

**EXHIBIT B**

PROPOSED BALLOTS AND INSTRUCTIONS

**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]  
BALLOT FOR ACCEPTING OR REJECTING THE  
FIRST JOINT PLAN OF LIQUIDATION OF CEP HOLDINGS,  
LLC AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION**

**CLASS 1: SUBORDINATED PARTICIPATING CUSTOMERS SECURED  
CLAIMS**

**THE VOTING DEADLINE TO ACCEPT OR  
REJECT THE PLAN IS 5:00 P.M., EASTERN  
TIME, ON APRIL [ ], 2007**

This Ballot is submitted to you to solicit your vote to accept or reject the *Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Official Committee of Unsecured Creditors* (Docket No. 330) (as it may be amended, the “**Plan**”)<sup>2</sup> described in the accompanying disclosure statement, dated [ ], 2007 (the “**Disclosure Statement**”). The Court has [*conditionally*] approved the Disclosure Statement with respect to the Plan. The Disclosure Statement provides information to assist you in deciding how to vote this Ballot. If you do not have a copy of the Disclosure Statement, you may obtain a copy from BMC Group, Inc. (the “**Tabulation Agent**”) by writing to CEP HOLDINGS, LLC, et al., c/o BMC Group, 1330 E. Franklin Ave., El Segundo, CA 90245 or by visiting the website maintained by the Tabulation Agent at <http://www.bmcgroup.com/cep>.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each impaired Class that vote on the Plan and if the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances

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

<sup>2</sup> Capitalized terms used in this Ballot and the attached Instructions that are not otherwise defined herein have the meanings given to them in the Plan.

are not obtained, the Bankruptcy Court may confirm the Plan if it finds that the Plan: (a) provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan; and (b) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not you vote.

To have your vote counted, you must complete, sign and return this Ballot to the Tabulation Agent so that it is received by the Voting Deadline at the following address:

**By regular U.S. mail:**  
CEP HOLDINGS, LLC, et al.  
c/o BMC Group  
PO Box 903  
El Segundo, CA 90245-0903

**By messenger or overnight courier:**  
CEP HOLDINGS, LLC, et al.  
c/o BMC Group  
1330 E. Franklin Ave.  
El Segundo, CA 90245

If your Ballot is not received by the Voting Deadline, your vote will not count as either an acceptance or rejection of the Plan.

**PLEASE READ THE ATTACHED VOTING INFORMATION, INSTRUCTIONS, DISCLOSURE STATEMENT AND PLAN BEFORE COMPLETING THIS BALLOT. YOU MAY WISH TO SEEK LEGAL ADVICE CONCERNING THE PLAN AND YOUR CLASSIFICATION AND TREATMENT UNDER THE PLAN. YOUR CLAIM HAS BEEN PLACED IN CLASS 1 UNDER THE PLAN. IF YOU HOLD CLAIMS IN MORE THAN ONE CLASS, YOU WILL RECEIVE A BALLOT FOR EACH CLASS IN WHICH YOU ARE ENTITLED TO VOTE.**

**PLEASE COMPLETE ITEMS 1 AND 2. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.**

**Item 1. Class Vote.** The undersigned, a holder of a Claim against the Debtors in Class 1 in the amount set forth below, votes to (check one box):

**Accept** the Plan

**Reject** the Plan

**[Continued on Next Page]**

**Item 2. Acknowledgments.** By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant.

---

Name of Creditor

---

Claim Amount

---

Social Security or Federal Tax I.D. No. (optional)

---

Signature

---

If by Authorized Agent, Name and Title

---

Street Address

---

City, State, Zip Code

---

Telephone Number

---

Date Completed

**VOTING INFORMATION AND INSTRUCTIONS  
FOR COMPLETING THE BALLOT**

**I. DIRECTIONS**

1. In the boxes provided in Item 1 of the Ballot, please indicate acceptance or rejection of the Plan. Complete the Ballot by providing all the information requested and sign, date and return the Ballot to BMC Group, Inc. (the “**Tabulation Agent**”) at the following address:

**By regular U.S. mail:**  
CEP HOLDINGS, LLC, et al.  
c/o BMC Group  
PO Box 903  
El Segundo, CA 90245-0903

**By messenger or overnight courier:**  
CEP HOLDINGS, LLC, et al.  
c/o BMC Group  
1330 E. Franklin Ave.  
El Segundo, CA 90245

2. **Ballots must be received by the Tabulation Agent by 5:00 p.m., Eastern Time, on April [ ], 2007 (the “Voting Deadline”).** If a Ballot is received after the Voting Deadline, it will not be counted. An envelope addressed to the Tabulation Agent is enclosed for your convenience. ***Ballots submitted by facsimile will not be accepted.***
3. If you hold Claims in more than one voting Class under the Plan (e.g., Subordinated Participating Customers Secured Claims and General Unsecured Claim), you should receive a separate Ballot for each such Claim and a set of solicitation materials. **Each Ballot you receive is for voting only your Claim described on the Ballot. The attached Ballot is designated only for voting Subordinated Participating Customers Secured Claims in Class 1. Please complete and return each Ballot you receive.** You must vote all of your Claims within a single Class under the Plan to either accept or reject the Plan. Accordingly, if you return more than one Ballot voting different Claims within a single Class under the Plan and the Ballots are not voted in the same manner, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan will not be counted.
4. Your Claim has been **temporarily allowed solely for purposes of voting** to accept or reject the Plan in accordance with certain tabulation rules approved by the Bankruptcy Court (the “**Tabulation Rules**”). The Tabulation Rules are set forth in *Notice of (A) Deadline for Casting Votes to Accept or Reject Proposed Joint Plan of Liquidation, (B) Hearing to Consider Confirmation of Proposed Joint Plan of Liquidation and (C) Related Matters*, which is enclosed with the solicitation materials you receive along with this Ballot. The temporary allowance of your Claim for voting purposes does not constitute an allowance of your Claim for purposes of distribution under the Plan and is without prejudice to the rights of the Debtors or the Trustee in any other context (e.g., the right of the Debtors or the Trustee to contest the amount or validity of any Claim for purposes of allowance under the Plan). If you wish to challenge the temporary allowance of your Claim for voting purposes, you must file a motion, pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure, for an order temporarily allowing your Claim in a different amount or classification for purposes of voting to accept or reject the Plan and

serve such motion on the Debtors so that it is received by the later of [\_\_\_\_], 2007 and 10 days after service of any objection to the underlying claim. Unless the Bankruptcy Court orders otherwise, your Claim will not be counted as a vote in excess of the amount as determined in accordance with the Tabulation Rules.

5. The Ballot does not constitute and shall not be deemed a proof of Claim or Equity Interest or an assertion of a Claim or Equity Interest.
6. If you cast more than one Ballot voting the same Claim prior to the Voting Deadline, the last Ballot received by the Tabulation Agent before the Voting Deadline will supersede any prior Ballots.

**A PERSON ENTITLED TO VOTE ON THE PLAN MUST COMPLETE AND RETURN THE BALLOT BY THE VOTING DEADLINE TO HAVE THE VOTE COUNT. PLEASE RETURN YOUR BALLOT PROMPTLY.**

**THE TABULATION AGENT WILL NOT ACCEPT BALLOTS BY FACSIMILE TRANSMISSION.**

**IF YOU HAVE RECEIVED A DAMAGED BALLOT OR HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CALL THE TABULATION AGENT AT (888) 909-0100.**

## **II. APPLICABLE LAW AND RULES**

On approval of the disclosure statement, plan proponents may solicit holders of claims or interests for acceptance of a plan. 11 U.S.C. § 1125(b). Unless the court orders otherwise regarding any unimpaired classes of creditors or equity security holders, the debtor in possession, trustee, proponent of the plan, or clerk, as ordered by the court, must mail to all creditors and equity security holders, and to the U.S. trustee, (1) the plan or court approved summary of the plan, (2) the approved disclosure statement, (3) notice of the time within which to file acceptance and rejection of the plan, and (4) other information as the court may direct, including any opinion of the court approving the disclosure statement or court approved summary of the opinion. Rule 3017(d) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**” or “**Fed R. Bankr. P.**”). In addition, notice of the time fixed for filing objections to confirmation of the plan and notice of the hearing on confirmation must be mailed to all creditors and equity security holders, and a ballot must be mailed to those entitled to vote on the plan. Fed. R. Bankr. P. 2002(b), 3017(d).

Section 1123(a)(1) provides that a chapter 11 plan must designate classes of claims and interests for treatment under the reorganization.

Under section 1126(c) of the Bankruptcy Code, an entire class of claims is considered to have accepted the plan if the plan has been accepted by creditors that hold: (1) at least two-thirds in amount, and (2) more than one-half in number of allowed claims of the class held by creditors that have accepted or rejected the plan, *i.e.*, creditors that have voted on the plan. A class of

equity security interests is considered to have accepted a plan if the plan has been accepted by the holders of two-thirds in amount of such allowed interests that have voted on the plan. 11 U.S.C. § 1126(d). Under section 1129(a)(10) of the Bankruptcy Code, if there are impaired classes of claims, the court cannot confirm the plan unless it has been accepted by at least one class of non-insiders who hold impaired claims (*i.e.*, claims that are not going to be paid completely or in which some legal, equitable, contractual right is altered). Moreover, under section 1126(f) of the Bankruptcy Code, holders of unimpaired claims are considered to have accepted the plan.

Entities entitled to accept or reject the plan must do so within the time fixed by the court. Fed. R. Bankr. P. 3018(a). Subject to Bankruptcy Rule 3018(b), a creditor or equity security holder whose claim is based on a security of record is not entitled to vote on a plan unless they were the holder of record of such security on the date the order approving the disclosure statement was entered. Fed. R. Bankr. P. 3018(a). An acceptance or rejection must be in writing; identify the plan; be signed by the creditor, equity security holder or an authorized agent; and conform to the Official Form. More than one plan may be accepted or rejected by the voting person, and if more than one plan is accepted, the voting person may designate a preference or preferences among the plans. Fed. R. Bankr. P. 3018(c). A creditor holding an allowed claim that is partly secured and partly unsecured is entitled to accept or reject the plan in both capacities. Fed. R. Bankr. P. 3018(d).

Bankruptcy Rule 3018(b) allows the acceptance or rejection of the plan before commencement of the case if certain solicitation requirements were satisfied under Bankruptcy Rule 3018(b) and section 1126 of the Bankruptcy Code.

Section 1127(a) of the Bankruptcy Code provides that the plan proponent may modify the plan at any time before confirmation, and the modified plan will become the plan. But the plan as modified must meet all the requirements of chapter 11. Bankruptcy Rule 3019 provides that, when there is a proposed modification after balloting has been conducted and the court finds after a hearing that the proposed modification does not adversely affect the treatment of any creditor who has not accepted the modification in writing, the modification shall be deemed to have been accepted by all creditors who previously accepted the plan. If it is determined that the proposed modification does have an adverse effect on the claims of the nonconsenting creditors, then another balloting must take place.

Because more than one plan may be submitted to the creditors for approval, Bankruptcy Rule 3016(b) requires that every proposed plan and modification be dated and identified with the name of the entity or entities submitting such plan or modification. When competing plans are presented and meet the requirements for confirmation, the court must consider the preferences of the creditors and equity security holders in determining which plan to confirm.

The Bankruptcy Code requires the court, after notice, to hold a hearing on the confirmation of a plan. 11 U.S.C. § 1128. At or after the confirmation hearing, the court may confirm the plan and make it binding on all creditors and equity security holders, if it is accepted by the holders or two-thirds in amount and more than one-half in number of claims in each class of creditors and the holders of two-thirds in amount of equity security interests in each class voting on the plan. Before confirmation can be granted, the court also must be satisfied that

there has been compliance with the other requirements of confirmation set forth in section 1129 of the Bankruptcy Code, even in the absence of any objections. In order to confirm the plan, the court must find that the plan is feasible, is proposed in good faith, and that the plan and the proponent of the plan are in compliance with the Bankruptcy Code. In addition, the court must find the confirmation of the plan is not likely to be followed by liquidation or the need for further financial reorganization, unless it is proposed in the plan. 11 U.S.C. § 1129(a)(11). For a complete list of requirements for confirmation of a plan, parties in interest may refer to section 1129 of the Bankruptcy Code.

In the event the required acceptances are not obtained, the court may nevertheless confirm the plan if the court finds that the plan accords fair and equitable treatment to the class or classes rejecting it and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. This procedure is sometimes referred to as a “cramdown.”

In addition to the Bankruptcy and Federal Rules of Bankruptcy Procedure, each district may have local bankruptcy court rules that may contain further requirements. Local rules may be obtained at the bankruptcy clerk’s office or at the court’s website at <http://www.ohnb.uscourts.gov>.



**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]  
BALLOT FOR ACCEPTING OR REJECTING THE  
FIRST JOINT PLAN OF LIQUIDATION OF CEP HOLDINGS,  
LLC AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION**

**CLASS 4: GENERAL UNSECURED CLAIMS**

**THE VOTING DEADLINE TO ACCEPT OR  
REJECT THE PLAN IS 5:00 P.M., EASTERN  
TIME, ON APRIL [ ], 2007**

This Ballot is submitted to you to solicit your vote to accept or reject the *Joint Plan of Liquidation Under Chapter 11 of the Bankruptcy Code Proposed by the Debtors and the Official Committee of Unsecured Creditors* (Docket No. 330) (as it may be amended, the “**Plan**”)<sup>2</sup> described in the accompanying disclosure statement, dated [\_\_\_\_\_] , 2007 (the “**Disclosure Statement**”). The Court has [*conditionally*] approved the Disclosure Statement with respect to the Plan. The Disclosure Statement provides information to assist you in deciding how to vote this Ballot. If you do not have a copy of the Disclosure Statement, you may obtain a copy from BMC Group, Inc. (the “**Tabulation Agent**”) by writing to CEP HOLDINGS, LLC, et al., c/o BMC Group, 1330 E. Franklin Ave., El Segundo, CA 90245 or by visiting the website maintained by the Tabulation Agent at <http://www.bmcgroup.com/cep>.

The Plan can be confirmed by the Bankruptcy Court and thereby made binding on you if it is accepted by the holders of at least two-thirds in amount and more than one-half in number of the Claims in each impaired Class that vote on the Plan and if the Plan otherwise satisfies the applicable requirements of section 1129(a) of the Bankruptcy Code. If the requisite acceptances are not obtained, the Bankruptcy Court may confirm the Plan if it finds that the Plan: (a)

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

<sup>2</sup> Capitalized terms used in this Ballot and the attached Instructions that are not otherwise defined herein have the meanings given to them in the Plan.

provides fair and equitable treatment to, and does not unfairly discriminate against, the Class or Classes rejecting the Plan; and (b) otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. If the Plan is confirmed by the Bankruptcy Court it will be binding on you whether or not you vote.

To have your vote counted, you must complete, sign and return this Ballot to the Tabulation Agent so that it is received by the Voting Deadline at the following address:

**By regular U.S. mail:**  
CEP HOLDINGS, LLC, et al.  
c/o BMC Group  
PO Box 903  
El Segundo, CA 90245-0903

**By messenger or overnight courier:**  
CEP HOLDINGS, LLC, et al.  
c/o BMC Group  
1330 E. Franklin Ave.  
El Segundo, CA 90245

If your Ballot is not received by the Voting Deadline, your vote will not count as either an acceptance or rejection of the Plan.

**PLEASE READ THE ATTACHED VOTING INFORMATION, INSTRUCTIONS, DISCLOSURE STATEMENT AND PLAN BEFORE COMPLETING THIS BALLOT. YOU MAY WISH TO SEEK LEGAL ADVICE CONCERNING THE PLAN AND YOUR CLASSIFICATION AND TREATMENT UNDER THE PLAN. YOUR CLAIM HAS BEEN PLACED IN CLASS 4 UNDER THE PLAN. IF YOU HOLD CLAIMS IN MORE THAN ONE CLASS, YOU WILL RECEIVE A BALLOT FOR EACH CLASS IN WHICH YOU ARE ENTITLED TO VOTE.**

**PLEASE COMPLETE ITEMS 1 AND 2. IF THIS BALLOT IS NOT SIGNED ON THE APPROPRIATE LINES BELOW, THIS BALLOT WILL NOT BE VALID OR COUNTED AS HAVING BEEN CAST.**

**Item 1. Class Vote.** The undersigned, a holder of a Claim against the Debtors in Class 4 in the amount set forth below, votes to (check one box):

**Accept** the Plan

**Reject** the Plan

**[Continued on Next Page]**

**Item 2. Acknowledgments.** By signing this Ballot, the undersigned acknowledges receipt of the Disclosure Statement and the other applicable solicitation materials and certifies that the undersigned is the claimant or has the power and authority to vote to accept or reject the Plan on behalf of the claimant.

\_\_\_\_\_  
Name of Creditor

\_\_\_\_\_  
Claim Amount

\_\_\_\_\_  
Social Security or Federal Tax I.D. No. (optional)

\_\_\_\_\_  
Signature

\_\_\_\_\_  
If by Authorized Agent, Name and Title

\_\_\_\_\_  
Street Address

\_\_\_\_\_  
City, State, Zip Code

\_\_\_\_\_  
Telephone Number

\_\_\_\_\_  
Date Completed

**VOTING INFORMATION AND INSTRUCTIONS  
FOR COMPLETING THE BALLOT**

1. In the boxes provided in Item 1 of the Ballot, please indicate acceptance or rejection of the Plan. Complete the Ballot by providing all the information requested and sign, date and return the Ballot to BMC Group, Inc. (the “**Tabulation Agent**”) at the following address:

**By regular U.S. mail:**  
CEP HOLDINGS, LLC, et al.  
c/o BMC Group  
PO Box 903  
El Segundo, CA 90245-0903

**By messenger or overnight courier:**  
CEP HOLDINGS, LLC, et al.  
c/o BMC Group  
1330 E. Franklin Ave.  
El Segundo, CA 90245

2. **Ballots must be received by the Tabulation Agent by 5:00 p.m., Eastern Time, on April [\_\_], 2007 (the “Voting Deadline”).** If a Ballot is received after the Voting Deadline, it will not be counted. An envelope addressed to the Tabulation Agent is enclosed for your convenience. ***Ballots submitted by facsimile will not be accepted.***
3. If you hold Claims in more than one voting Class under the Plan (*e.g.*, Subordinated Participating Customers Secured Claims and General Unsecured Claim), you should receive a separate Ballot for each such Claim and a set of solicitation materials. **Each Ballot you receive is for voting only your Claim described on the Ballot. The attached Ballot is designated only for voting General Unsecured Claims in Class 4. Please complete and return each Ballot you receive.** You must vote all of your Claims within a single Class under the Plan to either accept or reject the Plan. Accordingly, if you return more than one Ballot voting different Claims within a single Class under the Plan and the Ballots are not voted in the same manner, those Ballots will not be counted. An otherwise properly executed Ballot that attempts to partially accept and partially reject the Plan will not be counted.
4. Your Claim has been **temporarily allowed solely for purposes of voting** to accept or reject the Plan in accordance with certain tabulation rules approved by the Bankruptcy Court (the “**Tabulation Rules**”). The Tabulation Rules are set forth in *Notice of (A) Deadline for Casting Votes to Accept or Reject Proposed Joint Plan of Liquidation, (B) Hearing to Consider Confirmation of Proposed Joint Plan of Liquidation and (C) Related Matters*, which is enclosed with the solicitation materials you receive along with this Ballot. The temporary allowance of your Claim for voting purposes does not constitute an allowance of your Claim for purposes of distribution under the Plan and is without prejudice to the rights of the Debtors or the Trustee in any other context (*e.g.*, the right of the Debtors or the Trustee to contest the amount or validity of any Claim for purposes of allowance under the Plan). If you wish to challenge the temporary allowance of your Claim for voting purposes, you must file a motion, pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure, for an order temporarily allowing your Claim in a different amount or classification for purposes of voting to accept or reject the Plan and serve such motion on the Debtors so that it is received by the later of [\_\_\_\_], 2007 and 10 days after service of any objection to the underlying claim. Unless the

Bankruptcy Court orders otherwise, your Claim will not be counted as a vote in excess of the amount as determined in accordance with the Tabulation Rules.

5. The Ballot does not constitute and shall not be deemed a proof of Claim or Equity Interest or an assertion of a Claim or Equity Interest.
6. If you cast more than one Ballot voting the same Claim prior to the Voting Deadline, the last Ballot received by the Tabulation Agent before the Voting Deadline will supersede any prior Ballots.

**A PERSON ENTITLED TO VOTE ON THE PLAN MUST COMPLETE AND RETURN THE BALLOT BY THE VOTING DEADLINE TO HAVE THE VOTE COUNT. PLEASE RETURN YOUR BALLOT PROMPTLY.**

**THE TABULATION AGENT WILL NOT ACCEPT BALLOTS BY FACSIMILE TRANSMISSION.**

**IF YOU HAVE RECEIVED A DAMAGED BALLOT OR HAVE LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THIS BALLOT OR THE VOTING PROCEDURES, PLEASE CALL THE TABULATION AGENT AT (888) 909-0100.**

## **II. APPLICABLE LAW AND RULES**

On approval of the disclosure statement, plan proponents may solicit holders of claims or interests for acceptance of a plan. 11 U.S.C. § 1125(b). Unless the court orders otherwise regarding any unimpaired classes of creditors or equity security holders, the debtor in possession, trustee, proponent of the plan, or clerk, as ordered by the court, must mail to all creditors and equity security holders, and to the U.S. trustee, (1) the plan or court approved summary of the plan, (2) the approved disclosure statement, (3) notice of the time within which to file acceptance and rejection of the plan, and (4) other information as the court may direct, including any opinion of the court approving the disclosure statement or court approved summary of the opinion. Rule 3017(d) of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**” or “**Fed R. Bankr. P.**”). In addition, notice of the time fixed for filing objections to confirmation of the plan and notice of the hearing on confirmation must be mailed to all creditors and equity security holders, and a ballot must be mailed to those entitled to vote on the plan. Fed. R. Bankr. P. 2002(b), 3017(d).

Section 1123(a)(1) provides that a chapter 11 plan must designate classes of claims and interests for treatment under the reorganization.

Under section 1126(c) of the Bankruptcy Code, an entire class of claims is considered to have accepted the plan if the plan has been accepted by creditors that hold: (1) at least two-thirds in amount, and (2) more than one-half in number of allowed claims of the class held by creditors that have accepted or rejected the plan, *i.e.*, creditors that have voted on the plan. A class of equity security interests is considered to have accepted a plan if the plan has been accepted by the holders of two-thirds in amount of such allowed interests that have voted on the plan. 11

U.S.C. § 1126(d). Under section 1129(a)(10) of the Bankruptcy Code, if there are impaired classes of claims, the court cannot confirm the plan unless it has been accepted by at least one class of non-insiders who hold impaired claims (*i.e.*, claims that are not going to be paid completely or in which some legal, equitable, contractual right is altered). Moreover, under section 1126(f) of the Bankruptcy Code, holders of unimpaired claims are considered to have accepted the plan.

Entities entitled to accept or reject the plan must do so within the time fixed by the court. Fed. R. Bankr. P. 3018(a). Subject to Bankruptcy Rule 3018(b), a creditor or equity security holder whose claim is based on a security of record is not entitled to vote on a plan unless they were the holder of record of such security on the date the order approving the disclosure statement was entered. Fed. R. Bankr. P. 3018(a). An acceptance or rejection must be in writing; identify the plan; be signed by the creditor, equity security holder or an authorized agent; and conform to the Official Form. More than one plan may be accepted or rejected by the voting person, and if more than one plan is accepted, the voting person may designate a preference or preferences among the plans. Fed. R. Bankr. P. 3018(c). A creditor holding an allowed claim that is partly secured and partly unsecured is entitled to accept or reject the plan in both capacities. Fed. R. Bankr. P. 3018(d).

Bankruptcy Rule 3018(b) allows the acceptance or rejection of the plan before commencement of the case if certain solicitation requirements were satisfied under Bankruptcy Rule 3018(b) and section 1126 of the Bankruptcy Code.

Section 1127(a) of the Bankruptcy Code provides that the plan proponent may modify the plan at any time before confirmation, and the modified plan will become the plan. But the plan as modified must meet all the requirements of chapter 11. Bankruptcy Rule 3019 provides that, when there is a proposed modification after balloting has been conducted and the court finds after a hearing that the proposed modification does not adversely affect the treatment of any creditor who has not accepted the modification in writing, the modification shall be deemed to have been accepted by all creditors who previously accepted the plan. If it is determined that the proposed modification does have an adverse effect on the claims of the nonconsenting creditors, then another balloting must take place.

Because more than one plan may be submitted to the creditors for approval, Bankruptcy Rule 3016(b) requires that every proposed plan and modification be dated and identified with the name of the entity or entities submitting such plan or modification. When competing plans are presented and meet the requirements for confirmation, the court must consider the preferences of the creditors and equity security holders in determining which plan to confirm.

The Bankruptcy Code requires the court, after notice, to hold a hearing on the confirmation of a plan. 11 U.S.C. § 1128. At or after the confirmation hearing, the court may confirm the plan and make it binding on all creditors and equity security holders, if it is accepted by the holders or two-thirds in amount and more than one-half in number of claims in each class of creditors and the holders of two-thirds in amount of equity security interests in each class voting on the plan. Before confirmation can be granted, the court also must be satisfied that there has been compliance with the other requirements of confirmation set forth in section 1129 of the Bankruptcy Code, even in the absence of any objections. In order to confirm the plan, the

court must find that the plan is feasible, is proposed in good faith, and that the plan and the proponent of the plan are in compliance with the Bankruptcy Code. In addition, the court must find the confirmation of the plan is not likely to be followed by liquidation or the need for further financial reorganization, unless it is proposed in the plan. 11 U.S.C. § 1129(a)(11). For a complete list of requirements for confirmation of a plan, parties in interest may refer to section 1129 of the Bankruptcy Code.

In the event the required acceptances are not obtained, the court may nevertheless confirm the plan if the court finds that the plan accords fair and equitable treatment to the class or classes rejecting it and otherwise satisfies the requirements of section 1129(b) of the Bankruptcy Code. This procedure is sometimes referred to as a “cramdown.”

In addition to the Bankruptcy and Federal Rules of Bankruptcy Procedure, each district may have local bankruptcy court rules that may contain further requirements. Local rules may be obtained at the bankruptcy clerk’s office or at the court’s website at <http://www.ohnb.uscourts.gov>.