parties in interest (including the Debtors, CEP Mexico or the Committee) in the Cases.

(l) **Authority to Grant Releases.** Without limiting the generality of section 7.6 hereof, in connection with the compromise and settlement of any Causes of Action, the Liquidating Trustee is authorized to release and discharge, to the fullest extent permitted by law, non-Debtor parties to Causes of Action from all Claims and Causes of Action that, the Committee or the Liquidating Trustee (as successor to the Debtors and CEP Mexico on behalf of the Beneficiaries) has or may have whether known or unknown against such Persons. Any settlement effectuated prior to the Confirmation Date, upon notice thereof to the Bankruptcy Court, shall be deemed incorporated into the Plan and entry of the Confirmation Order including provisions of such settlement shall be deemed a settlement pursuant to section 1123(b)(3)(A) of the Bankruptcy Code.

(m) **Attorney-Client Privilege.** Any attorney-client privilege, work-product privilege or other privilege or immunity that the Estates, CEP Mexico or Committee are entitled to assert in the Causes of Action shall vest in the Liquidating Trustee (and the attorneys and agents of the Liquidating Trustee) and the Liquidating Trustee shall be entitled to assert such privilege and immunity to the same extent that the Debtors, CEP Mexico and Committee were entitled to do so prior to the Effective Date.

(n) **Transfer of Claims of Debtors, the Estates and CEP Mexico to CEP Liquidating Trust.** All assets of the Debtors, the Estates and CEP Mexico are to be transferred to and deemed property of the CEP Liquidating Trust for the benefit of the Beneficiaries on the Effective Date. Included among such assets are Causes of Action. A full investigation of potential Causes of Action has not been undertaken by either the Debtors, CEP Mexico or the Committee. It is, however, the Committee's belief that potential Causes of Action may exist as against, among others, (i) insiders of the Debtors and/or CEP Mexico and their respective affiliates arising from or relating to the Carlisle Transaction (as defined in the Disclosure Statement) and/or the Parker-Hannifin Transaction (as defined in the Disclosure Statement); (ii) the Carlisle Companies and/or Parker-Hannifin Corporation and/or their respective subsidiaries, affiliates, agents or other Persons arising from or relating to the Carlisle Transaction and/or the Parker-Hannifin Transaction; (iii) Persons (and/or subsidiaries and affiliates thereof) identified in the Debtors' items 3(a) and 3(b) of the respective Debtors' Statements of Financial Affairs with respect to Avoidance Actions (and other Persons subsequently discovered by the Committee or Liquidating Trustee as having received payments that should have been listed and identified in item 3(a) or 3(b) of the respective Debtors' Statements of Financial Affairs and were not); (iv) any one or more of the Participating Customers, other customers of the Debtors and/or CEP Mexico, or debtors of the Debtors or CEP Mexico, for failure to pay accounts receivable or other amounts due to the Debtors (including Cash Infusions) and/or CEP Mexico in accordance with, inter alia, the Final DIP Order and/or its related agreements, purchase orders, course of conduct as between the Debtors, CEP Mexico and any customer of the Debtors or CEP Mexico with unpaid accounts due and owing to the Debtors or CEP Mexico; (v) other Causes of Action identified by the Liquidating Trustee in the course of their post-Effective Date due diligence.

(o) Federal Income Tax Treatment of CEP Liquidating Trust.

(i) **Trust Assets Treated as Owned by Creditors.** For all federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee and the holders of beneficial interests in the CEP Liquidating Trust) shall treat the transfer of the Trust Assets to the CEP Liquidating Trust for the benefit of the Beneficiaries thereof, whether Allowed on or after the Effective Date, as (A) a transfer of the Trust Assets directly to the Beneficiaries (other than to the extent allocable to Disputed General Unsecured Claims) followed by (B) the transfer by the Beneficiaries to the CEP Liquidating Trust of the Trust Assets in exchange for beneficial interests in the CEP Liquidating Trust. Accordingly, Beneficiaries shall be treated for federal income tax purposes as the grantors and owners of their respective shares of the Trust Assets.

(ii) **Tax Reporting.**

(A) The Liquidating Trustee shall file returns for the CEP Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-1 through 4(a) and in accordance with this section 7.1(o). The Liquidating Trustee shall also annually send to each record holder of a beneficial interest a separate statement setting forth the holder's share of items of income, gain, loss, deduction or credit and will instruct all such holders to report such items on their federal income tax returns or to forward the appropriate information to the beneficial holders with instructions to report such items on their federal income tax returns. The CEP Liquidating Trust's taxable income, gain, loss, deduction or credit will be allocated (subject to section 7.1(o)(ii)(C) hereof, relating to Disputed General Unsecured Claims) to the holders of Allowed General Unsecured Claims in accordance with their relative beneficial interests in the CEP Liquidating Trust.

(B) As soon as possible after the Effective Date, but in no event later than permitted by applicable non-bankruptcy law, the Liquidating Trustee shall make a good faith valuation of the Trust Assets. Such valuation shall be made available from time to time, to the extent relevant, and used consistently by all parties (including, without limitation the Debtors, the Liquidating Trustee, and the holders of Allowed General Unsecured Claims) for all federal income tax purposes. The Liquidating Trustee shall also file (or cause to be filed) any other statements, returns or disclosures relating to the CEP Liquidating Trust that are required by any governmental unit.

(C) Subject to definitive guidance from the Internal Revenue Service or a court of competent jurisdiction to the contrary (including the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the Internal Revenue Service upon audit if not contested by the Liquidating Trustee), the Liquidating Trustee shall (i) treat any Trust Assets allocable to, or retained on account of, Disputed Claims as held by one or more discrete trusts for federal income tax purposes (the "Disputed Claim Reserve") in accordance with the trust provisions of the Tax Code (section 641 *et seq.*); (ii) treat as taxable income or loss of the Disputed Claim Reserve, with respect to any given taxable year, the portion of the taxable income or loss of the CEP Liquidating Trust that would have been allocated to the holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are unresolved); (iii) treat as a distribution from any reserve established under CEP Liquidating Trust any increased amounts distributed by the CEP Liquidating Trust as a result of any Disputed Claims resolved earlier in the taxable year, to the extent such distributions relate to taxable income or loss of the CEP Liquidating Trust determined in accordance with the provisions hereof; and (iv) to the extent permitted by applicable law, report consistent with the foregoing for state and local income tax purposes. All holders of Allowed General Unsecured Claims shall report, for tax purposes, consistent with the foregoing.

(D) The Liquidating Trustee shall be responsible for payments, out of the Trust Assets, of any taxes imposed on the CEP Liquidating Trust or the Trust Assets, including any Disputed Claim Reserve established under the CEP Liquidating Trust. In the event, and to the extent, any Cash retained on account of Disputed General Unsecured Claims in any Disputed Claim Reserve established under the CEP Liquidating Trust is insufficient to pay the portion of any such taxes attributable to the taxable income arising from the assets allocable to, or retained on account of, Disputed General Unsecured Claims, such taxes shall be (i) reimbursed from any subsequent Cash amounts retained on account of Disputed General Unsecured Claims, or (ii) to the extent such Disputed General Unsecured Claims have subsequently been resolved, deducted from any amounts distributable by the Liquidating Trustee as a result of the resolutions of such Disputed General Unsecured Claims.

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

(p) **Dissolution.** The CEP Liquidating Trust and the Liquidating Trustee shall be discharged or dissolved, as the case may be, at such time as (i) all Disputed General Unsecured Claims have been resolved, (ii) all Trust Assets have been liquidated and (iii) all distributions required to be made by the Liquidating Trustee under the Plan have been made, but in no event shall the CEP Liquidating Trust be dissolved later than a period that would adversely affect the status of the CEP Liquidating Trust as a liquidating trust for federal income tax purposes. The CEP Liquidating Trust shall only exist for a period as long as is necessary to facilitate or complete the recovery and liquidation of the Trust Assets and distribution of their proceeds. The Liquidating Trustee shall not unduly prolong the duration of the CEP Liquidating Trust and shall at all times endeavor to resolve, settle or otherwise dispose of all claims that constitute Trust Assets and to effect the distribution of the Trust Assets in accordance with the terms hereof and terminate the CEP Liquidating Trust as soon as practicable. Prior to and upon termination of the CEP Liquidating Trust, the Trust Assets will be distributed to the Beneficiaries of CEP Liquidating Trust, pursuant to the provisions set forth in sections V.E and V.F of the CEP Liquidating Trust and Articles 2 and 4 of the Plan.

(q) **Indemnification of Liquidating Trustee.** The Liquidating Trustee and the Liquidating Trustee's agents and professionals shall not be liable for actions taken or omitted in its capacity as, or on behalf of, the Liquidating Trustee, except those acts arising out of its or their own willful misconduct, gross negligence, bad faith, self-dealing, breach of fiduciary duty or *ultra vires* acts, and each shall be entitled to indemnification and reimbursement for fees and expenses in defending any and all of its actions or inactions in its capacity as, or on behalf of, the Liquidating Trustee, except for any actions or inactions involving willful misconduct, gross negligence, bad faith, self-dealing, breach of fiduciary duty; or *ultra vires* acts. Any indemnification claim of the Liquidating Trustee (and the other parties entitled to indemnification under this subsection 7.1(q)) shall be satisfied first from the Trust Assets. The Liquidating Trustee shall be entitled to rely, in good faith, on the advice of its retained professionals.

**7.2 Distributions to Holders as of the Confirmation Date.** As of the close of business on the Confirmation Date, the Claims Register, the equity register and transfer and other registers as maintained by the Debtors and/or their respective agents, as applicable, will be closed and there will be no further changes in the record holder of any Claim or Equity Interest. The Liquidating Trustee will have no obligation to recognize any transfer of any Claim or Equity Interest occurring after the Confirmation Date. The Liquidating Trustee will instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those record holders stated on the Claims Register and other registers as of the close of business on the Confirmation Date.

**7.3 Closing of Cases by Charitable Gift.** If at any time the Liquidating Trustee determines with consent of the Committee that the expense of administering the CEP Liquidating Trust so as to make a final distribution to Allowed Claims is likely to exceed the value of the Trust Assets remaining in the CEP Liquidating Trust, the Liquidating Trustee shall apply to the Bankruptcy Court for authority to (i) reserve any amounts necessary to close the Cases; (ii) donate any balance to a charitable organization exempt from federal income tax under section 501(c)(3) of the Tax Code that is unrelated to the Debtors and any insider of the Debtors; and (iii) close the Cases in accordance with the Bankruptcy Code and Bankruptcy Rules. Notice of such application shall be given electronically, to the extent practicable, to those parties who have filed requests for notices and whose electronic addresses remain current and operating.

**7.4 Release of Liens.** Except as otherwise specifically provided in or contemplated by the Plan or in any contract, instrument or other agreement or document created in connection with the Plan, (i) each holder of: (a) any purported Secured Claim and/or (b) any judgment, personal property or ad valorem tax, molder, warehouse or artisan or similar Lien Claim, in each case regardless of whether such Claim is an Allowed Claim, shall, on or immediately before the Effective Date and regardless of whether such Claim has been scheduled or proof of such Claim has been filed: (y) turn over and release to the Estates any and all property of the Debtors or Estates that secures or purportedly secures such Claim, or such Lien and/or Claim shall automatically, and without further action by the Debtors or the Liquidating Trustee, as the case may be, be deemed released and (z) execute such documents and instruments as the Debtors or Liquidating Trustee, as the case may be, requires to evidence the holder of a Claim's release of such property or Lien, and if such holder refuses to execute appropriate documents or instruments, the Debtors, CEP Mexico or the Liquidating Trustee, as the case may be, in its discretion, file a copy of the Confirmation Order in the appropriate recording office, which shall serve to release any holder of a Claim's rights in such property; and (ii) on the Effective Date, all right, title and interest in such property shall revert or be transferred to the CEP Liquidating Trust as Trust Assets, free and clear of all Claims, interests, and Liens of any kind.

**7.5 Cancellation of Existing Securities and Agreements.** On the Effective Date, except as expressly provided in this Plan, the securities, promissory notes, trust indentures, share certificates, security agreements, deeds of trust, collateral agency agreements and other instruments evidencing or securing a Claim shall be deemed cancelled without further act or action under any applicable agreement or Law, and the obligations of the Debtors and the Liquidating Trustee, as successor to the Debtors and CEP Mexico under the agreements, instruments, trust indentures and certificates governing and securing such Claims, as the case may be, shall be discharged.

**7.6 Liquidating Trustee's Post-Confirmation Role.** All rights and obligations of the Debtors under this Plan that exist or continue on or after the Effective Date shall vest in the Liquidating Trustee and shall be rights and obligations exercisable by the Liquidating Trustee on and after the Effective Date. Further, the Liquidating Trustee shall perform each of the following acts as soon as practicable on or after the Effective Date:

(a) **General Powers.** In furtherance of and consistent with the purpose of the CEP Liquidating Trust and the Plan, the Liquidating Trustee shall (A) have the power and authority to hold, manage, sell and distribute the Trust Assets in accordance with the Plan, (B) have the power and authority to prosecute and resolve, in the name of the Debtors, CEP Mexico and/or the name of the Liquidating Trustee, Causes of Action, (C) have the power and authority to prosecute and resolve objections to Disputed Claims, (D) have the power and authority to perform such other functions as are provided in the Plan and (E) have the power and authority to administer the closure of the Cases. The Liquidating Trustee shall be responsible for all decisions and duties with respect to the CEP Liquidating Trust and the Trust Assets. In all circumstances, the Liquidating Trustee shall act in the best interests of all beneficiaries of the CEP Liquidating Trust and in furtherance of the purpose of the CEP Liquidating Trust.

(b) **Payments and Transfers.** On the Effective Date, or as soon thereafter as is reasonably practicable the Liquidating Trustee, shall make payments and transfers to holders of Allowed Claims to claimants in the manner set forth at sections 2.1, 2.2, 2.3, 2.4, 2.5, 4.1, 4.2, 4.3 and 4.4 hereof, and in accordance with section 6.2 hereof.

(c) **Administration of Taxes.** The Liquidating Trustee shall be authorized to exercise all powers regarding the Debtors' and CEP Mexico's tax matters, including filing tax returns, to the same extent as if the Liquidating Trustee were the debtor in possession. The Liquidating Trustee shall (A) complete and file within ninety (90) days of the filing for dissolution by CEP, Thermoplastics,

Holdings and CEP Mexico, to the extent not previously filed, the Debtors' final federal, state, and local tax returns; (B) request an expedited determination of any unpaid tax liability of the Debtors under section 505(b) of the Bankruptcy Code for all tax periods of the Debtors ending after the Petition Date through the liquidation of the Debtors as determined under applicable tax laws, to the extent not previously requested; and (C) represent the interest and account of the Debtors before any taxing authority in all matters, including, but not limited to, any action, suit, proceeding or audit.

(d) **Claims Administration, Prosecution Objection to Claims, and Plan Distributions.** The Liquidating Trustee shall have the power and authority to prosecute and resolve objections to Disputed Subordinated Participating Customers Secured Claims, Disputed Administrative Expense Claims, Disputed Priority Tax Claims, Disputed Other Secured Claims, Disputed Priority Non-Tax Claims and Disputed General Unsecured Claims. The Liquidating Trustee shall have the right, power and authority to retain and assert all defenses, rights of setoff, recoupment and counterclaims with respect to each of the foregoing. The Liquidating Trustee shall also have the power and authority to hold, manage and distribute Plan distributions to the holders of Allowed Claims consistent with applicable provisions of this Plan.

Notwithstanding the foregoing, all Insurance Claims that arose prior to the Petition Date shall be deemed Allowed in the greater of (i) an amount equal to (x) the amount of any remaining self-insured retention under the Insurance Policy applicable to such Insurance Claim, divided by (y) the number of Insurance Claims to which the applicable Insurance Policy and self-insured retention applies; and (ii) \$0.00. The allowance of an Insurance Claim pursuant to this provision shall not be deemed an admission of liability by CEP, Thermoplastics and/or Holdings, and therefore shall not be conclusive as to the Debtors' liability in any proceeding by the holder of an Insurance Claim against an Insurer.

**7.7 Books and Records.** Unless applicable non-bankruptcy law permits the distribution or destruction of certain of the Debtors' and CEP Mexico's business records at an earlier date, the Liquidating Trustee shall have the responsibility of storing and maintaining books and records until one year after the Effective Date, after which time such books and records may, at the sole discretion of the Liquidating Trustee, be abandoned or destroyed without further Bankruptcy Court order, unless applicable non-bankruptcy law requires the retention and maintenance of any such books and records for a longer period, in which instance the Liquidating Trustee shall retain such books and records for at least the minimum period required by applicable non-bankruptcy law. For purposes of this section, books and records include computer generated or computer maintained books and records and computer data, as well as electronically generated or maintained books and records or data, along with books and records of the Debtors and CEP Mexico maintained by or in possession of third parties and all of the claims and rights of the Debtors and CEP Mexico in and to their books and records, wherever located.

**7.8 Corporate Action.** On the Effective Date, the Liquidating Trustee, shall perform each of the actions and effect each of the transfers required by the terms of the Plan in the time period allocated therefor, and all matters provided for under the Plan that would otherwise require approval of the stockholders, directors or comparable governing bodies of the Debtors shall be deemed to have occurred and shall be in effect from and after the Effective Date pursuant to the applicable general corporation law (or other applicable governing law) of the state in which the Debtors incorporated or organized, without any requirement of further action by the stockholders or directors (or other governing body) of the Debtors and/or CEP Mexico.

**7.9 Effectuating Documents and Further Transactions.** The Debtors, CEP Mexico and/or Liquidating Trustee, as the case may be, are authorized and directed to execute, deliver, file or record such contracts, instruments, releases, indentures, and other agreements or documents and take such



actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

**7.10 Securities Exempt.** The beneficial interests in the CEP Liquidating Trust satisfy the requirements of section 1145 of the Bankruptcy Code and, therefore, such interests are exempt from registration under the Securities Act of 1933, as amended, and any state or local law requiring registration.

**7.11 Pension Plans.** If not assumed by The Reserve Group (or an affiliate or subsidiary thereof) on or prior to the Effective Date, the Liquidating Trustee, on the Effective Date, shall take such actions as necessary to cause the termination of the Pension Plans in a manner (either via standard termination or distressed termination) that most expediently causes the termination of the Pension Plans and creates the lowest possible Claims of the PBGC as against the Estates and the CEP Liquidating Trust. In the event that the Pension Plans are assumed by The Reserve Group (or an affiliate or subsidiary thereof), such assumptions shall be undertaken by separate agreement acceptable to the Liquidating Trustee, The Reserve Group and the PBGC.

## ARTICLE VIII.

### PROCEDURES FOR DISPUTED CLAIMS

**8.1 Objections to Claims.** The Debtors, and from and after the Effective Date the Liquidating Trustee, shall be entitled to object to Administrative Expense Claims, Priority Tax Claims, Subordinated Participating Customers Secured Claims, Other Secured Claims, Priority Non-Tax Claims and General Unsecured Claims.

**8.2 No Distribution Pending Allowance.** Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or distribution provided hereunder shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

**8.3** Reserve on Account of Disputed Claims.

(a) **Establishment and Maintenance of Reserve for Disputed Claims.** The Liquidating Trustee shall maintain the Disputed Claim Reserve at an amount equal to the aggregate of 100% of the distributable amounts to which holders of such Disputed Claims would be entitled under the Plan if such Disputed Claims were Allowed Claims in their Disputed Claim Amounts or such lesser amount as required by a Final Order. For purposes of effectuating the provisions of this section 8.3(a) and the distributions to holders of Allowed Claims, the Bankruptcy Court shall set, may fix or liquidate the amount of Disputed Claims pursuant to section 502(c) of the Bankruptcy Code, in which event the amounts so fixed or liquidated shall be deemed the amounts of the Disputed Claims for purposes of distribution under this Plan. In lieu of fixing or liquidating the amount of any Disputed Claim, the Bankruptcy Court may determine the amount to be reserved for such Disputed Claim or such amount may be fixed by agreement in writing between the Liquidating Trustee and the holder of a Disputed Claim.

(b) **Distributions Upon Allowance of Disputed Claims.** The holder of a Disputed Claim that becomes an Allowed Claim shall receive distributions in Cash from the Disputed Claim Reserve as soon as practical following the date on which such Disputed Claim becomes an Allowed Claim pursuant to a Final Order. Such distributions shall be made in accordance with the Plan based upon the distributions that would have been made to such holder under the Plan if the Disputed Claim had been an Allowed Claim on or prior to the Effective Date. No holder of a Disputed Claim shall have any Claim against the Disputed Claim Reserve or the CEP Liquidating Trust with respect to such Claim until

such Disputed Claim shall become an Allowed Claim, and no holder of a Disputed Claim shall have any right to interest on such Disputed Claim except for any Reserve Income earned thereon.

**8.4 Resolution of Disputed Claims.** Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, following the Effective Date, the Liquidating Trustee shall have the right to the exclusion of all others (except as to applications for allowances of compensation and reimbursement of expenses under sections 328(a), 330 and 503 of the Bankruptcy Code) to make and file objections to Claims and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than one hundred eighty (180) days after the Effective Date (subject, however, to the right the Liquidating Trustee to seek an extension of time to file such objections by seeking such extension with approval from the Bankruptcy Court).

**8.5 Estimation.** The Debtors or the Liquidating Trustee (as the case may be) may at any time request that the Bankruptcy Court estimate any contingent, unliquidated or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim, 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. In the event that the Bankruptcy Court estimates any contingent, unliquidated or Disputed Claim, the amount so estimated shall constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors or the Liquidating Trustee (as the case may be) 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 exclusive of one another. On and after the Confirmation Date, Claims that have been estimated may be compromised, settled, withdrawn or otherwise resolved subsequently, without further order of the Bankruptcy Court.

**8.6 Distributions to Holders of Allowed Claims Upon Disallowance of Disputed Claims.** Subject to section 7.2 hereof, upon disallowance of any Disputed Claim, each holder of an Allowed Claim in the same Class as the disallowed Disputed Claim will be entitled to its Pro Rata Share of Cash equal to the distribution that would have been made in accordance with the Plan to the holder of such Disputed Claim had such Disputed Claim been an Allowed Claim on or prior to the Effective Date. Such distributions on account of disallowed Disputed Claims will be made as soon as practicable after the fifteenth business day following allowance or disallowance of the last Disputed Claim. Upon allowance or disallowance of all or a portion of such Disputed Claims, the Debtor, or the Liquidating Trustee, as the case may be, will make appropriate distributions in accordance with the Plan.

## ARTICLE IX.

### **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

**9.1 Executory Contracts and Unexpired Leases.** On the Effective Date, all executory contracts and unexpired leases to which any Debtor is a party shall be deemed rejected as of the Effective Date, including, without limitation, collective bargaining agreements subject to section 1113 of the Bankruptcy Code and agreements for the provision of retiree benefits subject to section 1114 of the Bankruptcy Code, except for an executory contract or unexpired lease that (i) has been assumed or rejected pursuant to Final Order of the Bankruptcy Court entered prior to the Effective Date or (ii) is the subject of a separate motion to assume or reject (or terminate or modify, as the case may be) filed under sections 365, 1113 and/or 1114 of the Bankruptcy Code by the Debtors prior to the Effective Date.

Notwithstanding the foregoing, any agreements, documents or instruments relating thereto (including Insurance Policies) that, are postpetition contracts shall continue to operate unaffected by the Plan, with the Insurers responsible for claims in accordance with the terms and provisions of such post-petition contracts (including Insurance Policies) unless otherwise terminated by the Liquidating Trustee. The Debtors' Insurance Policies that have expired as of the Confirmation Date (whether entered into prior or subsequent to the Petition Date) are not executory contracts subject to assumption or rejection. The Insurers shall be responsible for continuing coverage obligations under such Insurance Policies, regardless of the payment status of any retrospective or other insurance premiums.

Nothing contained in the Plan shall constitute or be deemed to be a waiver of any cause of action that the Debtors may hold against any Person, including, without limitation, any Insurer under any of the Debtors' Insurance Policies.

**9.2 Approval of Rejection of Executory Contracts and Unexpired Leases.** Entry of the Confirmation Order shall constitute the approval, pursuant to sections 365(a), 1113 and/or 1114 of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected as of the Effective Date pursuant to the Plan.

**9.3 Rejection Claims.** In the event that the rejection of an executory contract or unexpired lease by the Debtors pursuant to the Plan results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not heretofore evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Debtors or any property to be distributed under the Plan unless a proof of claim is filed with the Bankruptcy Court and served upon the Liquidating Trustee on or before the date that is thirty (30) days after the Confirmation Date. The foregoing sentence shall not, however, be applicable to any separate pre-Confirmation Date order of the Bankruptcy Court authorizing rejection of an executory contract or unexpired lease wherein a separate deadline by which rejection damages claims was established.

## ARTICLE X.

### EFFECTIVENESS OF THE PLAN

**10.1 Condition Precedent to Confirmation of Plan.** The following are conditions precedent to the confirmation of the Plan:

- (a) The Bankruptcy Court shall have entered a Confirmation Order in form and substance satisfactory to the Committee; and
- (b) The Bankruptcy Court enters the Confirmation Order on or before May 15, 2007.

**10.2 Conditions Precedent to Effective Date.** The following are conditions precedent to the Effective Date of the Plan:

- (a) No stay of the Confirmation Order shall then be in effect; and
- (b) The Debtors shall have sufficient Cash to pay the sum of (i) Allowed Wachovia Secured Claim, Allowed Subordinated Participating Customers Secured Claims, Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Other Secured Claims and Allowed Priority Non-Tax Claims, and the Professional fees that have accrued but not been paid (to the extent that any of the foregoing are not otherwise payable under the Final DIP Order by "Cash Infusions", as the term is defined in the Final DIP Order); and/or (ii) an amount that would be required to distribute to the holders

of Disputed Subordinated Participating Customers Secured Claims, Disputed Administrative Expense Claims, Disputed Priority Tax Claims, Disputed Other Secured Claims, and Disputed Priority Non-Tax Claims if all such Claims are subsequently Allowed, as set forth more fully in Article VII hereof.

(c) Substantial Consummation will or is likely to occur on or before June 15, 2007.

**10.3 Satisfaction of Conditions.** Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Committee decides that one of the conditions precedent set forth in section 10.2 hereof cannot be satisfied and the occurrence of such condition is not waived or cannot be waived, then the Committee shall file a notice of the failure of the Effective Date with the Bankruptcy Court.

**10.4 Effect of Nonoccurrence of Conditions to Effective Date.** If each of the conditions to consummation and the occurrence of the Effective Date has not been satisfied or duly waived on or before June 15, 2007, the Confirmation Order may be vacated by the Bankruptcy Court. If the Confirmation Order is vacated pursuant to this section 10.4, the Plan shall be null and void in all respects, and nothing contained in the Plan shall constitute a waiver or release of any Claims against the Debtors.

## ARTICLE XI.

### EFFECT OF CONFIRMATION

#### **11.1 Vesting of Assets.**

(a) As of the Effective Date, all property of the Estates (and CEP Mexico) shall vest in the CEP Liquidating Trust, and shall constitute the Trust Assets.

(b) As of the Effective Date, all assets of the Estates (and CEP Mexico) shall be free and clear of all Claims and Liens, except as provided in the Plan or the Confirmation Order.

**11.2 Release of Assets.** Until the Effective Date, the Bankruptcy Court shall retain jurisdiction of the Debtors and their assets and properties. Thereafter, jurisdiction of the Bankruptcy Court shall be limited to the subject matter set forth in Article XI hereof.

**11.3 Binding Effect.** Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Equity Interest in any one or more of the Debtors and their respective successors and assigns, including, but not limited to, the CEP Liquidating Trust and the Liquidating Trustee, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

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

**11.5 Causes of Action.** Except as otherwise provided in the Plan, on and after the Effective Date, the Liquidating Trustee will have the exclusive right to enforce any and all Causes of Action against any person. The Liquidating Trustee may prosecute, defend, enforce, abandon, settle or release any or all Causes of Action as it deems appropriate, without the need to obtain approval or any other or further

relief from the Bankruptcy Court. The Liquidating Trustee may, in its sole discretion, offset any such claim held against a person, against any payment due such person under the Plan; *provided, however*, that any claims of the Debtors arising before the Petition Date (and CEP Mexico as of the Confirmation Date) shall first be offset against Claims against the Debtors arising before the Petition Date (and CEP Mexico arising prior to the Confirmation Date), subject in each instance, however, to the limitations of section 6.6 hereof. All defenses and rights of avoidance of the Debtors and CEP Mexico shall be retained and may be exercised by the Liquidating Trustee.

**11.6 Injunction.** On and after the Confirmation Date, all persons are permanently enjoined from commencing or continuing in any manner any action or proceeding (whether directly, indirectly, derivatively, or otherwise) on account of or respecting any claim, debt, right or cause of action of the Debtors and/or CEP Mexico for which the Liquidating Trustee retains sole and exclusive authority to pursue in accordance with the Plan.

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

## ARTICLE XII.

### RETENTION OF JURISDICTION

**12.1 Jurisdiction of Bankruptcy Court.** The Bankruptcy Court shall retain jurisdiction of all matters arising under, arising out of, or related to the Cases and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (a) To hear and determine motions for the assumption, assumption and assignment or rejection of executory contracts or unexpired leases and the allowance of Claims resulting therefrom;
- (b) To determine any motion, adversary proceeding, application, contested matter, and other litigated matter pending on or commenced after the Confirmation Date, including, without limitation, any proceeding to recover a Cause of Action;
- (c) To ensure that distributions to holders of Allowed Claims are accomplished as provided herein;
- (d) To consider Claims or the allowance, classification, priority, compromise, estimation or payment of any Claim;
- (e) To enter, implement, or enforce such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked, modified or vacated;
- (f) To issue injunctions, enter and implement other orders, and take such other actions as may be necessary or appropriate to restrain interference by any person with the consummation, implementation or enforcement of the Plan, the Confirmation Order or any other order of the Bankruptcy Court;

- (g) To hear and determine any application to modify the Plan in accordance with section 1127 of the Bankruptcy Code, to remedy any defect or omission or reconcile any inconsistency in the Plan, the Disclosure Statement or any order of the Bankruptcy Court, including the Confirmation Order, in such a manner as may be necessary to carry out the purposes and effects thereof;
- (h) To hear and determine all applications under sections 328, 330, 331 and 503(b) of the Bankruptcy Code for awards of compensation for services rendered and reimbursement of expenses incurred by Professionals prior to the Confirmation Date;
- (i) To hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, the Confirmation Order, any transactions or payments contemplated hereby, or any agreement, instrument, or other document governing or relating to any of the foregoing;
- (j) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Agreement, and to hear and determine all matters involving or relating to the CEP Liquidating Trust or the Liquidating Trustee.
- (k) To take any action and issue such orders as may be necessary to construe, enforce, implement, execute and consummate the Plan or to maintain the integrity of the Plan following consummation;
- (l) To recover all assets of the Debtors' property of the Estates and CEP Mexico, wherever located, which jurisdiction shall not be limited as a result of the transfer of such assets and property to the Liquidating Trust pursuant to the Plan;
- (m) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- (n) To hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including, without limitation, matters with respect to any taxes payable by a trust or reserve established in furtherance of the Plan);
- (o) To hear and determine any other matters related hereto and not inconsistent with the Bankruptcy Code and title 28 of the United States Code; and
- (p) To enter a final decree closing the Cases.

## ARTICLE XIII.

### CRAMDOWNS RESERVATION

**13.1 Nonconsensual Confirmation.** If any impaired class votes to accept the Plan by the requisite statutory majorities provided in sections 1126(c) and 1126(d) of the Bankruptcy Code, as applicable, or if any impaired class is deemed to have rejected the Plan, the Debtors and the Committee each respectively reserve the right to undertake to have the Bankruptcy Court confirm the Plan under section 1129(c) of the Bankruptcy Code and/or amend the Plan in accordance with section 14.10 hereof to the extent necessary to obtain entry of the Confirmation Order.

## ARTICLE XIV.

### MISCELLANEOUS PROVISIONS

**14.1 Disposition of Creditors' Committee.** The Committee shall disband and be released of its duties and obligations on the Effective Date. Any rights or duties of the Committee under the Agreement shall be exercised by the co-chairs of the Committee as of the Confirmation Date, which Committee co-chairs shall continue to take all actions required of the Committee as of the Effective Date.

**14.2 Record Date.** At the close of business on the Confirmation Date, the Claims Register shall be closed.

**14.3 Substantial Consummation.** On the Effective Date or as soon thereafter as practicable, but in no event, later than June 15, 2007, the Plan shall be deemed to be "substantially consummated" as contemplated under sections 1101 and 1127(b) of the Bankruptcy Code.

**14.4 Exemption from Transfer Taxes.** Subject to orders entered by the Bankruptcy Court authorizing certain sales of real property in connection with any sale transaction, pursuant to section 1146(c) of the Bankruptcy Code, the assignment or surrender of any lease or sublease, or the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by the Plan shall not be subject to any stamp, real estate transfer, mortgage recording, sales, use, or other similar tax.

**14.5 Release of Third Parties.** [RESERVED]

**14.6 Exculpation.** None of the Debtors, Committee nor any of their respective members, officers, directors, employees, advisors, professionals or agents, (collectively, "Exculpation Parties") shall have or incur any liability to any holder of a Claim or Equity Interest for any act or omission in connection with, related to, or arising out of the Cases, including, without limitation, negotiations regarding or concerning the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Estates or the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence, and, in all respects, the Exculpation Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

**14.7 Discharge of Claims and Termination of Equity Interests.** Except as otherwise specifically provided herein or in the Confirmation Order, the rights afforded in the Plan and the payments and distributions to be made hereunder shall discharge all existing debts and Claims, and terminate all Equity Interests of any kind, nature or description whatsoever, other than Consolidated Holdings, against or in the Estates and/or CEP Mexico or any of their assets or properties to the fullest

extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise provided herein or in the Confirmation Order, upon the Effective Date, all existing Claims against the Estates and/or CEP Mexico shall be, and shall be deemed to be, discharged and terminated, and all holders of Claims and Equity Interests shall be precluded and enjoined from asserting against the Estates, or any of its assets or properties, and/or CEP Mexico, or any of its assets or properties, any other or further Claim or Equity Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such holder has filed a proof of Claim or is listed in the Schedules.

#### **14.8 Post-Confirmation Date Fees and Expenses.**

(a) **Fees and Expenses of Professionals.** The Liquidating Trustee shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses, incurred after the Effective Date, of the professional persons employed by the Liquidating Trustee in connection with the implementation and consummation of the Plan, the claims reconciliation process and any other matters as to which such professionals may be engaged. The fees and expenses of such professionals shall be paid within ten (10) Business Days after submission of a detailed invoice therefor. If the Liquidating Trustee disputes the reasonableness of any such invoice, the Liquidating Trustee shall timely pay the undisputed portion of such invoice, and the Liquidating Trustee or the affected professional may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of such invoice.

**14.9 Payment of Statutory Fees.** On the Effective Date, and thereafter as may be required, the Liquidating Trustee shall pay all fees payable pursuant to section 1930 of chapter 123 of title 28 of the United States Code.

**14.10 Modification of Plan.** The Plan may be amended, modified, or supplemented by the Debtors and the Committee in the manner provided for by section 1127 of the Bankruptcy Code or as otherwise permitted by law without additional disclosure pursuant to section 1125 of the Bankruptcy Code, except as the Bankruptcy Court may otherwise direct. In addition, after the Confirmation Date, so long as such action does not materially adversely affect the treatment of holders of Claims or Equity Interests under the Plan, the Debtors and Committee may institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan or the Confirmation Order, with respect to such matters as may be necessary to carry out the purposes and effects of the Plan. Prior to the Effective Date, the Debtors and Committee may make appropriate technical adjustments and modifications to the Plan without further order or approval of the Bankruptcy Court, *provided* that such technical adjustments and modifications do not adversely affect in a material way the treatment of holders of Claims or Equity Interests.

**14.11 Revocation or Withdrawal of Plan.** The Committee reserves the right to revoke or withdraw the Plan at any time prior to the Confirmation Date. If the Committee takes such action, the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any other person in any further proceedings involving the Debtors.

**14.12 Courts of Competent Jurisdiction.** If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan, such abstention, refusal, or failure of jurisdiction shall have no effect upon and shall not control, prohibit, or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.



**14.13 Severability.** If, prior to the entry of the Confirmation Order, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, at the request of the Debtors and Committee, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

**14.14 Governing Law.** Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit hereto provides otherwise, the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Ohio, without giving effect to the principles of conflicts of law thereof.

**14.15 Exhibits.** All exhibits, schedules, addendum or other others annexed to the Plan are deemed incorporated into and are a part of the Plan as if set forth in full herein.

**14.16 Successors and Assigns.** All the rights, benefits and obligations of any person named or referred to in the Plan shall be binding on, and shall inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such person.

**14.17 Time.** In computing any period of time prescribed or allowed by the Plan, unless otherwise set forth herein or determined by the Bankruptcy Court, the provisions of Bankruptcy Rule 9006 shall apply.

**14.18 Notices.** All notices, requests and demands to or upon the Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

If to Debtor:                   BAKER & HOSTETLER LLP  
Joseph F. Hutchinson, Jr., Esquire  
3200 National City Center  
1900 East 9<sup>th</sup> Street  
Cleveland, OH 44114  
Telephone:       (216) 621-0200  
Facsimile:       (216) 696-0740

If to the Committee:       MCGUIREWOODS LLP  
Mark E. Freedlander, Esquire  
Dominion Tower, 23rd Floor  
625 Liberty Avenue  
Pittsburgh, PA 15222  
Telephone:       (412) 667-6000  
Facsimile:       (412) 667-6050

Respectfully submitted,

Dated: February 5, 2007

CEP Holdings, LLC, Creative Engineered Polymer  
Products, LLC and Thermoplastics Acquisition, LLC

By: /s/ Joseph Mallak  
Name: Joseph Mallak  
Title: President and CEO

The Official Committee of Unsecured Creditors

By: /s/ Bruce D. Tobiansky  
Name: Bruce D. Tobiansky  
E.I. du Pont de Nemours and Company  
Committee Co-Chair

By: /s/ Doreen Bailey-Wilson  
Name: Doreen Bailey-Wilson  
Rhodia, Inc.  
Committee Co-Chair

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## **EXHIBITS**

Exhibit 1      Trust Agreement

**EXHIBIT 1**

TRUST AGREEMENT

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

|  |   |                               |
|--|---|-------------------------------|
| -----x                                   |   | Case Nos. 06-51848            |
| In re                                    | : | (Jointly Administered)        |
|  | : |                               |
| CEP Holdings, LLC, Creative Engineered   | : | Chapter 11                    |
| Polymer Products, LLC and Thermoplastics | : | Honorable Marilyn Shea-Stonum |
| Acquisition, LLC,                        | : |                               |
| Debtors.                                 | : |                               |
| -----x                                   |   |                               |

**TRUST AGREEMENT**

by and among

CEP HOLDINGS, LLC; CREATIVE ENGINEERED POLYMER PRODUCTS, LLC and  
THERMOPLASTICS ACQUISITION, LLC  
as Debtors and Debtors-in-possession,

and

COMPOSITE PARTS MEXICO S.A. de C.V.,  
as affiliate of the Debtors,

and

OFFICIAL COMMITTEE OF UNSECURED CREDITORS  
as representatives of Beneficiaries

and

SHAUN M. MARTIN  
as Liquidating Trustee

Dated: \_\_\_\_\_, 2007

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THIS AGREEMENT (“Agreement”) is made this \_\_\_\_\_ day of \_\_\_\_\_, 2007, by and among CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC, debtors and debtors-in-possession (collectively “Debtors”), the Official Committee of Unsecured Creditors (“Committee”) and Shaun M. Martin (together with any successors, the “Liquidating Trustee”) under the Plan (as defined below).

**RECITALS:**

A. On September 20, 2006, each of the Debtors filed voluntary petitions for relief under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the Northern District of Ohio, Eastern Division (“Bankruptcy Court”), which cases are pending before the Honorable Marilyn Shea-Stonum and are being jointly administered at Case No. 06-51848 under the caption *In re CEP Holdings, LLC et al.* (the “Cases”).

B. By order, dated [\_\_\_\_\_, 2007], the Bankruptcy Court confirmed the Joint Plan of Liquidation (as same may have been or may be amended or modified, the “Plan”).<sup>1</sup>

C. The Plan, at section 5.1 thereof, provides for, *inter alia*, the substantive consolidation of the non-Debtor affiliate, Composite Parts Mexico S.A. de C.V. (“CEP Mexico”) with the Debtors.

D. Article 7 of the Plan calls for, *inter alia*, the creation of the CEP Liquidating Trust to hold and reduce to Cash all Trust Assets for the benefit of the Beneficiaries, to resolve and object to Claims, and to distribute proceeds of Trust Assets to Allowed Claims in accordance with the Plan.

E. The CEP Liquidating Trust is created on behalf of, and for the benefit of the the Beneficiaries.

F. The CEP Liquidating Trust is created pursuant to, and to effectuate, the Plan for the primary purpose of liquidating the Trust Assets for the benefit of the Beneficiaries as a liquidating trust, in accordance with Treasury Regulation § 301.7701-4(d), and Revenue Procedure 94-45 I.R.B. 1994-28, 124, (July 11, 1994) (“Revenue Procedure 94-45”) (or any subsequent Revenue Procedures that may be issued), 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 CEP Liquidating Trust.

G. The CEP Liquidating Trust provides that the Beneficiaries of the CEP Liquidating Trust will be treated as the grantors of the CEP Liquidating Trust and deemed owners of the Trust Assets. The CEP Liquidating Trust requires the Liquidating Trustee to file returns for the CEP Liquidating Trust as a grantor trust pursuant to Treasury Regulation § 1.671-1 through 4(a).

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<sup>1</sup> Capitalized terms used herein without definition shall have the respective meanings assigned to such terms in the Plan.

H. The CEP Liquidating Trust is intended to qualify as a “grantor trust” for federal income tax purposes with the Beneficiaries treated as the grantors and owners of the trust.

I. All of the CEP Liquidating Trust’s income and/or recoveries are to be treated as subject to tax on a current basis to the Beneficiaries who will be responsible for payment of any tax due.

J. Subject to Section I.F hereof, the CEP Liquidating Trust contains a fixed determinable termination date that is not more than five years from the date of creation of the CEP Liquidating Trust and that is reasonable based on all the facts and circumstances.

K. The investment powers of the Liquidating Trustee other than those reasonably necessary to maintain the value of the Trust Assets and to further the liquidating purpose of the CEP Liquidating Trust, are limited to powers to invest in demand and time deposits, such as short-term certificates (or overnight swaps) of deposit, in banks or other savings institutions, or other temporary, liquid investments, such as Treasury bills.

L. The CEP Liquidating Trust is required to distribute to the Beneficiaries its net income plus all net proceeds from the sale or other liquidation of assets, except that the CEP Liquidating Trust may retain an amount of net proceeds or net income reasonably necessary to maintain the value of the Trust Assets, to fund the Liquidation Expense Reserve Account and the Disputed Claim Reserve.

NOW, THEREFORE, in consideration of the promises and the mutual covenants and agreements contained herein and in the Plan, the Debtors, the Committee, and the Liquidating Trustee agree as follows:

## SECTION I

### THE CEP LIQUIDATING TRUST

**A. Creation.** In accordance with section 7.1 of the Plan, on the Effective Date of the Plan, the CEP Liquidating Trust is hereby created.

**B. Objective and Purpose.** The CEP Liquidating Trust shall be established and maintained for the sole purpose of liquidating and distributing the Trust Assets in accordance with Treasury Regulation 30.1.7701 – 4(d) and resolving and administering Claims, with no objection to continue or engage in the conduct of a trade or business.

**C. Acceptance.** The Liquidating Trustee accepts the terms, provisions and conditions of this Agreement and the Plan and agrees to observe, perform and abide hereby and thereby.

**D. Intention of Parties to Establish Grantor Trust.** This Agreement is intended to create a grantor trust for the United States federal income tax purposes, and to the extent provided by law, shall be governed and construed in all respects as such a grantor trust. The CEP Liquidating Trust is not intended to constitute nor shall the formation of the CEP

Liquidating Trust be interpreted as creating an association, partnership or joint venture of any kind.

**E. Transfer of Assets to CEP Liquidating Trust.**

1. On the Effective Date, right, title and interest to all assets as described in section 6.2(a) hereof shall vest in the CEP Liquidating Trust as Trust Assets.

2. On the Effective Date, the Estates (and CEP Mexico) shall be deemed to assign, set over, transfer and convey to the CEP Liquidating Trust all of their right, title and interest in assets of the Estates (and CEP Mexico). To the extent that certain assets of the Estates (and CEP Mexico), because of their nature or because they will accrue subsequent to the Effective Date, cannot be assigned, set over, transferred or conveyed to the CEP Liquidating Trust on the Effective Date, such assets shall be deemed assigned, set over, transferred and conveyed to the CEP Liquidating Trust as soon as practical after the Effective Date.

3. On or after the Effective Date, the Liquidating Trustee shall continue as a plaintiff in all litigation or Causes of Action (on behalf of the Beneficiaries) in which the Debtors (and CEP Mexico) were plaintiffs prior to the Effective Date. All recoveries and proceeds arising from litigation and Causes of Action shall be deemed assigned, set over, transferred and conveyed to the CEP Liquidating Trust upon receipt thereof. All fees and costs of the Liquidating Trustee (and agents thereof) arising from or relating to pursuing litigation or Causes of Action or other services performed at the request of the Liquidating Trustee on behalf of the CEP Liquidating Trust shall be paid as a first priority in right of distribution from the CEP Liquidating Trust.

4. The transfer of assets of the Estates (and CEP Mexico) to the Liquidating Trust shall be made for the benefit of the Beneficiaries, in each case, but only to the extent the Beneficiaries are entitled to distributions under the Plan

5. For all purposes of the Internal Revenue Code of 1986 ("IRS Code"), as amended, all Persons (including, without limitation, the Debtors, CEP Mexico, the Liquidating Trustee and the Beneficiaries) shall treat the transfer of the Trust Assets to the CEP Liquidating Trust through the Debtors (and CEP Mexico) and/or agents of the Debtors (and CEP Mexico), as set forth in this Section I.E, as the deemed transfer of such assets to the Beneficiaries followed by the deemed transfer of such assets by the Beneficiaries to the CEP Liquidating Trust. Thus, the Beneficiaries shall be treated as the grantors and owners of the CEP Liquidating Trust for federal income tax purposes.

6. The Liquidating Trustee and the Beneficiaries will value the Trust Assets as set forth in section 7.1(o)(ii)(B) of the Plan and such valuations will be consistently used for all federal income tax purposes.

**F. Termination of CEP Liquidating Trust.**

1. The CEP Liquidating Trust will terminate no later than the fifth (5th) anniversary of the Effective Date; provided, however, on or prior to the date six (6) months prior to such termination, the Bankruptcy Court, upon motion by a party in interest, may extend the

term of the CEP Liquidating Trust for a finite period if it is necessary or appropriate in furthering the liquidating purpose thereof. Multiple extensions can be obtained so long as Bankruptcy Court approval is obtained at least six (6) months prior to the expiration of each extended term; provided, however, that the Liquidating Trustee receives an opinion of counsel or a favorable ruling from the Internal Revenue Service (“IRS”) that any further extension would not adversely affect the status of the trust as a liquidating trust and grantor trust for federal income tax purposes.

2. Prior to and upon termination of the CEP Liquidating Trust, the Trust Assets will be distributed to the Beneficiaries in accordance with the Plan and subject to this Agreement. If at any point prior to such termination date, the Liquidating Trustee determines that further disbursements of the Trust Assets are unwarranted, the Liquidating Trustee shall provide notice of the Liquidating Trustee’s intention to make a final disbursement to the Beneficiaries. Absent the filing of a timely objection thereto, the Liquidating Trustee shall thereafter be authorized to and shall make the final disbursement of the Trust Assets to the Beneficiaries in accordance with their distribution rights under the Plan and this Agreement. Ninety (90) days after the final disbursement, the Liquidating Trustee shall stop payment on any check(s) remaining unpaid and such unclaimed funds shall thereafter be used to satisfy any outstanding expenses of administering the CEP Liquidating Trust and the remaining balance, if any, shall thereafter be paid to a charity to be selected by the Liquidating Trustee in accordance with section 7.3 of the Plan.

3. The Liquidating Trustee shall not unduly prolong the duration of the CEP Liquidating Trust and shall at all times endeavor to resolve, settle or otherwise dispose of all claims that constitute Trust Assets and to effect the distribution of the Trust Assets to the Beneficiaries in accordance with the terms hereof and terminate the CEP Liquidating Trust as soon as practicable.

## SECTION II

### LIQUIDATING TRUSTEE

**A. Appointment.** The Committee has determined to appoint Shaun M. Martin, a director of Huron Consulting Group, to serve as the initial Liquidating Trustee under the Plan, and the Liquidating Trustee hereby accepts such appointment and agrees to serve in such capacity, upon the Effective Date of the Plan. A Successor Trustee (as defined in Section V.C hereof) may be appointed in the event that the Liquidating Trustee is removed or resigns pursuant to this Agreement or the Liquidating Trustee otherwise vacates the position.

**B. Generally.** The Liquidating Trustee’s powers are exercisable solely in a fiduciary capacity consistent with, and in furtherance of, the purposes of the CEP Liquidating Trust and not otherwise, except that the Liquidating Trustee may administer the Trust Assets as permitted by the provisions of Section II.D hereof. The Liquidating Trustee shall have the authority to bind the CEP Liquidating Trust, but shall for all purposes hereunder be acting in the capacity as Liquidating Trustee and not personally or individually. The Liquidating Trustee shall not be obligated to give any bond, surety or other security for the performance of any duties or obligations hereunder. The Liquidating Trustee shall be entitled to engage in all such activities

as the Liquidating Trustee deems necessary and appropriate, in the Liquidating Trustee's sole discretion, except where Committee approval may be required as set forth herein; provided, however, that such activities do not conflict with the purpose of the CEP Liquidating Trust and are in the best interests of the Beneficiaries; and provided, further, that the Liquidating Trustee shall devote such time and effort as is necessary to timely and properly fulfill all such duties.

**C. Scope of Authority.** The responsibilities and authority of the Liquidating Trustee shall include: (1) administering and liquidating the Trust Assets; (2) facilitating the prosecution or settlement of Causes of Action, including but not limited to Avoidance Actions; (3) facilitating the prosecution or settlement of objections to and estimations of Claims against the Debtors (and/or CEP Mexico); (4) calculating and implementing all distributions in accordance with the Plan and this Agreement; (5) filing all required tax returns and paying taxes and all other obligations on behalf of the CEP Liquidating Trust from funds held by the CEP Liquidating Trust; (6) periodic reporting to the Bankruptcy Court, the Committee and parties in interest of the status of the Claims resolution process, distributions on account of Allowed Claims against the Debtors (and CEP Mexico); and (7) such other responsibilities as may be vested in the Liquidating Trustee pursuant to the Plan, this Agreement, any Final Order of the Bankruptcy Court or as may be necessary and proper to carry out the provisions of the Plan.

**D. Powers.**

1. In connection with the administration of the CEP Liquidating Trust, except as otherwise set forth in this Agreement or the Plan, the Liquidating Trustee is authorized to perform any and all acts necessary and reasonable to accomplish the purposes of the CEP Liquidating Trust. Without limiting, but subject to the foregoing, and subject in all respects to the other terms and conditions of this Agreement, the Liquidating Trustee shall be expressly authorized, but shall not be required, to:

(a) pursue and prosecute Causes of Action or to refrain from pursuing any Cause of Action, based upon the Liquidating Trustee's assessment of the net benefit expected to be received by the CEP Liquidating Trust in connection therewith (taking into account the costs and expenses projected to be incurred in connection therewith, the likelihood of success on the merits, and the range of potential recoveries to be received by the CEP Liquidating Trust);

(b) compromise, settle, resolve and collect on any Causes of Action upon such terms and conditions as the Liquidating Trustee deems appropriate and in the best interests of the CEP Liquidating Trust without further approval of the Bankruptcy Court. All compromises and settlements shall be deemed final and binding upon all parties in interest in the applicable Cases. The Liquidating Trustee shall have the right, power and authority to retain and assert all defenses, rights to setoff, recoupment, avoidance rights and counterclaims with respect to and Cause of Action;

(c) review, analyze and, as appropriate, prosecute objections to Claims and any claims arising after the Petition Date ("Post-Petition Date Claims"), including any Administrative Expense Claims;

(d) compromise, settle and resolve any Disputed Claims upon such terms and conditions as the Liquidating Trustee deems appropriate and in the best interests of the CEP Liquidating Trust without further approval of the Bankruptcy Court. All compromises and settlements shall be deemed final and binding upon all parties in interest in the Cases;

(e) review, litigate and settle (without further approval of the Bankruptcy Court) or otherwise resolve Claims and Post-Petition Date Claims (including any Administrative Expense Claims), Causes of Action or other disputes involving or arising out of alleged environmental contamination and/or remediation;

(f) maintain all accounts, make distributions to Beneficiaries of the CEP Liquidating Trust from the Trust Assets and take other actions consistent with the Plan in the name of the CEP Liquidating Trust, provided, however, that the Liquidating Trustee shall not be entitled to use the Debtors' bank accounts that are in existence as of the Effective Date and shall be required to open new bank or other depository accounts in the name of the CEP Liquidating Trust as may be necessary or appropriate in the discretion of the Liquidating Trustee to enable the Liquidating Trustee to administer the CEP Liquidating Trust in accordance with the terms of this Agreement;

(g) the power to invest funds in and withdraw, make distributions and pay expenses, taxes, and other obligations owed by the CEP Liquidating Trust from funds held by the Liquidating Trustee in accordance with the Plan and this Agreement;

(h) maintain, in respect of the CEP Liquidating Trust and the Beneficiaries, books and records relating to the assets and income of the CEP Liquidating Trust and the payment of expenses of, and liabilities of, claims against or assumed by, the CEP Liquidating Trust in such detail and for such period of time as may be necessary to enable him to make full and proper accounting in respect thereof in accordance with this and to comply with applicable provisions of law. Except as provided herein, nothing in this Agreement requires the CEP Liquidating Trust or the Liquidating Trustee to file any accounting or seek approval of any court with respect to the administration of the CEP Liquidating Trust, or as a condition for making any payment or distribution out of the Trust Assets. Beneficiaries shall have the right upon thirty (30) days' prior written notice delivered to the Liquidating Trustee to inspect such books and records, provided that, if so requested, such Beneficiary shall have entered into a confidentiality agreement satisfactory in form and substance to the Liquidating Trustee.;

(i) retain or engage, without the necessity of obtaining any approval from the Bankruptcy Court, such employees, independent contractors, professional persons, and agents as are appropriate, necessary or desirable to complete (i) disbursements to Beneficiaries of the CEP Liquidating Trust and (ii)

the general administration of the CEP Liquidating Trust as required by this Agreement and applicable law;

(j) incur any reasonable and necessary expenses on behalf of the CEP Liquidating Trust in carrying out the Liquidating Trustee's obligations and responsibilities on behalf of the CEP Liquidating Trust and make ordinary and reasonable disbursements from Trust Assets to pay the ordinary and necessary expenses of administering the CEP Liquidating Trust, without the necessity of providing any notice or seeking or obtaining any approval of the Bankruptcy Court with respect to such disbursements;

(k) make interim and final disbursements of the Trust Assets to the Beneficiaries of the CEP Liquidating Trust in accordance with the terms of this Agreement, the Plan and applicable law;

(l) execute, deliver, file and/or record such contracts, instruments, releases, indentures, and other agreements or documents, and to take such actions, as may be necessary, desirable or appropriate to administer the CEP Liquidating Trust;

(m) prepare and file tax and informational returns on behalf of the CEP Liquidating Trust as required by applicable federal, state and local law, and in accordance with the terms of this Agreement;

(n) file with the Bankruptcy Court and/or the Office of the United States Trustee the reports and other documents required by the Plan or otherwise required to close the Cases;

(o) take any and all actions required in connection with the Pension Plans, including, but not limited to, their standard termination or distressed termination, as necessary;

(p) notwithstanding any other provisions of the Plan or this Agreement, to pay any and all fees of the Office of the United States Trustee as and when such fees become due, which payments shall be paid by the Liquidating Trustee from the Trust Assets; and

(q) take all other actions not inconsistent with the provisions of the Plan or the Agreement that the Liquidating Trustee deems reasonably necessary or desirable in connection with the administration of the CEP Liquidating Trust.

**E. Additional Powers.** Except as otherwise set forth in this Agreement or in the Plan, and subject to the retained jurisdiction of the Bankruptcy Court as provided for in the Plan, but without prior or further authorization, the Liquidating Trustee may control and exercise authority over the Trust Assets and over the protection, conservation and disposition thereof. No person dealing with the CEP Liquidating Trust shall be obligated to inquire into the authority of the Liquidating Trustee in connection with the protection, conservation or disposition of the

Trust Assets. It is intended that a signed copy of this Agreement serve as adequate proof of the Liquidating Trustee's authority to act if such proof is required for any reason by any third party.

**F. Limitation of Liquidating Trustee's Authority.**

1. No Trade or Business. The Liquidating Trustee shall not, and shall not be authorized to, engage in any trade or business with respect to the Trust Assets or any proceeds therefrom except to the extent reasonably necessary or appropriate to, and consistent with, the liquidating purpose of the CEP Liquidating Trust and the Liquidating Trustee shall take such actions consistent with the prompt orderly liquidation of the Trust Assets as are required by applicable law and consistent with the treatment of the CEP Liquidating Trust as a CEP Liquidating Trust under Treasury Regulation § 301.7701-4(d) and Revenue Procedure 94-45 (or any subsequent Revenue Procedures that may be issued), and such actions permitted herein.

2. Released Claims. The Liquidating Trustee shall not have any authority to pursue any Claims and/or Causes of Action waived, exculpated or released in accordance with the provisions of the Plan or Final Order of the Bankruptcy Court.

3. Investment and Safekeeping of the Trust Assets. All Trust Assets received by the CEP Liquidating Trust shall, until distributed or paid over as herein provided, be held in trust for the benefit of the Beneficiaries, but need not be segregated unless and to the extent required by applicable law or by the Plan. The Liquidating Trustee shall be under no liability for interest or producing income on any Trust Assets received by the CEP Liquidating Trust hereunder and held for distribution or payment to the Beneficiaries. Investments of any Trust Assets held by the CEP Liquidating Trust shall be administered in a manner in which individuals of ordinary prudence, discretion and judgment would act in the management of their own affairs; provided, however, that the right and power of the Liquidating Trustee to invest the Trust Assets, the proceeds thereof, or any income earned by the CEP Liquidating Trust, shall be limited to the right and power to invest such assets (pending periodic distributions in accordance with this Section II.F.3 hereof) in demand and time deposits, such as short-term certificates of deposit, in banks or other savings institutions, or other temporary liquid investments, such as Treasury bills; and, provided, further, that the scope of any such permissible investments shall be limited to include only those investments that a CEP Liquidating Trust, within the meaning of Treasury Regulation § 301.7701-4(d) and Revenue Procedure 94-45 (or any subsequent Revenue Procedures that may be issued), may be permitted to hold, pursuant to the Treasury Regulations, or any modification in the IRS guidelines, whether set forth in IRS rulings, other IRS pronouncements or otherwise.

4. Limiting Transfers. The Liquidating Trustee shall not take, or cause the CEP Liquidating Trust to take, any action that would cause the interests in the CEP Liquidating Trust to be considered readily tradable on a secondary market (or a substantial equivalent thereof) within the meaning of Section 7704(b)(2) of the IRS Code, and Treasury Regulations § 1.7704-1(c), and the Liquidating Trustee shall not permit any transfer of an interest in the CEP Liquidating Trust if it would cause the CEP Liquidating Trust (were it be classified as a partnership rather than a grantor trust) to be treated as a "publicly traded partnership" as defined in IRS Code § 7704.



**G. Liability of Liquidating Trustee.** In no event shall the Liquidating Trustee, the Liquidating Trustee's officers, employees, independent contractors or any of the Liquidating Trustee's professionals, agents or representatives (or their designees) be held personally liable for any claim asserted against the CEP Liquidating Trust, the Liquidating Trustee, the Liquidating Trustee's officers, employees, independent contractors and/or any of the Liquidating Trustee's professionals, agents or representatives (or their designees), except to the extent occasioned by or based their upon their own fraud, willful misconduct or gross negligence. Specifically, the Liquidating Trustee, the Liquidating Trustee's officers, employees, independent contractors or any of the Liquidating Trustee's professionals, agents or representatives (or their designees) shall not be liable for any negligence or any error of judgment in either case made in good faith, in the exercise of its or their business judgment or with respect to any action taken or omitted to be taken in good faith, except to the extent that the action taken or omitted to be taken by the Liquidating Trustee, the Liquidating Trustee's officers, employees, independent contractors or any of the Liquidating Trustee's professionals, agents or representatives (or their designees) is determined by a Final Order of a court of competent jurisdiction to be due to their own respective fraud, gross negligence or willful misconduct.

**H. Reliance by Liquidating Trustee.** Except as otherwise provided in Section II.F hereof:

1. The Liquidating Trustee may rely, and shall be protected in acting upon, any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order or other paper or document believed by the Liquidating Trustee to be genuine and to have been signed or presented by the proper party or parties;

2. The Liquidating Trustee may consult with legal counsel, financial or accounting advisors and other professionals, and the Liquidating Trustee shall not be liable for any action taken or omitted to be taken by him in accordance with the advice thereof; and

3. All persons or entities hired by, retained by, doing business with or otherwise dealing with the Liquidating Trustee shall look only to the Trust Assets to satisfy any liability incurred by the Liquidating Trustee on behalf of the CEP Liquidating Trust to such persons or entities in carrying out the terms of this Agreement, and the Liquidating Trustee shall have no personal obligation to satisfy any such liability, except to the extent such liability or obligation arises as a result of the fraud, gross negligence or willful misconduct of the Liquidating Trustee as determined in accordance with Section II.G of this Agreement, in which case the Trust Assets shall not be subject to such claims or liabilities.

**I. Authorization to Expend Trust Assets.** The Liquidating Trustee may expend the Trust Assets (i) to pay expenses of administration of the CEP Liquidating Trust (including, but not limited to, the fees and expenses of the Liquidating Trustee, its officers, employees, and independent contractors and any of its professionals, agents or representatives, any taxes imposed on the CEP Liquidating Trust or in respect of the Trust Assets, and any fees and expenses incurred in connection with any Causes of Action), and (ii) to satisfy other liabilities incurred or assumed by the CEP Liquidating Trust (or to which the assets are otherwise subject) in accordance with this Agreement or the Plan.

**J. Compensation of the Liquidating Trustee.**

1. The costs and expenses of the CEP Liquidating Trust, including the fees and expenses of the Liquidating Trustee and its retained professionals, shall be paid out of the CEP Liquidating Trust. Such costs and expenses shall be treated as administrative expenses of the Estates, having, however, a first priority in right of distribution, and without the need for Bankruptcy Court authorization or entry of a Final Order. The Liquidating Trustee shall retain such amounts as are reasonably necessary (at the discretion of the Liquidating Trustee) to meet the future fees and expenses of interest in administering the CEP Liquidating Trust in the Liquidation Expense Reserve Account.

2. The Liquidating Trustee shall be entitled to reasonable compensation, which shall be on economic terms agreeable to the Committee and established prior to the Effective Date. The compensation payable to the Liquidating Trustee shall be treated consistent with this section. The Liquidating Trustee, and the officers, employees and independent contractors of the Liquidating Trustee shall be entitled to receive compensation at their standard hourly rates, which rates currently range from \$200 per hour to \$450 per hour and which rates are subject to periodic adjustments, for services rendered on behalf of the CEP Liquidating Trust.

3. All compensation and other amounts payable to the Liquidating Trustee shall be paid from the Trust Assets. If the cash in the CEP Liquidating Trust shall be insufficient to compensate and reimburse the Liquidating Trustee, as the case may be, for any amounts to which he is entitled hereunder, then the Liquidating Trustee is hereby authorized to reduce to cash in a commercially reasonable manner that portion of the Trust Assets necessary so as to effect such compensation and reimbursement.

**K. Exculpation; Indemnification.** From and after the Effective Date, the Liquidating Trustee, the Liquidating Trustee's officers, employees, independent contractors, or any of the Liquidating Trustee's professionals, agents or representatives (or their designees) shall be and hereby are exculpated by all persons, and entities including, without limitation, holders of Claims against the Debtors, CEP Mexico and other parties in interest, from any and all claims, causes of action and other assertions of liability arising out of the discharge of the powers and duties conferred upon the Liquidating Trustee by this Agreement, the Plan or any order of the Bankruptcy Court entered pursuant to or in furtherance of the Plan or this Agreement, or applicable law or otherwise, except only for actions or omissions to act only to the extent determined by a Final Order of a court of competent jurisdiction to be due to the fraud, gross negligence or willful misconduct of the Liquidating Trustee, the Liquidating Trustee's officers, employees, independent contractors, or any of the Liquidating Trustee's professionals, agents or representatives (or their designees) after the Effective Date. No holder of a Claim against the Debtors, CEP Mexico or any other party in interest will have or be permitted to pursue any claim or cause of action against the Liquidating Trustee, the CEP Liquidating Trust or the Liquidating Trustee's officers, employees, independent contractors, professionals, agents or representatives (or their designees) for making payments in accordance with the Plan or this Agreement or for implementing the provisions of the Plan or this Agreement except in cases of fraud, gross negligence or willful misconduct. The CEP Liquidating Trust shall indemnify, defend and hold harmless the Liquidating Trustee, the Liquidating Trustee's officers, employees, independent contractors and any of the Liquidating Trustee's professionals, agents or representatives (or their

designees) from and against any and all claims, causes of action, liabilities, obligations, losses, damages or expenses (including attorneys' fees) (except to the extent determined by a Final Order of a court of competent jurisdiction to arise out of the fraud, gross negligence or willful misconduct of the Liquidating Trustee, or any of the Liquidating Trustee's officers, employees, independent contractors, or any of the Liquidating Trustee's professionals, agents or representatives (or their designees) but this parenthetical shall only apply to those individuals or entities to which such finding or findings of fraud, gross negligence or willful misconduct shall have been made) to the fullest extent permitted by applicable law. Any action taken or omitted to be taken with the approval of the Bankruptcy Court will conclusively be deemed not to constitute fraud, gross negligence or willful misconduct.

**L. Confidentiality.** The Liquidating Trustee shall, and shall cause the Liquidating Trustee's officers, employees, independent contractors or any of the Liquidating Trustee's professionals, agents or representatives (or their designees) to, during the period that the Liquidating Trustee serves as Liquidating Trustee under this Agreement hold strictly confidential and not use for personal gain any material, non-public information of or pertaining to the Debtors, CEP Mexico or any Beneficiary or any entity to which any of the Trust Assets relate or of which the Liquidating Trustee has become aware in its capacity as such, other than in connection with the Liquidating Trustee carrying out the objectives and purposes of the CEP Liquidating Trust.

**M. Final Decree.** It shall be the duty of the Liquidating Trustee to seek and obtain a final decree or decrees from the Bankruptcy Court in the Cases upon full administration of the CEP Liquidating Trust, and with respect to the other Debtors as soon as reasonably practicable after the Effective Date of the Plan.

**N. Termination.** The duties, responsibilities and powers of the Liquidating Trustee will terminate on the date the CEP Liquidating Trust is dissolved under applicable law in accordance with the Plan and this Agreement, or by an Order of the Bankruptcy Court or by entry of a final decree closing the Cases, whichever date is later

## SECTION III

### BENEFICIARIES

**A. Identification of Beneficiaries.** To determine the actual names, addresses and tax identification numbers of the Beneficiaries, the Liquidating Trustee shall be entitled to conclusively rely on the names, addresses and tax identification numbers in the records maintained by BMC. If a Beneficiary has not filed a proof of claim or request for Administrative Expense Claim, or provided written notice indicating such information, the Liquidating Trustee shall be entitled to conclusively rely on the names, addresses and tax identification numbers reflected in the applicable Schedules or, if more recent, contained in the Debtors' records. Each Beneficiary's right to distribution from the CEP Liquidating Trust shall be that accorded to such Beneficiary under the Plan. Each distribution by the Liquidating Trustee to the Beneficiaries shall be made in accordance with the Plan and terms set forth herein.

**B. Withholding.** The Liquidating Trustee shall withhold from the amounts distributable to the Beneficiaries from the Trust Assets at any time such sum or sums as may be required to be withheld under the applicable income tax laws of the United States or of any state or political subdivision thereof. Notwithstanding any other provision of this Agreement or the Plan, each Beneficiary receiving a distribution or payment from the CEP Liquidating Trust shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit on account of such distribution or payment.

**C. Tax Identification Numbers.** The Liquidating Trustee shall require any Beneficiary to furnish to the Liquidating Trustee its tax identification number as assigned by the IRS and the Liquidating Trustee may condition any distribution to any Beneficiary upon receipt of such tax identification number.

## SECTION IV

### DISTRIBUTIONS

**A. Disputed Claim Reserve.** The Liquidating Trustee shall maintain, in accordance with the Liquidating Trustee's powers and responsibilities under the Plan and this Agreement, a Disputed Claim Reserve; provided, however, that the Liquidating Trustee may not retain cash or cash equivalents in excess of a reasonable amount to meet any claims or contingent liabilities (including the Disputed Claims), to maintain the value of the Trust Assets during liquidation or to pay unpaid and estimated or anticipated future expenses of the CEP Liquidating Trust. Such amounts (net of any expenses, including any taxes, of the escrow relating thereto) shall be distributed, as provided herein and in the Plan, after such Disputed Claims are resolved.

**B. Application of Trust Assets.** The Liquidating Trustee on behalf of the CEP Liquidating Trust shall apply all other cash constituting Trust Assets and any proceeds therefrom in the order and reflecting the priorities set forth below:

**FIRST**, to pay all the costs and expenses of the CEP Liquidating Trust including, without limitation, funding of the Liquidation Expense Reserve Account for the

post-confirmation fees and expenses and any and all costs, expenses and liabilities incurred by the Liquidating Trustee in connection with the performance of his duties under this Agreement, including the payment of any professionals, agents or other representatives (and designees) retained by the Liquidating Trustee.

**SECOND**, to the holders of Allowed Claims, classified and unclassified under the Plan in accordance with the terms and conditions of the Plan.

Notwithstanding anything to the contrary in this Section IV, prior to making any distribution to Class 4 Claims under the Plan, the Liquidating Trustee may retain such amounts (i) to pay estimated expenses of administration (including, but not limited to, the fees and expenses of the Liquidating Trustee, any taxes imposed on the CEP Liquidating Trust or in respect of the assets of the CEP Liquidating Trust, and fees and expenses in connection with litigation), (ii) to satisfy other liabilities incurred or assumed by the CEP Liquidating Trust (or to which the Trust Assets are otherwise subject), all for the term of the CEP Liquidating Trust and in accordance with this Agreement or the Plan, and (iii) to satisfy the post-confirmation fees and expenses detailed in the Plan; provided, however, that, from the net amount distributable, the Liquidating Trustee may reserve, in accordance with the provisions of Sections IV.D and IV.E hereof, such amounts necessary for the Disputed Claim Reserve.

The CEP Liquidating Trust hereby grants to the Liquidating Trustee a first-priority lien on and security interest in the Trust Assets to secure the payment of all amounts owed to, accrued or reserved on account of, the Liquidating Trustee or any persons or entities, including, but not limited to, professionals, to be retained by the Liquidating Trustee hereunder or otherwise due hereunder. The CEP Liquidating Trust agrees to take such actions and execute such documents as the Liquidating Trustee deems appropriate to perfect the Liquidating Trustee's lien and security interest hereunder. The Liquidating Trustee is authorized to execute and deliver all documents on behalf of the CEP Liquidating Trust and the Liquidating Trustee to accomplish the purposes of this Agreement and the Plan.

**C. Distribution.** The CEP Liquidating Trust shall distribute at least annually and in accordance with the Plan and the Agreement to the Beneficiaries all net cash recoveries plus all net cash proceeds from the liquidation of the Trust Assets (including as cash for this purpose, all cash equivalents) in accordance with this Section, except that the CEP Liquidating Trust may retain an amount of net proceeds or net income reasonably necessary to maintain the Liquidation Expense Reserve Account and the Disputed Claim Reserve. Notwithstanding any other provision of this Agreement or the Plan to the contrary, distributions or payments may be deferred or delayed in the discretion of the Liquidating Trustee for a reasonable time in the event that such deferral is necessary to permit investments to reach maturity, in the event that additional time is needed to make a proper distribution or payment, or in the event that the receipt of additional funds is necessary to make meaningful payments.

**D. Undeliverable, Unclaimed and Returned Distributions.**

1. If any distribution or payment to a Beneficiary is returned to the CEP Liquidating Trust as undeliverable, no further distributions or payments will be made to such Beneficiary, and such Beneficiary will not be entitled to any further distributions or payments, unless and until the Liquidating Trustee is notified in writing of such Beneficiary's correct address. If any check issued to a Beneficiary in respect of a distribution or payment from the CEP Liquidating Trust remains outstanding for more than ninety (90) days following the date of such check, no further distributions or payments will be made to such Beneficiary, and such Beneficiary will not be entitled to any further distributions or payments. Nothing contained in this Agreement or the Plan shall require the Debtors, CEP Mexico, the Liquidating Trustee, or any of their respective agents, employees, attorneys or professionals to attempt to locate any Beneficiary.

2. Notwithstanding anything in this Agreement or the Plan to the contrary, any Beneficiary of an undeliverable distribution or payment who does not assert an entitlement to such distribution or payment before ninety (90) days after the later of (i) the Effective Date and (ii) the date of mailing of the undelivered Distribution or payment shall have its remaining unpaid Claim discharged and shall be forever barred from asserting any such Claim against the CEP Liquidating Trust, the Debtors, CEP Mexico or the Estates. Any unclaimed Cash held by the CEP Liquidating Trust on account of such unclaimed, undeliverable distributions or payments and any investment yields thereon, as of the expiration of the time limit set forth in this paragraph shall become the property of the CEP Liquidating Trust.

3. **No Interest on Claims.** Except as set forth in a Final Order of the Bankruptcy Court, no Beneficiary shall be entitled to interest accruing on or after the Petition Date on a Claim, however, funds held by the Liquidating Trustee for the benefit of Beneficiaries will accrue interest and such interest will inure to the benefit of the Beneficiaries. Except as otherwise provided in a Final Order of the Bankruptcy Court, interest shall not accrue or be paid on any Disputed Claim with respect to the period from the Petition Date to the date a final distribution or payment is made thereon if and after any such Disputed Claim, or any part thereof, becomes an Allowed Claim, provided, however, that Reserve Income will inure to the benefit of holders of Disputed Claims that become Allowed Claims.

**E. Rounding.** Whenever any payment of a fraction of a dollar would otherwise be called for, the actual payment shall reflect a rounding of such fraction down to the nearest whole dollar.

**F. Setoffs.** Pursuant to section 553 of the Bankruptcy Code and applicable non-bankruptcy law, the Liquidating Trustee may set off or recoup against any Allowed Claim and the distributions to be made thereon pursuant to this Agreement and the Plan, the claims, rights and Causes of Action of any nature that the Estates, the Debtors, CEP Mexico or the CEP Liquidating Trust may hold against such Beneficiary prior to any distribution on account of such Allowed Claim. The Liquidating Trustee's election not to exercise such setoff or recoupment rights, pursuant to this provision, shall not constitute a waiver of or in any way affect such claims, rights and Causes of Action which the Estates, the Debtors, CEP Mexico or the Liquidating Trustee may possess against such Beneficiary. To the extent that the amount of the Estates', the Debtors', CEP Mexico's or the Liquidating Trustee's claim, right or Cause of Action exceeds the amount of the Allowed Claim or distribution against which it is set off, the

Liquidating Trustee shall reserve their right to recover the full amount of such excess from such Beneficiary.

**G. De minimis Distributions.** If the amount due any Beneficiary would result in a distribution or payment in an amount less than fifty dollars (\$50.00), such Beneficiary shall not receive such distribution or payment.

**H. Taxes.** The Liquidating Trustee will comply with all tax withholding and reporting requirements imposed by all governmental entities, and all distributions or payments pursuant to this Agreement and the Plan will, to the extent applicable, be subject to such withholding and reporting requirements. The Liquidating Trustee shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. Notwithstanding any other provision of this Agreement or the Plan, each entity receiving a distribution or payment pursuant to this Agreement or the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution or payment. Pending the implementation of satisfactory arrangements and/or mechanisms to comply with the requirements of this Section, any distribution or payment to be made pursuant to the Plan shall be treated as undeliverable.

**I. Compliance with Laws.** Any and all distributions or payments of Trust Assets shall be in compliance with applicable laws, including, but not limited to, applicable federal and state securities laws.

**J. Final Disbursements of CEP Liquidating Trust and Unclaimed Property After the Final Disbursement Date.** The Liquidating Trustee is authorized to terminate the CEP Liquidating Trust in accordance with the terms of this Agreement and the Plan when the Liquidating Trustee determines that no further disbursements of the respective assets of the CEP Liquidating Trust are possible, among other conditions.

**K. Estate Representatives.** Pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, the Liquidating Trustee shall serve as the representative of the Estates, CEP Mexico and the CEP Liquidating Trust on and following the Effective Date.

## SECTION V

### SUCCESSOR TRUSTEES

**A. Removal.** The Liquidating Trustee may only be removed by order of the Bankruptcy Court, for cause, including: (a) fraud, gross negligence or willful misconduct in connection with the affairs of the CEP Liquidating Trust; (b) physical or mental disability that substantially prevents the Liquidating Trustee from performing the duties as Liquidating Trustee hereunder; (c) breach of fiduciary duty; or (d) failure, in good faith judgment of the Committee, to reasonably perform the duties as Liquidating Trustee hereunder.

**B. Resignation.** The Liquidating Trustee may resign by giving not less than sixty (60) days' prior written notice thereof to the Committee and the Bankruptcy Court. Such resignation shall become effective on the later to occur of (i) the date specified in such notice and

(ii) the selection of a Successor Trustee (defined herein) and the acceptance by such Successor Trustee of such appointment, unless otherwise ordered by the Bankruptcy Court.

**C. Appointment of Successor Trustee.** In the event of the death, resignation or removal of the Liquidating Trustee, the Committee shall appoint a successor to the Liquidating Trustee (“Successor Trustee”). Notice of any Successor Trustee shall be filed with the Bankruptcy Court and provided to the Beneficiaries. Any Successor Trustee appointed hereunder shall execute an instrument accepting such appointment hereunder and shall file such acceptance with the CEP Liquidating Trust’s records. Thereupon, such Successor Trustee shall, without any further act, become vested with all the Trust Assets, properties, rights, powers, trusts and duties of his or her or its predecessor in the CEP Liquidating Trust with like effect as if originally named herein; provided, however, that a removed or resigning trustee shall, nevertheless, when requested in writing by the Successor Trustee, execute and deliver an instrument or instruments conveying and transferring to such Successor Trustee under the CEP Liquidating Trust all of the rights in connection with the Trust Assets, properties, rights, powers, trusts and duties of such predecessor trustee.

**D. Trust Continuance.** The death, resignation or removal of the Liquidating Trustee shall not operate to terminate the CEP Liquidating Trust created by this Agreement or revoke any existing agency (other than the agency of such Liquidating Trustee as Liquidating Trustee) created pursuant to the terms of this Agreement or invalidate any action therefore taken by the Liquidating Trustee. The Liquidating Trustee agrees that the provisions of this Agreement shall be binding on or inure to the benefit of any Successor Trustee.

**E. Turnover of Documents.** Upon the resignation or removal of the Liquidating Trustee, the Liquidating Trustee shall promptly: (a) execute and deliver, by the effective date of resignation or removal, all such documents, instruments, and other writings as may be required to effect the termination of the Liquidating Trustee’s capacity under this Agreement and conveyance of the Trust Assets there held by the Liquidating Trustee to the Successor Trustee; (b) deliver to the Successor Trustee all documents, instruments, books, records and other writings relating to the CEP Liquidating Trust as may be in the possession or under control of the Liquidating Trustee; and (c) otherwise assist and cooperate in effecting the assumption of the rights, powers, duties and obligations under this Agreement by the Successor Trustee.



## SECTION VI

### REPORTING

**A. Tax and Other Reports.** As soon as practicable after the end of each calendar year, and as soon as practicable upon termination of the CEP Liquidating Trust, the Liquidating Trustee shall submit to the Bankruptcy Court a written report including: (i) financial statements of the CEP Liquidating Trust at the end of such calendar year or period and the receipts and disbursements of the CEP Liquidating Trust for such period; (ii) a description of any action taken by the Liquidating Trustee in the performance of his duties, which materially and adversely affects the CEP Liquidating Trust and of which notice has not previously been given to the Beneficiaries; and (iii) subject to Section VI.B hereof, a separate statement for each Beneficiary setting forth the holder's share of items of income, gain, loss, deduction or credit and instructing all such holders to report such items on their federal income tax returns. The Liquidating Trustee shall promptly submit additional appropriate reports to the Bankruptcy Court and whenever an adverse material event or change occurs which effects either the CEP Liquidating Trust or the rights of the Beneficiaries hereunder.

#### **B. Federal Income Tax.**

1. Grantor Trust Status. Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the issuance of applicable Treasury Regulations, the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidating Trustee), the Liquidating Trustee shall file returns for the CEP Liquidating Trust as a grantor trust pursuant to Treasury Regulation § 1.671-1 through 4(a).

2. Allocations of CEP Liquidating Trust Taxable Income. All of the CEP Liquidating Trust's income is subject to tax on a current basis, regardless of whether the Liquidating Trustee has established a reserve for Disputed Claims. Subject to the provisions of Section VI.B.1 hereof, allocations of CEP Liquidating Trust taxable income among Beneficiaries shall be determined by reference to the manner in which an amount of cash equal to such taxable income would be distributed (without regard to any restriction on distributions described herein) if, immediately prior to such deemed distribution, the CEP Liquidating Trust had distributed all of its other assets (valued for this purpose at their tax book value) to Beneficiaries (treating to the extent determined by the Liquidating Trustee in his sole discretion, any holder of a Disputed Claim against the Debtors, for this purpose, as a current Beneficiary entitled to distributions), taking into account all prior and concurrent distributions from the CEP Liquidating Trust (including all distributions held in reserve pending the resolution of Disputed Claims). Similarly, taxable losses of the CEP Liquidating Trust will be allocated among Beneficiaries by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Trust Assets. The tax book value of the Trust Assets on the Effective Date for this purpose shall be as set forth in the liquidation analysis attached to the Disclosure Statement, or, if acquired later, the fair market value of such assets on the date such assets were acquired by the CEP Liquidating Trust, adjusted in either case in accordance with tax accounting principles prescribed by the IRS Code, the regulations promulgated thereunder and other applicable administrative and judicial authorities and pronouncements.

C. **Other.** The Liquidating Trustee shall also file (or cause to be filed) any other statements, returns or disclosures relating to the CEP Liquidating Trust, that are required to be filed by any applicable governmental unit or under applicable law, guidelines, rules and regulations.

## SECTION VII

### TRANSFER OF BENEFICIARY'S INTERESTS

A. **Transfer of Beneficial Interests.** Each of the Beneficiaries may sell, transfer, assign or otherwise dispose of directly or indirectly ("Transfer"), the beneficial interests owned by it; provided, however, that (a) such Transfer does not subject the CEP Liquidating Trust to the resignation requirements of either the Securities and Exchange Act of 1934, as amended, or the Investment Company Act of 1940, as amended; (b) any such Transfer is not carried out on a national security exchange or system of automated dissemination of quotations of securities prices; (c) the CEP Liquidating Trust will not participate in the establishment of a market for its beneficial interests or the inclusions beneficial interests thereon, nor will it recognize any transaction made on such market for any purpose that could subject the CEP Liquidating Trust to entitle level taxation for state and federal income tax purposed or affect the CEP Liquidating Trust tax status for state or federal income tax purposes; and (d) upon the closing of any such Transfer, in writing, of such transfer and a new address for the transfer, provided, however, that failing such notice, the Liquidating Trustee shall not have any legal obligation to recognize the transferee as the legal owner of the beneficial interest.

## SECTION VIII

### MISCELLANEOUS PROVISIONS

A. **Amendment; Waiver.** This Agreement cannot be amended, waived, modified or changed after the Effective Date without prior consent of the Liquidating Trustee and the Committee; provided, however, that in no event shall a change be made to this Agreement that would be inconsistent with the Plan or adversely affect the federal income tax status of the CEP Liquidating Trust as a "grantor trust."

B. **Intention of Parties to Establish Grantor Trust.** This Agreement is intended to create a "liquidating trust", as defined in Treasury Regulations § 301.7701-4(d), to be taxed as a grantor trust for federal income tax purposes and, to the extent provided by law, shall be governed and construed in all respects as a grant or trust.

C. **Preservation of Privilege.** In connection with the rights, claims, and Causes of Action that constitute the Trust Assets, any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents, work-product or communications (whether written or oral) transferred to the CEP Liquidating Trust shall vest in the CEP Liquidating Trust and its representatives, and the Debtors, CEP Mexico and the Liquidating Trustee are authorized to take all necessary actions to effectuate the transfer of such privileges.

**D. Cooperation.** The Debtors and CEP Mexico shall each respectively provide the Liquidating Trustee with copies of such of their books and records as the Liquidating Trustee shall reasonably require for the purpose of performing his duties and exercising his powers hereunder.

**E. Laws as to Construction.** This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to rules governing the conflict of law.

**F. Relationship to Plan.** The principal purpose of this Agreement is to aid in the implementation and effectuation of the Plan, and therefore, is subject to the provisions of the Plan. In the event of a conflict between the Plan and this Agreement, this Agreement shall control.

**G. Severability.** If any provision of this Agreement or the application thereof to any person or circumstance shall be finally determined by a court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and such provision of this Agreement shall be valid and enforced to the fullest extent permitted by law unless this Agreement, as modified, will no longer effectuate the intent of the parties hereto in all material respects.

**H. Disposition of the Committee.** The Committee shall disband and be released of its duties and obligations on the Effective Date. Any rights or duties of the Committee under this Agreement shall be exercised by the co-chairs of the Committee existing as of the Confirmation Date, and which Committee co-chairs shall continue to take all actions required of the Committee as of the Effective Date. The Liquidating Trustee (on behalf of the CEP Liquidating Trust) shall be permitted to retain the professionals of the Committee.

**I. Professionals of the Liquidating Trustee.** The Liquidating Trustee shall retain McGuireWoods LLP as counsel to the CEP Liquidating Trust. The Liquidating Trustee may employ and retain such other professionals as the Liquidating Trustee deems necessary and appropriate. Such professionals shall be paid from the Liquidation Expense Reserve Account in accordance with this Agreement.

**J. Retention of Jurisdiction; Venue.** The Bankruptcy Court shall retain jurisdiction over any dispute pertaining to this Agreement to the fullest extent permitted under applicable law and the Plan. In the event that the Bankruptcy Court lacks jurisdiction or fails or refuses to exercise jurisdiction, the parties agree to bring any claims or causes of action arising out of, relating to or in connection with the Agreement in the United States District Court for the Northern District of Ohio, and hereby irrevocably submit to the jurisdiction of such Court. The parties hereto irrevocably waive any objection to the laying of venue in any action, suit or proceeding arising out of, relating to or in connection with this Agreement that is brought in the aforementioned Court and further waive any claim of forum non conveniens.

**K. Notices.** Any notice or other communication hereunder shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if deposited, postage prepaid,

in a post office or letter box addressed to the person for whom such notice is intended at such address as set forth below or such other address as filed with the Bankruptcy Court.

If to the Debtors, the CEP Liquidating Trust or the Liquidating Trustee, or the Committee:

Debtors:

c/o Joseph F. Hutchinson, Jr., Esq.  
BAKER & HOSTETLER LLP  
3200 National City Center  
1900 East 9<sup>th</sup> Street  
Cleveland, OH 44114

CEP Liquidating Trust or the Liquidating Trustee:

Shaun M. Martin  
Huron Consulting Group  
623 Fifth Avenue, 15<sup>th</sup> Floor  
New York, NY 10022

Committee:

c/o Mark E. Freedlander, Esq.  
Sally E. Edison, Esq.  
McGuireWoods LLP  
Dominion Tower, 23<sup>rd</sup> Floor  
625 Liberty Avenue  
Pittsburgh, PA 15222

**L. Notices if to a Beneficiary.** Any notice or other communication hereunder shall be in writing and shall be deemed to have been sufficiently given, for all purposes, if deposited, postage prepaid, in a post office or letter box addressed to the person for whom such notice is intended to the name and address determined in accordance with Section III.A hereof.

**M. Headings.** The section headings contained in this Agreement are solely for convenience of reference and shall not affect the meaning or interpretation of this Agreement or of any term or provision hereof.

**N. Counterparts.** This Agreement may be executed in multiple counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument.

*[Remainder of this page intentionally left blank – signatures on following pages]*

IN WITNESS WHEREOF, the parties hereto have either executed and acknowledged this Agreement, or caused it to be executed and acknowledged on their behalf by their duly authorized officers or members all as of the date first above written.

CEP HOLDINGS, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

CREATIVE ENGINEERING POLYMER PRODUCTS, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

THERMOPLASTICS ACQUISITION, LLC

By: \_\_\_\_\_  
Its: \_\_\_\_\_

COMPOSITE PARTS MEXICO S.A. de C.V.

By: \_\_\_\_\_  
Its: \_\_\_\_\_

OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: \_\_\_\_\_  
Its: \_\_\_\_\_

LIQUIDATING TRUSTEE:

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**EXHIBIT B**

DISCLOSURE STATEMENT ORDER

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

----- X  
In re: : Case No. 06-51848  
: (Jointly Administered)  
CEP HOLDINGS, LLC, et al.,<sup>1</sup> :  
: Chapter 11  
Debtors. :  
: Honorable Marilyn Shea-Stonum  
: :  
----- X

**[PROPOSED]  
ORDER (A) APPROVING PROPOSED DISCLOSURE  
STATEMENT, (B) ESTABLISHING PROCEDURES FOR  
SOLICITATION AND TABULATION OF VOTES TO ACCEPT  
OR REJECT PROPOSED JOINT PLAN OF LIQUIDATION AND  
(C) SCHEDULING CERTAIN DATES IN CONNECTION THEREWITH**

Upon the motion (the “**Motion**”)<sup>2</sup> of CEP Holdings, LLC and its affiliated debtors and debtors in possession (each a “**Debtor**” and collectively, the “**Debtors**” or “**CEP**”) and the Official Committee of Unsecured Creditors (the “**Creditors’ Committee**”) in the above-

<sup>1</sup> The Debtors are: CEP Holdings, LLC, Creative Engineered Polymer Products, LLC and Thermoplastics Acquisition, LLC.

<sup>2</sup> Capitalized terms not otherwise defined herein shall have the meanings given to them in the Motion.

captioned Chapter 11 cases (the “**Cases**”), for entry of an order, pursuant to sections 502, 1125, 1126 and 1128 of the Bankruptcy Code and Bankruptcy Rules 2002, 3003, 3016, 3017, 3018 and 3020, (i) approving the Disclosure Statement, (ii) establishing procedures for the solicitation and tabulation of votes to accept or reject the Plan and (iii) scheduling a hearing on the approval of the Disclosure Statement and on the confirmation of the Plan and approving related notice procedures; the Court having reviewed the Motion, having received evidence and having heard the statements of counsel in support of the relief requested therein at a hearing before the Court (the “**Hearing**”); and the Court having determined that the legal and factual bases set forth in the Motion and at the Hearing establish just cause for the relief granted herein;

THE COURT FINDS THAT:

- A. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334.
- B. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).
- C. Notice of the Motion and the Hearing, made in the manner described in the Motion, was sufficient and appropriate under the circumstances and complied with the requirements of the Bankruptcy Code and the Bankruptcy Rules.
- D. The Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code.
- E. The relief requested in the Motion and granted herein is warranted under the circumstances and is in the best interests of the Debtors’ respective estates.
- F. The form of the ballots attached to the Motion as **Exhibit B** (collectively and including the Instructions set forth therein, the “**Ballots**”) (1) are consistent with Official Form No. 14, (2) adequately address the particular needs of these Cases, (3) are appropriate for each



class of claims or interests entitled to vote to accept or reject the Plan and (4) comply with Bankruptcy Rule 3017(d).

G. Ballots need not be provided to holders of claims and interest in Classes 2, 3 and 5 under the Plan because: (1) Classes 2 and 3 are unimpaired and are conclusively presumed to accept the Plan in accordance with section 1126(f) of the Bankruptcy Code; and (2) holders of claims and interests in Class 5 under the Plan will not retain or receive any property under the Plan, and therefore, this class is deemed to reject the Plan in accordance with section 1126(g) of the Bankruptcy Code.

H. Because the Plan calls for the substantive consolidation of the Debtors for purposes of voting on the Plan and distributions under the Plan, solicitation and balloting on the Plan on a consolidated basis is appropriate.

I. The period during which the Debtors may solicit votes to accept or reject the Plan, as established by this Order, provides a sufficient time for creditors to make informed decisions to accept or reject the Plan and submit timely Ballots.

J. The procedures for the solicitation and tabulation of votes to accept or reject the Plan, as approved herein, provide a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

K. The contents of the Solicitation Packages and the procedures for providing notice of the Confirmation Hearing and the other matters set forth in the Confirmation Hearing Notice comply with the Bankruptcy Rules 2002 and 3017 and constitute sufficient notice to all interested parties in accordance with the Bankruptcy Code and the Bankruptcy Rules.

IT IS HEREBY ORDERED THAT:

1. The Motion is GRANTED in its entirety.

2. The Disclosure Statement is APPROVED, pursuant to section 1125 of the Bankruptcy Code.

3. The Debtors and the Creditors' Committee are granted authority to make non-substantive modifications to the Disclosure Statement and the Plan prior to dissemination of the Disclosure Statement and the Plan.

4. The Ballots substantially in the forms attached to the Motion as **Exhibit B**, including the Instructions attached to each Ballot, are APPROVED. The appropriate Ballots shall be distributed to holders of claims in the following classes entitled to vote to accept or reject the Plan.

5. To be counted as votes to accept or reject the Plan, all Ballots must be properly executed, completed and delivered to BMC

6. BMC, the Debtors' solicitation and tabulation agent, by either (a) mail in the return envelope provided with each Ballot, (b) overnight courier or (c) personal delivery so that, in each case, such Ballots are received by BMC no later than 5:00 p.m., Eastern Time, on April [ ], 2007 (the "**Voting Deadline**").

7. Solely for purposes of voting to accept or reject the Plan, and not for the purpose of the allowance of, or distribution on account of, a claim and without prejudice to the rights of the Debtors or the Creditors' Committee in any other context, each claim within a class of claims entitled to vote to accept or reject the Plan shall be temporarily allowed in accordance with the following rules (the "**Tabulation Rules**"):

- a. Unless one or more of the Tabulation Rules set forth below applies and provides otherwise, a claim will be deemed temporarily allowed for voting purposes in an amount equal to: (i) the noncontingent, liquidated and undisputed amount of such claim, as set forth in the Schedules; or (ii) if a proof of claim has been timely filed in respect of such claim, the noncontingent, liquidated and undisputed amount set forth in such proof of claim.
- b. If a claim is deemed allowed in accordance with the Plan, such claim will be temporarily allowed for voting purposes in the deemed allowed amount set forth in the Plan.
- c. If a claim for which a proof of claim has been timely filed and has not been disallowed is listed or marked or otherwise referenced on its face as contingent, unliquidated or disputed, either in whole or in part, only the noncontingent, liquidated and undisputed portion, if any, of such claim will be deemed temporarily allowed for voting purposes, subject to the other Tabulation Rules, and the remaining portion of such claim will be disallowed for voting purposes.
- d. If a claim for which a proof of claim has been timely filed is marked as a priority claim, either in whole or in part, but is listed in the Schedules as a nonpriority claim or as a priority claim only in part, such claim will be temporarily allowed for voting purposes as a nonpriority claim in an amount equal to the lesser of (i) the entire amount of such claim as set forth in the proof of claim or (ii) the nonpriority claim set forth in the Schedules, provided that such claim is not listed in the Schedules or marked on the proof of claim as contingent, unliquidated or disputed.
- e. If a claim has been allowed pursuant to a stipulation approved by the Court, such claim will be deemed temporarily allowed for voting purposes in the amount set forth in the stipulation.
- f. If a claim has been estimated or otherwise allowed for voting purposes by order of the Court, such claim will be temporarily allowed for voting purposes in the amount so estimated or allowed by the Court.
- g. With respect to a claim as to which (i) the claim is (A) listed in the Schedules as contingent, unliquidated or disputed or in a zero amount or (B) not listed in the Schedules and (ii) a proof of claim was not timely filed and no stipulation allowing the claim has been approved by the Court, such claim will be disallowed for voting purposes.

- h. If the Debtors have filed and served an objection to a claim on or before the date that is 10 days after the date of service of the Confirmation Hearing Notice, such claim will be disallowed for voting purposes in accordance with the relief sought in the objection, unless the objection only seeks disallowance of part of such claim, in which event only the amount subject to the objection will be disallowed for voting purposes.
- i. If a claim holder identifies a claim amount on its Ballot that is less than the amount otherwise calculated in accordance with the Tabulation Rules, the claim will be temporarily allowed for voting purposes in the lesser amount identified on such Ballot.

8. If any claimant seeks to challenge the allowance of its claim for voting purposes in accordance with the Tabulation Rules, such claimant must file a motion, pursuant to Bankruptcy Rule 3018(a), for an order temporarily allowing such claim in a different amount or classification for purposes of voting to accept or reject the Plan (a “**Rule 3018 Motion**”) and serve such motion on counsel for the Debtors (at the address set forth in the Plan) so that it is received no later than the later of (a) the date of service of the Confirmation Hearing Notice and (b) the date of service of a notice of an objection, if any, to the underlying claim. The Debtors shall have 7 days to file and serve any responses to Rule 3018 Motions. In accordance with Bankruptcy Rule 3018, any Ballot submitted by a creditor that files a Rule 3018 Motion shall be counted solely in accordance with the Tabulation Rules and the other applicable provisions contained herein unless and until the underlying claim is temporarily allowed by the Court for voting purposes in a different amount, after notice and a hearing. The Debtors shall coordinate with the Court to adjudicate and resolve all pending Rule 3018 Motions and any responses thereto in a timely fashion and, to the extent possible, at a single hearing in advance of the Confirmation Hearing.

9. In tabulating the Ballots, the following additional procedures shall be utilized: (a) if a creditor casts more than one Ballot voting the same Claim before the Voting Deadline, the latest dated Ballot will be deemed to reflect the voter’s intent and thus will supersede any prior

Ballots; (b) creditors will be required to vote all of their claims within a particular class under the Plan either to accept or reject the Plan and may not split their votes; thus, a Ballot (or a group of Ballots within a Plan class received from a single creditor) that partially rejects and partially accepts the Plan will not be counted; and (c) for the purposes of determining whether the numerosity and claim amount requirements of sections 1126(c) and 1126(d) of the Bankruptcy Code have been satisfied, the Tabulation Agent will tabulate only those Ballots received by the Voting Deadline.

10. The Confirmation Hearing is scheduled to be conducted on [\_\_\_\_ \_], 2007 at [\_\_: \_\_].m. Eastern Time. The Confirmation Hearing may be continued from time to time by the Court without further notice other than the announcement of the adjourned date(s) at the Confirmation Hearing or any continued hearing.

11. Objections, if any, to confirmation of the Plan must: (a) be in writing; (b) state the name and address of the objecting party and the nature of the claim or interest of such party; (c) state with particularity the basis and nature of any objection to the confirmation of the Plan; and (d) be filed with the Court and served so that they are received no later than 4:00 p.m., Eastern Time, on the same date as the Voting Deadline (the “**Confirmation Objection Deadline**”) on (i) Joseph F. Hutchinson, Esq., Baker & Hostetler LLP, 3200 National City Center, 1900 East 9th Street, Cleveland, OH 44114-3485; (ii) Mark E. Freedlander, Esq., McGuireWoods LLP, 625 Liberty Avenue, 23rd Floor Dominion Tower, Pittsburgh, PA 15222; and (iii) Maria D. Giannirakis, Esq., Office of the U.S. Trustee, Howard M. Metzenbaum U.S. Courthouse, 201 Superior Ave., East, Suite 441, Cleveland, OH 44114. The Debtors or the Creditors’ Committee shall file and serve on the Interested Parties and any party that files an objection to the Plan any reply to any such objections within 2 days of the Confirmation Hearing.

12. The Confirmation Hearing Notice in substantially the form attached to the Motion as **Exhibit C** is APPROVED. The Debtors shall serve copies of the Confirmation Hearing Notice, along with the other materials comprising the Solicitation Package, in accordance with the procedures set forth below.

13. Pursuant to Bankruptcy Rule 3017(d), March [\_\_\_], 2007 shall be the record date for purposes of determining which creditors and equity holders are entitled to receive Solicitation Packages and, where applicable, vote on the Plan (the “**Record Date**”).

14. With respect to any transferred claim, the transferee shall be entitled to receive a Solicitation Package and cast a Ballot on account of such claim only if: (a) all actions necessary to effect the transfer of the claim pursuant to Bankruptcy Rule 3001(e) have been completed by the Record Date; or (b) the transferee files, no later than the Record Date, (i) the documentation required by Bankruptcy Rule 3001(e) to evidence the transfer and (ii) a sworn statement of the transferor supporting the validity of the transfer. Each transferee shall be treated as a single creditor for purposes of the numerosity requirement in section 1126(c) of the Bankruptcy Code and the other voting and solicitation procedures set forth herein.

15. The Debtors are authorized to mail or cause to be mailed Solicitation Packages containing copies of: (a) the Confirmation Hearing Notice; (b) the Disclosure Statement (together with the exhibits thereto, that have been filed with the Court before the date of the mailing); (c) the Plan (together with the exhibits thereto, that have been filed with the Court before the date of the mailing), as an exhibit to the Disclosure Statement; (d) letters from the Debtors and the Creditors’ Committee recommending acceptance of the Plan; and (e) for Solicitation Packages sent to holders of claims in classes entitled to vote to accept or reject the Plan, an appropriate form of Ballot and a Ballot return envelope.

16. Except as described below, Solicitation Packages will be mailed no later than 7 days after the entry of this Order to: (a) all persons or entities that have filed proofs of claim or equity interests on or before the Record Date (or their transferees in accordance with the procedures set forth above); (b) all persons or entities listed in the Schedules as holding liquidated, noncontingent, undisputed claims as of the Record Date (or their transferees in accordance with the procedures set forth above); (c) all other known holders of claims or equity interests against the Debtors, if any, as of the Record Date; (d) all governmental units identified in the Schedules as creditors or potential creditors; (e) all non-Debtor parties to executory contracts and unexpired leases identified in the Schedules or any motion filed with the Court regarding the Debtors' assumption, assumption and assignment or rejection or executory contracts or unexpired leases; (f) all parties in interest that have filed requests for notice in accordance with Bankruptcy Rule 2002 in the Debtors' Cases on or before the Record Date; (g) the U.S. Trustee; (h) the Securities and Exchange Commission; and (i) all other parties identified on the General Service List established by the Case Management Order. Except as otherwise provided above, entities identified in the Schedules as holding contingent, unliquidated or disputed claims that did not file a timely proof of claim will be served only with a copy of the Confirmation Hearing Notice.

17. If the Debtors and the Creditors' Committee, in their sole discretion, deem it appropriate not to attempt to obtain accurate addresses for those entities for which the Debtors only have Undeliverable Addresses, based on returned mail in connection with the mailing of the Disclosure Statement Notice or earlier mailings in these Cases, the Debtors are excused from mailing Solicitation Packages to such entities, unless the Debtors are provided with accurate addresses for such entities, in writing, on or before the Record Date. Failure to mail the

Solicitation Packages to such entities shall not constitute inadequate notice of the Confirmation Objection Deadline, the Confirmation Hearing, the Voting Deadline or any other matter.

18. The Debtors and BMC are authorized to take any action necessary or appropriate to implement the terms of, and the relief granted in, this Order without further order of the Court.

19. This Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of this Order.

IT IS SO ORDERED.

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**EXHIBIT C**

DISTRIBUTION ANALYSIS

**Estimated Funds Available for Administrative and General Unsecured Claims  
As of February 01, 2007**

**Projected Proceeds:**

|  |      |                             |
|--|------|-----------------------------|
| Cash on Hand   |      | \$ 669,319                  |
| Projected Proceeds from Assets Disposition                                 |      |                             |
| Liquidation of A/R - Estimate  | [1]  | 1,003,000                   |
| Sale of Machinery & Equipment  |      |                             |
| Auction of M& E - Middlefield and Bishopville                              | [2]  | 1,120,000                   |
| Sale of Real Estate  |      |                             |
| Lapeer, net  | [3]  | 2,045,000                   |
| Crestline  | [4]  | 650,000                     |
| Refund from Dupont - Excess of CIA payments over shipments                 | [5]  | 76,000                      |
| Refund of security deposit from Alabama Power (Est)                        | [6]  | 75,000                      |
| Proceeds from Sale of Mexican Facilities                                   | [7]  | <u>5,408,597</u>            |
| Total Proceeds Available   |      | <u>\$ 11,046,916</u>        |
| <b>Less: Projected Payoffs and Expenses</b>                                | [8]  |                             |
| Payoff of Wachovia Facility to Include Customer Jr Participation           |      |                             |
| Wachovia   | [9]  | (3,656,968)                 |
| Customer Jr Participation Loan   | [10] | 2,317,483                   |
| Total projected Debt payoff  |      | (1,339,485)                 |
| <b>Wind Down Budget</b>  |      |                             |
| Wind Down Costs - SG&A   | [11] | 124,787                     |
| Wind Down Costs - IT Center  | [11] | 48,042                      |
| Wind Down Costs - Plants   | [11] | 135,310                     |
| Wind Down Costs - Restructuring Costs                                      | [11] | <u>666,475</u>              |
| Total Wind Down Costs  |      | <u>974,614</u>              |
| Total Projected Payoffs and Expenses                                       |      | <u>(364,872)</u>            |
| Sub-total  |      | \$ 11,411,788               |
| Estimated proceeds from Mexican Accounts (after windown of legal entities) | [12] | <u>557,000</u>              |
| Estimated proceeds available for Claims against the Estate                 |      | <u><u>\$ 11,968,788</u></u> |

**Major risk items**

- 1 Employee issues - mainly workers compensation - No payments were made since 11/30
- 2 Post Petition Equipment Leases for Chase - approx \$90K per month
- 3 Taxes
- 4 Wind down costs incurred after March 31

**Notes:**

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- [1] Based on A/R dated January 24, 2007 and estimated based on current reconciliations
  - [2] The auctions were held on January 30 and January 31. Estimated proceeds were Middlefield - \$860,000, Bishopville - \$260,000
  - [3] Lapeer Real Estate - Closign - 2/12/07
  - [4] Crestline Real Estate - 2/13/07 sale hearing, \$650,000 purchase price
  - [5] Dupont was paid on a CIA basis during the bankruptcy period. Payments were based on estimates. They did a reconciliation and show approx \$76,000 over payment.
  - [6] Alabama has a \$126K deposit - They will offset outstanding post petition invoices and remit the balance
  - [7] Proceeds from the sale of Hermosillo and Chihuahua are in an escrow account at Wachovia
  - [8] The Expenses above do not include Restructuring Fees during DIP period, Health Care Claims & Accrued Wages that are part of the DIP Budget and are to be funded through Customer Cash Infusions
  - [9] Based on information from Wachovia on 1/04 updated with daily collections. This is before fees, if any, that are outstanding
  - [10] Original Customer Jr participation was \$2,917,483. This number was reduced by \$600,000 which represents the portion of the Customer Jr. Participation Loan that is unsecured. Accrued interest, if any, is not included
  - [11] From Wind Down Budget - No adjustments were made for out months since early January
  - [12] Estimated net cash in the cash accounts of the Mexican Operations, less estimated costs to wind down operations.