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15 **UNITED STATES BANKRUPTCY COURT**
16 **NORTHERN DISTRICT OF CALIFORNIA, OAKLAND DIVISION**

17 In re:)

18 **CEP REORGANIZATION, INC.,**)
formerly known as)
19 ClearEdge Power, Inc.,)
Employer Tax I.D. No. 20-0119415)

Case No. 14-44191-CN-11

Case No. 14-44192-CN-11

Case No. 14-44193-CN-11

20 **CEP REORGANIZATION, LLC,**)
formerly known as)
21 ClearEdge Power, LLC)
Employer Tax I.D. No. 06-1517615)

Cases Jointly Administered
Under Chapter 11

22 **CEP SERVICE REORGANIZATION, LLC,**)
formerly known as)
23 ClearEdge Power International Service, LLC)
Employer Tax I.D. No. 27-3468551)

**SECOND AMENDED DISCLOSURE
STATEMENT FOR JOINT CHAPTER 11
PLAN OF DEBTORS AND OFFICIAL
COMMITTEE OF UNSECURED
CREDITORS
(Dated November 25, 2015)**

24 Debtor(s).)

Date: January 7, 2016

Time: 10:00 a.m.

25 1202 Kifer Road, Suite 100)
26 Sunnyvale CA 94086)

Place: 1300 Clay Street, Room 215
Oakland, CA 94612

Judge: Honorable Charles Novack

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EXHIBIT INDEX

- Exhibit A Sample Business Plan of Reorganized CEP
- Exhibit B Summary of Allowed Professional Fees
- Exhibit C Monthly Operating Report for the Month Ending October 2015
- Exhibit D Attachments to No. 3b and 3c of Statement of Financial Affairs
- Exhibit E Liquidation Analysis
- Exhibit F Estimate of Projected Post-Confirmation Administrative Expenses

**SUMMARY OF TREATMENT AND ESTIMATED DISTRIBUTIONS UNDER
SECOND AMENDED JOINT PLAN CHAPTER 11 PLAN OF DEBTORS AND
OFFICIAL COMMITTEE OF UNSECURED CREDITORS (DATED NOVEMBER 25, 2015)**

Class of Claims/Interests	Treatment	Estimated Distribution on Allowed Claims
Administrative Claims	Except to the extent that the holder of a particular Administrative Claim has agreed to a different treatment of such Claim, each holder of an Allowed Administrative Claim shall be paid in cash, in full upon the later of: (a) the Initial Distribution Date; (b) if such Claim is initially a Disputed Claim or an order of the Court is required prior to any payment, on the Subsequent Distribution Date following the ultimate allowance of such Administrative Claim by a Final Order of the Bankruptcy Court; or (c) if such Administrative Claim is incurred after the Petition Date in the ordinary course of the Debtors' business, within such time as payment is due pursuant to the terms giving rise to such Claim.	100%
Tax Claims	Except to the extent that the holder of a particular Tax Claim has agreed to a different treatment of such Claim, each holder of an Allowed Priority Tax Claim shall be paid in cash, in full on the date that is the later of (a) the Initial Distribution Date or (b) on the first Subsequent Distribution Date after the date such Tax Claim becomes an Allowed Claim plus interest on such Allowed Claim at the rate of interest determined under applicable non-bankruptcy law pursuant to Bankruptcy Code Section 511, from the Effective Date through the date of payment in full; provided, however, that (i) no such payment shall be made longer than five (5) years from the Petition Date, and (ii) no holder of an Allowed Tax Claim shall be treated in a manner less favorable than any Allowed General Unsecured Claim in Class 5.	100%
Class 1: Secured Claim of Sale Proceeds Lienholders	Except as otherwise agreed, the legal, equitable, and contractual rights of the holders of any Class 1 Claims, including the retention of any liens to the extent not avoidable, remain unaltered. Each holder of an Allowed Class 1 Claim, if any, will receive on the Effective Date, or as soon as practicable thereafter, payment in cash up to the Allowed Amount of such Secured Claim, from, but only to the extent of, the proceeds of the Sales Transaction.	100%

Class of Claims/Interests	Treatment	Estimated Distribution on Allowed Claims
Class 2: Other Secured Claims	Except as otherwise agreed, the legal, equitable, and contractual rights of holders of any Class 2 Claims, including the retention of any lien to the extent not avoidable, remain unaltered. Each holder of an Allowed Class 2 Claim, if any, shall receive on the Effective Date, at the Liquidation Trustee's option: (a) the net proceeds from the sale of its collateral at the time of such sale, or as soon thereafter as practicable, up to the unpaid Allowed Amount of such Claim and to the same extent, priority and validity of the lien securing such Allowed Claim; (b) the return of its collateral; or (c) such other less favorable treatment as may be agreed with the holder of such Claim; provided, however, that if the holder of an Allowed Class 2 Claim holds cash with a right of setoff, such holder shall be entitled to effect the setoff and thereby satisfy the Claim in lieu of receiving payment.	Either (a) 100% of net proceeds from the sale of collateral, (b) the return of collateral, or (c) other agreed on treatment
Class 3: Priority Claims	Except as otherwise agreed, the legal, equitable, and contractual rights of holders of Class 3 Priority Claims remain unaltered. Each holder of an allowed Class 3 Claim shall receive on the Effective Date or as soon thereafter as practicable, payment in full in cash up to the Allowed Amount of such Claim.	100%
Class 4: Administrative Convenience Claims	Each holder of an Allowed Class 4 Claim shall receive on the Effective Date, in full satisfaction of such Claim, payment in cash up to the Allowed Amount of such Claim; provided, however, that in no event shall a holder receive more than three thousand dollars (\$3,000) on account of such Allowed Class 4 Claim.	100% on the Effective Date or as soon thereafter as practicable
Classes 5(a), 5(b) and 5(c): General Unsecured Claims Against CEP, CEP LLC and CEPIS	Except as otherwise agreed, in full and final satisfaction, compromise, settlement, and release of and in exchange for each Class 5 Claim, holders of Allowed Class 5 General Unsecured Claims shall receive Distributions in the form of their respective Pro Rata share of Liquidation Trust Interests in accordance with the provisions set forth in Section 8.3 of the Plan.	Between 3.0% to 6.6%
Class 6(a): Interests (Plan Sponsors Holding CEP Stock)	For purposes of Distribution under the Plan, if any, Allowed Interests of the holders of CEP's stock shall include, and be limited to, the holders of record on the Record Date, any transfers thereafter notwithstanding. Except as otherwise provided in the Plan, holders of Allowed Interests in CEP who elect to be Plan	0%; retention of rights on account of Allowed Interest

Class of Claims/Interests	Treatment	Estimated Distribution on Allowed Claims
	<p>Sponsors will have left unaltered the legal, equitable and contractual rights to which each such holder is entitled on account of such Interest. Subject to the provisions of Section 4.11 of the Plan, no holder of a Class 6(a) CEP stock Interest will receive or retain any property under the Plan or the Liquidation Trust Agreement on account of such holder's Interest. Section 4.11 of the Plan provides that, in the unlikely event that a surplus of Available Cash remains after Classes 1 through 5 are paid in full or adequately reserved for, including payment of the Plan Interest Rate on Allowed Claims in Classes 3, 5(a), 5(b) and 5(c) as may be applicable, then each holder of Allowed Interests in Class 6(a) and Class 6(b) will be entitled to receive one or more Distributions of Available Cash in an amount equal to its allocated share of such remaining Available Cash as such allocated share shall be determined in accordance with the Debtors' applicable governing documents, and Distributions to holders of Allowed Interests will take into account the priorities in such documents, with any disputes as to priority and treatment to be resolved by the Bankruptcy Court upon motion of the Liquidation Trustee.</p>	
Class 6(b): Interests (Plan Non-Sponsors Holding CEP Stock)	<p>For purposes of Distribution under the Plan, if any, Allowed Interests of the holders of CEP's stock shall include, and be limited to, the holders of record on the Record Date, any transfers thereafter notwithstanding.</p> <p>All stock Interests of Plan Non-Sponsors will be cancelled as of the Effective Date. Subject to the provisions of Section 4.11 of the Plan, no holder of a Class 6(b) CEP stock Interest will receive or retain any property under the Plan on account of such holder's Interest. Section 4.11 of the Plan provides that, in the unlikely event that a surplus of Available Cash remains after Classes 1 through 5 are paid in full or adequately reserved for, including payment of the Plan Interest Rate on Allowed Claims in Classes 3, 5(a), 5(b) and 5(c) as may be applicable, then each holder of Allowed Interests in Class 6(a) and Class 6(b) will be entitled to receive one or more Distributions of Available Cash in an amount equal to its allocated share of such remaining Available Cash as such allocated share shall be determined in accordance with the Debtors' applicable governing documents, and Distributions to holders of Allowed Interests will take into account the priorities in such</p>	0%

Class of Claims/Interests	Treatment	Estimated Distribution on Allowed Claims
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documents, with any disputes as to priority and treatment to be resolved by the Bankruptcy Court upon motion of the Liquidation Trustee.

Class 7: Interests (Holders of CEP Stock Options Interests)	Allowed Interests of the holders of CEP's stock shall include, and be limited to, the holders of record on the Record Date, any transfers thereafter notwithstanding. All CEP Stock Options Interests shall be cancelled as of the Effective Date, and holders of CEP Stock Options Interests shall not receive or retain any property under the Plan on account of such Interests.	0%
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The foregoing provides a summary only of the SECOND AMENDED JOINT PLAN CHAPTER 11 PLAN OF DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS (DATED NOVEMBER 25, 2015). **The estimated Distributions above do not account for the potential increase in Liquidation Trust Assets available for Distribution received from any Reorganized CEP Contributions, one significant feature of the Plan which is discussed in Section 3.5.2 below, which would not otherwise be available outside of the Plan. As set forth in Section 3.5.2 and on Exhibit "E" hereto, if Reorganized CEP Contributions are realized, Liquidation Trust Assets will be increased and Distributions to General Unsecured Creditors could increase up to the approximate range of between 19% and 22%.** Creditors, Holders of Interests and other parties in interest should review the entirety of this Disclosure Statement and the Plan for a more thorough discussion of the Bankruptcy Cases and the proposed treatment of Claims and Interests.

1 **ARTICLE I.**

2 **INTRODUCTION**¹

3 CEP Reorganization, Inc., formerly known as ClearEdge Power, Inc., an Oregon corporation
4 (“CEP”), CEP Reorganization, LLC, formerly known as ClearEdge Power, LLC, a Delaware limited
5 liability company (“CEP LLC”), and CEP Service Reorganization, LLC, formerly known as
6 ClearEdge Power International Service, LLC, a Delaware limited liability company (“CEPIS” and
7 collectively with CEP and CEP LLC, the “Debtors” or the “Company”), each filed for bankruptcy
8 protection under chapter 11 of the Bankruptcy Code on May 1, 2014, commencing these Bankruptcy
9 Cases. On May 22, 2014, the Office of the United States Trustee appointed the Official Committee
10 of Unsecured Creditors (the “Committee”) in the Bankruptcy Cases, pursuant to 11 U.S.C. § 1102.
11 The Debtors and the Committee (together, the “Plan Proponents”) hereby present the SECOND
12 AMENDED DISCLOSURE STATEMENT FOR JOINT PLAN CHAPTER 11 PLAN OF DEBTORS AND OFFICIAL
13 COMMITTEE OF UNSECURED CREDITORS (DATED NOVEMBER 25, 2015) (the “Disclosure Statement”)
14 in connection with the solicitation of acceptances of the SECOND AMENDED JOINT PLAN CHAPTER 11
15 PLAN OF DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS (DATED NOVEMBER 25,
16 2015) (the “Plan”) and pursuant to the provisions of chapter 11 of the Bankruptcy Code.

17 This Disclosure Statement and the accompanying Plan constitute the Plan Proponents’
18 proposal for the reorganization of CEP and the orderly liquidation of the Estates’ Assets by a
19 Liquidation Trust to be formed pursuant to the Plan and a Liquidation Trust Agreement, and for the
20 Distribution of all remaining Assets and cash on hand derived from such liquidation, in accordance
21 with the relevant provisions of the Bankruptcy Code.

22 The Plan Proponents’ summary analysis of potential Distributions is set forth in Section 19.2
23 below and on **Exhibit “E”** attached hereto. As discussed therein, the Plan Proponents estimate that
24 Allowed Secured Claims, Priority Claims and Administrative Claims will be paid in full. The Plan
25 Proponents also estimate that the ultimate Distribution to unsecured Creditors will range from 3.0%

26 ¹ Terms not defined herein shall have the meaning ascribed to them in the SECOND AMENDED JOINT PLAN
27 CHAPTER 11 PLAN OF DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS (DATED NOVEMBER
28 25, 2015). The Plan Proponents may modify, update and/or amend this Disclosure Statement and reserve their rights in
that regard.

1 to 6.6% on account of each Allowed Claim. This estimate does not account for potential recoveries
2 that may be derived from the prosecution of Retained Claims or for the potentially significant upside
3 and increase in the Liquidation Trust Assets which may be derived from Reorganized CEP
4 Contributions, a key feature of the Plan which is discussed in Section 3.5.2 below.

5 **THIS DISCLOSURE STATEMENT CONTAINS INFORMATION CONCERNING**
6 **YOUR CLAIMS OR INTERESTS. PLEASE READ THIS DOCUMENT WITH CARE. FOR**
7 **THE CONVENIENCE OF CREDITORS AND EQUITY SECURITY HOLDERS, THIS**
8 **DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE**
9 **PLAN ITSELF CONTROLS OVER THIS SUMMARY. IF ANY INCONSISTENCIES**
10 **EXIST BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF**
11 **THE PLAN ARE CONTROLLING. NO REPRESENTATIONS CONCERNING THE**
12 **COMPANY, ITS FINANCIAL CONDITION OR ANY ASPECT OF THE PLAN ARE**
13 **AUTHORIZED BY THE PLAN PROPONENTS OTHER THAN AS SET FORTH IN THIS**
14 **DISCLOSURE STATEMENT.**

11 **THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS OTHERWISE**
12 **INDICATED, IS UNAUDITED. IN ADDITION, BECAUSE OF THE DEBTORS'**
13 **FINANCIAL DIFFICULTIES, THE INFORMATION CONTAINED HEREIN MAY BE**
14 **INCOMPLETE OR INACCURATE. FOR THE FOREGOING REASONS, THE PLAN**
15 **PROONENTS AND THEIR PROFESSIONALS ARE UNABLE TO WARRANT THAT**
16 **THE INFORMATION CONTAINED HEREIN IS WITHOUT ANY INACCURACY.**
17 **HOWEVER, GREAT EFFORT HAS BEEN MADE TO ENSURE THAT ALL SUCH**
18 **INFORMATION IS FAIRLY PRESENTED.**

15 **THE PROFESSIONALS REPRESENTING THE DEBTORS AND THE**
16 **COMMITTEE, RESPECTIVELY, HAVE RELIED UPON INFORMATION PROVIDED BY**
17 **THE DEBTORS (BASED ON THE BEST OF THEIR KNOWLEDGE AND THE BEST**
18 **INFORMATION AVAILABLE TO THEM) IN CONNECTION WITH THE**
19 **PREPARATION OF THIS DISCLOSURE STATEMENT AND HAVE NOT**
20 **INDEPENDENTLY VERIFIED THE FACTUAL INFORMATION CONTAINED HEREIN.**
21 **THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED**
22 **AS LEGAL, BUSINESS OR TAX ADVICE. YOU SHOULD CONSULT WITH YOUR OWN**
23 **LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX AND RELATED**
24 **MATTERS CONCERNING YOUR CLAIMS OR INTERESTS.**

21 **THE SECURITIES AND EXCHANGE COMMISSION HAS NOT APPROVED OR**
22 **DISAPPROVED THIS DISCLOSURE STATEMENT, OR DETERMINED IF IT IS**
23 **TRUTHFUL OR COMPLETE.**

23 **ARTICLE II.**

24 **DEFINITIONS**

25 All definitions contained in Article I of the Plan are incorporated herein by reference. Other
26 terms are defined herein for convenience only.

27 ///

28 ///

1 **ARTICLE III.**

2 **SUMMARY OF PLAN IMPLEMENTATION**

3 3.1 **The Chapter 11 Process.**

4 Chapter 11 of the Bankruptcy Code contains numerous provisions, the general effect of
5 which is to provide debtors with “breathing space” within which to propose a restructuring of their
6 obligations to third parties. The filing of a chapter 11 bankruptcy petition creates a bankruptcy
7 “estate” comprised of all of the property interests of the debtor. Unless a trustee is appointed by the
8 Bankruptcy Court (no trustee has been appointed in these Cases), a debtor remains in possession and
9 control of all of its assets as a “debtor in possession.” The debtor may continue to operate its
10 business in the ordinary course without Bankruptcy Court approval. Bankruptcy Court approval is
11 only required for various enumerated transactions (such as certain financing transactions) and
12 transactions out of the ordinary course of a debtor’s business. A chapter 11 debtor, or other party in
13 interest, may propose a plan providing for the reorganization of the debtor or, as the Plan
14 contemplates in part, for the orderly liquidation and administration of the assets of the bankruptcy
15 estate.

16 3.2 **Voting Instructions.**

17 Article XVII below provides instructions for voting on the Plan.

18 3.3 **Confirmation Hearing.**

19 The Bankruptcy Court will be asked to schedule a hearing to consider Confirmation
20 (approval) of the Plan. Creditors and parties in interest will receive a notice accompanying this
21 Disclosure Statement identifying the date, time and place of the Confirmation Hearing, and outlining
22 the requirements for filing and serving objections, if any, to Confirmation of the Plan.

23 The Confirmation Hearing may be adjourned from time to time without further notice except
24 for the announcement of the adjournment date made at the Confirmation Hearing or any
25 subsequently adjourned Confirmation Hearing.

26 3.4 **No Substantive Consolidation.**

27 Nothing in the Plan is intended to substantively consolidate, nor will have the effect of
28 substantively consolidating, the Debtors or their Estates, and CEP will maintain its separate

1 corporate existence from and after the Effective Date which is the first business day following the
2 date on which the Order of Confirmation becomes a Final Order.² Under the Plan, on the Effective
3 Date, CEP will emerge as Reorganized CEP. The Liquidation Trust will be formed, collect the
4 Debtors' Assets with the exception of the Excluded Liquidation Trust Assets, and liquidate such
5 Assets for the benefit of, and Distributions to, the beneficiaries of the Liquidation Trust and other
6 Creditors. Thus, while the Liquidation Trust will receive and liquidate the substantial majority of
7 the Debtors' collective Assets, general unsecured Creditors will remain, in principle, distinct to each
8 Debtor. In application and execution, however, the treatment of General Unsecured Creditors, who
9 are classified in three subclasses within Class 5 under the Plan, will be substantially the same due to
10 the fact that almost all, if not all, of the Debtors' liabilities are held by CEP LLC due to a
11 restructuring of the Company's operations commencing in the end of 2013 which was consummated
12 as of January 1, 2014 (the "Pre-Petition Restructuring"). That Pre-Petition Restructuring enabled the
13 Company to reduce costs and overhead (for example, to maintain only one set of books) and to
14 obtain certain tax advantages, and resulted in the assignment of the Company's assets and liabilities
15 to CEP LLC. Since then, the Debtors have functioned collectively as a joint enterprise, and the
16 Company has maintained consolidated financial statements. There are no current inter-company
17 Claims among the Debtors nor are there guaranties of the obligations of one Debtor by either of the
18 others. The Voluntary Petitions of each Debtor filed in their respective Bankruptcy Cases reflect the
19 total of all assets and liabilities of the Company's enterprise, and each Debtor filed identical
20 Schedules D, E and F in their respective Bankruptcy Cases. Moreover, CEPIS is a wholly-owned
21 subsidiary of CEP LLC, and CEP LLC is a wholly-owned subsidiary of CEP Inc. In sum, while
22 each Debtor is a distinct Entity, the Debtors together comprise a joint enterprise with substantially all
23 of the Company's Claims and Assets held in CEP LLC.

24 On May 2, 2014, the Court entered its ORDER AUTHORIZING AND DIRECTING JOINT
25 ADMINISTRATION OF ESTATES in each of the Debtors' respective Bankruptcy Cases, directing all
26 parties in interest and the Clerk of the Court to file and docket all pleadings and notices in the CEP's

27 ² The Plan Proponents estimate that the Effective Date will be the fifteenth day following the Confirmation
28 Date.

1 Bankruptcy Case. Consequently, the greater majority of Proofs of Claims have been filed either
2 solely against CEP, as the Debtor in the lead Bankruptcy Case, or have been filed as identical Proofs
3 of Claims in all three Cases. In addition, the Debtors also have identified 47 distinct Proofs of
4 Claims filed in CEP LLC's Case and four (4) distinct Proofs of Claims filed in CEPIS' Case. The
5 Debtors have reviewed all Claims and believe that all or almost all Claims filed in the Bankruptcy
6 Cases are more properly Claims against CEP LLC or the Company as an enterprise which should be
7 asserted against only CEP LLC. Accordingly, prior to the Confirmation Hearing, the Plan
8 Proponents anticipate that, if necessary, the Debtors may file objections to all General Unsecured
9 Claims which have been filed as duplicates in more than one Case and almost all, if not all, General
10 Unsecured Claims which have been filed in a Case other than in CEP LLC's Case, solely to
11 reclassify such Claims such that they are asserted in CEP LLC's Case where appropriate.

12 The Plan Proponents believe that there will be sufficient cash to pay Allowed Secured
13 Claims, Priority Claims and Administrative Claims in full. The Plan classifies General Unsecured
14 Claims – which are not expected to be paid in full - in three (3) subclasses under Class 5 which is the
15 only impaired class of Claims, to ensure that General Unsecured Claims which are distinct to CEP
16 and CEPIS, if any, remain separate; however, the Assets of the Company, with the exception of the
17 Excluded Liquidation Trust Assets, will vest and be held by the Liquidation Trust for liquidation by
18 the Liquidation Trustee and available for Distribution to all Creditors. As a result, conceivably, any
19 general unsecured Creditors who holds an Allowed Claim against a distinct Debtor, to the extent
20 there are any, could receive less than if Assets were retained by each Debtor separately. However,
21 due to the restructuring of the Company at the end of 2013 vesting all Assets in CEP LLC and the
22 operations of the Debtors as a joint enterprise, the Plan Proponents believe that there will be
23 minimal, if any at all, potential adverse impact to any distinct Creditors. On the contrary, the Plan
24 Proponents believe that the Plan provides the most sensible and efficient means to identify, treat and
25 administer Claims against the Estates. Among other benefits, it eliminates the unnecessary need to
26 prepare and propose a separate plan for each of the Debtors which would only increase the cost and
27 reduce the efficiency of providing Distributions to Creditors. It also enables CEP to continue its
28 corporate existence as Reorganized CEP and potentially contribute to the Liquidation Trust

1 throughout the duration of the Plan, and creates a mechanism for holders of stock to contribute to the
2 Liquidation Trust as Plan Sponsors, while the Liquidation Trustee liquidates all remaining Assets for
3 the benefit of Creditors. In light of the foregoing, the Plan Proponents believe that the Plan, as
4 structured, is both practical and appropriate for the administration of the Bankruptcy Cases and is in
5 the best interests of the Creditor body as a whole.

6 3.5 **Means of Implementation of the Plan.** All Available Cash derived from the
7 Sale Proceeds and liquidation of the remaining Liquidation Trust Assets will be liquidated and used
8 to pay Allowed Claims pursuant to the priorities of the Bankruptcy Code as provided in the Plan.
9 The source of the Liquidation Trust Assets will be largely comprised of the proceeds of the sale (the
10 “Sale”) of certain of the Debtors assets of the Debtors to Doosan Corporation (together with its
11 designee(s), “Doosan”) during the Cases and the contributions received in connection with the
12 continued existence of CEP, each of which are described below.

13 3.5.1 **Sale Proceeds.**

14 Following a hearing on July 11 and 17, 2014 (the “Sale Hearing”), the Bankruptcy Court
15 approved the Sale of certain of the assets of the Debtors to Doosan (the “Purchase Transaction”).
16 The Purchase Transaction closed on July 18, 2014. The consideration included cash, the assumption
17 of certain liabilities and the assumption of certain executory contracts and unexpired leases, and
18 resulted in an estimated \$32,397,000 to the Estates, \$20,000,000 of which were reserved for the
19 payment of cure costs associated with assumption but which will be released to the Estates to the
20 extent of any reserved funds remaining following the payment of all cure costs. The Plan will be
21 implemented by establishment of a Liquidation Trust with an appointed Liquidation Trustee, which
22 will administer and liquidate the Estates’ remaining Assets and manage the Distribution of the
23 balance of the proceeds derived therefrom, in addition to the proceeds of the Purchase Transaction
24 (the “Sale Proceeds”).

25 3.5.2 **Continued Corporate Existence; Vesting of Assets of CEP;
26 Reorganized CEP Contributions.**

27 On the Effective Date, CEP will emerge as Reorganized CEP and continue to exist as a
28 separate corporation. It will retain all of the powers of corporations under applicable non-
bankruptcy law without prejudice to any right to (a) amend its charter, dissolve, merge, or convert

1 into another form of business entity, (b) restructure its ownership and/or equity composition, and (c)
 2 alter or terminate its existence. Except as otherwise provided in the Plan, on and after the Effective
 3 Date, all Excluded Liquidation Trust Assets will, to the maximum extent permitted by law, revert in
 4 Reorganized CEP free and clear of all claims, liens, charges, other encumbrances and interests.
 5 On and after the Effective Date, subject to Article XII of the Plan, Reorganized CEP will be
 6 permitted to conduct its business without supervision by the Bankruptcy Court free of any
 7 restrictions under the Bankruptcy Code or the Bankruptcy Rules.

8 By retaining and continuing the corporate structure of CEP, the Plan augments the amount
 9 included in the Liquidation Trust Assets and provides a mechanism for additional amounts to be
 10 contributed during the Bankruptcy Cases. Specifically, under the Plan, (a) CEP Equity Security
 11 Holders may elect to be Plan Sponsors who will pay the Plan Sponsor Contribution in the aggregate
 12 amount of, at minimum, \$200,000 to the Liquidation Trust on or before the Effective Date; and (b)
 13 Reorganized CEP will calculate, submit a report to the Liquidation Trustee, and, if required,
 14 periodically pay the Reorganized CEP Contributions to the Liquidation Trust, equal to 20% of all
 15 amounts, if any, “realized” from tax attributes retained by Reorganized CEP and carried forward or
 16 carried backward, to be calculated and paid (in the event that any amounts are realized for each
 17 applicable period) in annual payments in accordance with the schedule set forth below; provided,
 18 however, that in the event that a tax audit (or similar notice or inquiry related thereto) of
 19 Reorganized CEP by a governmental unit will commence or is pending at any time when calculation
 20 or payment of any Reorganized CEP Contribution is due, such payment will not become due until
 21 immediately after the tax audit is completed and the Reorganized CEP Contribution is calculated and
 22 remains due and owing.

23 **Schedule of Reorganized CEP Contributions**

24 Post-Effective Date	25 Tax Return Filing	26 Contribution	27 Contribution
28 Tax Year	Date	Calculation and	Payment Date
		Reporting Date	(if due)
December 2015	March 2016	February 2017	March 2017
December 2016	March 2017	February 2018	March 2018
December 2017	March 2018	February 2019	March 2019
December 2018	March 2019	February 2020	March 2020

1 December 2019 March 2020 February 2020 March 2020

2 The payment of the Reorganized CEP Contributions will depend on Reorganized CEP's
3 ability to continue as an operating company. Among other things, Reorganized CEP's ability to
4 identify, acquire and manage operating assets and businesses that generate taxable net income and
5 ability to secure necessary growth equity capital and debt financing, in addition to general economic
6 and market conditions, will factor into Reorganized CEP's ability to operate throughout the duration
7 of the Plan. Five of CEP's major shareholders - James A. Kohlberg Revocable Trust, Bay Area
8 Holdings, KCEP Acquisition Company LLC, KCEP 2 Acquisition Company LLC and Kohlberg
9 Ventures, LLC (collectively, the "Committed Plan Sponsors") - have already committed to be Plan
10 Sponsors and to make the \$200,000 minimum Plan Sponsor Contribution, to fund the \$200,000
11 minimum CEP Working Capital Fund and to contribute the CEP Contributed Fixed Assets. For over
12 30 years, management of the Committed Plan Sponsors has engaged in the business of identifying,
13 acquiring, financing and managing operating businesses in a range of industrial, consumer and
14 business services industries. During this time, the managers of the Plan Sponsors have been
15 involved in over 100 acquisitions. These acquisitions often require tax planning and realization of
16 tax benefits available through utilization of acquired tax attributes. One of the Committed Plan
17 Sponsors, Bay Area Holdings, is itself the result of a liquidation of non-performing assets within an
18 operating company that depended on net operating losses to allow the financial capability to
19 restructure the underlying operating business, which was a chain of grocery stores. While the
20 Committed Plan Sponsors are awaiting the outcome of the Plan confirmation process (including the
21 establishment of the entire Plan Sponsor constituency), they have already taken steps to evaluate
22 potential business platforms and opportunities and to evaluate how best to utilize the retained tax
23 attributes, including researching attractive markets, discussing their plans with brokers and
24 intermediaries representing operating businesses, evaluating platform companies for acquisition,
25 discussing availability of debt financing to support the acquisitions, and conferring with their tax
26 professionals. The experience of the Committed Plan Sponsors, in addition to the time and expense
27 already expended by them and their commitment to make the requisite minimum contributions,
28 demonstrate their capability and dedication to successfully establish and operate Reorganized CEP.

1 The Committed Plan Sponsors will continue their preliminary efforts up to the Confirmation Date,
2 and, if the Court confirms the Plan, they then will immediately increase their efforts.

3 It should be noted that there is no assurance or certainty that Reorganized CEP will be
4 successful in establishing and maintaining business operations to any extent. However, if it does
5 succeed, the Plan Proponents estimate that the Reorganized CEP Contributions could aggregate to
6 approximately \$7.9 million to be added to the Liquidation Trust Assets. A “pro forma” business
7 plan using an example of a car wash operating company as a business platform and detailing how the
8 Reorganized CEP Contributions would be “realized” from the tax attributes retained by Reorganized
9 CEP, is attached hereto as **Exhibit “A”**. To illustrate how Reorganized CEP Contributions could be
10 realized: after all deductions and exclusions have been included in Reorganized CEP’s calculation of
11 net income, for each \$100.00 of taxable net income otherwise reportable by Reorganized CEP, it will
12 use \$100.00 of the available tax attributes to reduce taxable income to \$0. The “realized benefit”
13 would be the \$100.00 of the offset taxable income multiplied by the applicable federal tax rate (e.g.,
14 35%), or \$35.00. The creditors would receive 20% of this realized benefit, or \$7.00.

15 Notwithstanding anything herein to the contrary, any and all Reorganized CEP Contributions
16 will immediately vest in the Liquidation Trust when received, and no Person will have any right to
17 recover, recoup or otherwise disgorge such Reorganized CEP Contributions from the Liquidation
18 Trust. For the avoidance of doubt, no Person will have any recourse against the Liquidation Trust,
19 the Liquidation Trustee, the Oversight Committee or a beneficiary of the Liquidation Trust with
20 respect to the Reorganized CEP Contributions.

21 To enable CEP to continue as a business, (a) Plan Sponsors will pay to CEP, prior to the
22 Confirmation Date, the CEP Working Capital fund in the aggregate amount of, at minimum,
23 \$200,000, and (b) the Committed Plan Sponsors will provide to CEP, prior to the Confirmation Date,
24 the CEP Contributed Fixed Assets which are necessary to conduct Reorganized CEP’s business
25 operations. Reorganized CEP will retain tax attributes, including, *inter alia*, unused net operating
26 losses and any other tax loss credits or carryforwards, if any, which are attributable to CEP, from
27 which any Reorganized CEP Contributions will be derived. None of the Plan Proponents, the
28 Committee’s Professionals and the Debtors’ Professionals has made any representation, warranty, or

1 covenant with respect to the value, amount, or utility of any such tax attributes.

2 The CEP Contributed Fixed Assets and the tax attributes, together with the CEP Working
3 Capital Fund and any books and records of CEP, comprise the Excluded Liquidation Trust Assets
4 which will not vest in the Liquidation Trust. However, without provision for the continued existence
5 of CEP as Reorganized CEP, there can be no Plan Sponsors, and (a) CEP would be liquidated with
6 CEP LLC and CEPIS; (b) the CEP Contributed Fixed Assets would not exist as Assets (and
7 therefore could not provide any value to the Liquidation Trust); (c) there would be no opportunity
8 for payments from the Reorganized CEP Contributions; and (d) there would be no Plan Sponsor
9 Contribution to the Liquidation Trust. Accordingly, the Plan Proponents believe that CEP's
10 continuation as a business under the Plan provides a benefit, and for a potentially significant upside,
11 to the Liquidation Trust and all Creditors which would not otherwise exist.

12 With respect to CEP's books and records, Reorganized CEP will retain and succeed to all
13 rights to such books and records, but must provide the Liquidation Trustee, upon her/his reasonable
14 request, with copies of (or must allow the Liquidation Trustee access to and/or to make a copies of)
15 any of CEP's books and records. The Liquidation Trustee will reimburse Reorganized CEP for its
16 reasonable, documented, out-of-pocket costs and expenses incurred with respect to providing access
17 or copies of CEP's books and records.

18 **ARTICLE IV.**

19 **THE BANKRUPTCY FILING**

20 On May 1, 2014 (the "Petition Date"), the Debtors filed their respective Voluntary Petitions
21 under chapter 11 of the Bankruptcy Code. Presently, the Debtors are operating as debtors in
22 possession pursuant to the provisions of Bankruptcy Code §§ 1107 and 1108. The Committee was
23 appointed in the Bankruptcy Cases on May 22, 2014. The current Committee members are as
24 follows:

25 ABB, Inc.
26 Attention: Galit Mizrahi
27 8585 Trans-Canada Highway
28 Saint-Laurent, QC Canada H4S 1Z6

///

1 Estes Express Lines
2 Attention: Nicole Washington
3 3901 West Broad Street
4 Richmond, VA 23230

5 Kelly Services, Inc.
6 Attention: Jody McLeod
7 999 West Big Beaver
8 Troy MI, 48084

9 The Committee's counsel is as follows:

10 Brown Rudnick LLP
11 1 Financial Center
12 Boston, MA 02111
13 Attn: Sunni Beville
14 Email: sbeville@brownrudnick.com

15 ARTICLE V.

16 HISTORY AND PRESENT POSTURE OF THE CASE

17 5.1 History and Description of the Business.

18 The Company is headquartered in Sunnyvale, California. Prior to the closing of the Purchase
19 Transaction, the Company designed, manufactured, sold and serviced combined heat and power
20 distributed generation Fuel Cell systems for commercial, industrial, utility and residential
21 applications, which systems integrate proprietary components and utilize innovative technology to
22 cleanly convert natural gas to electricity and heat at the point of use.

23 In early 2013, CEP acquired UTC Power, Inc. ("UTC Power"), formerly a subsidiary of
24 United Technologies Corporation, largely to leverage UTC Power's advanced, large-scale
25 technology (such acquisition, the "UTC Transaction"). In addition to leveraging over five decades
26 of expertise in the fuel cell industry, the Company's strategic decision to acquire UTC Power
27 resulted in the Company's ownership of the industry's largest portfolio of intellectual property.

28 5.2 Events Precipitating the Bankruptcy Filing.

While the Company historically experienced strong growth and had been the leader in the
field of stationary fuel cell systems, instability within the industry, together with constraints on
working capital, resulted in the Company's financial distress commencing towards the end of 2013.
In the months leading up to the Petition Date, the Company attempted to obtain additional financing
to continue operations as a going concern but was unsuccessful. As the Company's available cash

1 waned, it was unable to satisfy its payables. In order to streamline operations, among other things,
2 the Company laid off the majority of its workforce prior to the Petition Date.

3 After considering numerous options, the Company's board of directors decided that it was in
4 the best interests of the Company's creditors and equity holders to consummate some form of sale,
5 merger, acquisition and/or related transaction. Unable to meet its growing debt obligations, the
6 Company made a strategic decision to file for bankruptcy to provide the Company time to
7 restructure its finances and operations, market its assets, negotiate sale terms, and conduct an auction
8 of its assets to the highest bidder, under the auspices and protection of the Bankruptcy Court.

9 **5.3 Significant Events During The Bankruptcy Cases.**

10 **5.3.1 Purchase Transaction With Doosan.**

11 During the Bankruptcy Cases, the Debtors negotiated the terms of the sale of substantially all
12 of their assets to Doosan culminating in that certain ASSET PURCHASE AGREEMENT dated June 26,
13 2014 (the "Purchase Agreement")³. Following the Sale Hearing, on July 18, 2014, the Court entered
14 its orders approving the Sale to Doosan [D.E. 260] (the "Sale Order") and the assumption and
15 assignment of certain executory contracts and leases in connection therewith [D.E. 262], and the
16 Purchase Transaction closed to Doosan.

17 A summary of the Purchase Transaction⁴ previously provided to parties in interest [see D.E.
18 139] outline certain of its terms including the following:

- 19
- 20 • **Purchased Assets** – Doosan will purchase all of the Debtors' right, title and interest of
21 any nature whatsoever in the assets identified in the Purchase Agreement, including,
22 without limitation, the Assumed Contracts, licenses, permits and governmental
23 authorizations required to operate the business, all avoidance claims or causes of action
under Chapter 5 of the Bankruptcy Code or any similar actions under any other
applicable law as against Designated Parties, free and clear of liens, claims,
encumbrances and other interests, with the exception of certain Excluded Assets.

24 ³ A copy of the executed Purchase Agreement is attached to the MOTION BY DEBTORS TO SELL CERTAIN
25 ASSETS OF THE DEBTORS ASSETS FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES AND OTHER INTERESTS [D.E.
148] as its Exhibit "A."

26 ⁴ Subsequently, to govern the transition of the Debtors' business and purchased assets to Doosan, the Debtors
27 and Doosan negotiated terms of a transition services agreement which are embodied in an amendment to the Purchase
28 Agreement, which was approved pursuant to Court order entered on August 7, 2014 [D.E. 316]. Among other things, the
amendment (a) reduced the base purchase price to be paid to the Debtors by \$200,000, and (b) amended the Purchase
Agreement such that it shall bind and inure to the benefit of any liquidating trustee and/or plan administrator.

1 Excluded Assets include cash, certain contracts and leases as designated by Doosan or the
2 Successful Purchaser, the assets of any employee benefit plan, and other identified assets.

- 3 • **Consideration** – The purchase price for the Purchased Assets shall be equal to the sum
4 of (a) \$20,000,000 in cash for all Purchased Assets identified in the Purchase Agreement
5 other than assets that are subject to an Encumbrance securing certain specified Secured
6 Facilities (“Encumbered Assets”), (b) an aggregate amount of up to \$15,000,000 for all
7 Encumbered Assets to the extent provided in Schedule 2.4 to the APA, subject to the
8 consent of the lenders under the applicable Secured Facility to sale of such Encumbered
9 Assets free and clear of all such Encumbrances, and (c) assumption of certain Liabilities
10 as expressly set forth in the Purchase Agreement (including, without limitation, payment
11 of Cure Costs in respect of Assumed Contracts up to an aggregate amount of
12 \$12,899,000, subject to certain limitations set forth in the Purchase Agreement).

9 In accordance with the Sale Order, Doosan paid the aggregate amount of \$32,397,264.26, to
10 the Debtors representing the total amount of Sale Proceeds received by the Debtors pursuant to the
11 Purchase Agreement. From such Sale Proceeds, and as authorized by the Bankruptcy Court in
12 connection with the Sale, the Debtors have paid (a) \$15,928,158.77 in cure amounts owed to
13 counterparties whose executory contracts were assumed and assigned to Doosan, (b) \$1,175,000
14 representing fees and expenses incurred by the Debtors’ financial advisor for services related to the
15 Sale, and (c) \$714,477.61 on account of reclamation claims, claims arising under Bankruptcy Code
16 Section 503(b)(9) and/or claims based on warehousemen’s or carrier’s liens. As of September 30,
17 2015, \$2,834,414.45 was held in escrow by Debtors’ counsel pending the resolution of outstanding
18 cure amounts. After resolution of all such amounts, the balance of such escrowed funds will be
19 turned over to the Estates or the Liquidation Trust, as applicable, as Available Cash. The Debtors
20 estimate that the net proceeds from the Purchase Transaction approximate \$13,659,000.

21 5.3.2 **Reconciliation and Resolution of Claims.**

22 The Debtors have made substantial progress in analyzing, reconciling and addressing
23 numerous Proofs of Claims filed against the Estates and have identified a group of disputed larger
24 Claims. The Debtors have contacted claimants asserting such Claims in order to resolve the various
25 disputed amounts. As a result, the Plan Proponents estimate that their efforts have resulted in a
26 reduction of approximately \$46,550,000 in Claims, including Secured Claims, Priority Claims and
27 General Unsecured Claims.

28 The Plan Proponents remain in the process of attempting to resolve remaining disputed

1 Claims with claimants, and to the extent informal resolution cannot be reached, the Debtors and/or
2 the Committee may file, and in some instances have filed, objections to such disputed Claims.
3 Pursuant to the Plan, after the Effective Date, the Liquidation Trust will review all Proofs of Claim,
4 file objections where appropriate, and ultimately resolve all Disputed Claims with the exception of
5 any Claims (a) that have been Allowed prior to the Effective Date pursuant to a written agreement
6 with the Debtors and/or the Committee, and/or pursuant to a Bankruptcy Court order, and (b) that, in
7 the reasonable business judgment of the Liquidation Trustee, are *de minimis* in amount and
8 insufficient to warrant incurring the expense to perform such review.

9 The Debtors also have analyzed certain warehousemen's liens, reclamation Claims, and/or
10 Administrative Claims arising under section 503(b)(9) of the Bankruptcy Code asserted by various
11 parties during the Bankruptcy Cases. In some, but not all, instances, the interests asserted by these
12 parties attached to the Sale Proceeds as set forth in the Sale Order. Pursuant to stipulations with
13 Creditors and the Committee and/or pursuant to orders entered by the Bankruptcy Court, the Debtors
14 have resolved and paid out approximately \$1,029,000 to Creditors. The Debtors estimate that
15 \$382,000 in additional warehousemen's liens, reclamation Claims, and/or Administrative Claims
16 arising under Bankruptcy Code Section 503(b)(9) which have been or may be asserted remain
17 unresolved, and to the extent they are not resolved prior to the Plan Effective Date and are Allowed
18 Claims, they will be accorded the treatment set forth in the Plan for Administrative Claims or
19 Secured Claims, as applicable.

20 5.3.3 Income Taxes.

21 During the Bankruptcy Cases, the Debtors encountered issues with respect to their income
22 tax returns for the years ending 2013 and 2014, all of which the Debtors, through their accountants,
23 have addressed with the applicable taxing authorities. The Debtors have filed and are current on all
24 such income tax returns⁵.

25 ///

26 ⁵ In conjunction with the filing of their income tax returns, the Debtors requested an expedited review and
27 evaluation from each taxing authority pursuant to Section 505(b) of the Bankruptcy Code, the latest of which required a
28 response, if any, by November 2, 2015. The Debtors did not receive any notice of intent to audit or other response from
any taxing authority with respect to their income tax returns by such date.

1 5.3.4 Retention of Professionals.

2 Since the Petition Date, the Debtors have employed the following professionals to assist in
3 their reorganization efforts: (i) Dorsey & Whitney LLP (“Dorsey”), as general bankruptcy counsel;
4 (ii) Davis Polk & Wardwell LLP, as special corporate counsel; (iii) McNutt Law Group LLP, as
5 special conflicts counsel; (iv) Leonard Law Group LLP as special counsel to manage all matters
6 related to a certain receivership proceeding in the Circuit Court for the State of Oregon, County of
7 Clackamas; (v) Kieckhafer, Schiffer & Company LLP, as 401(k) auditors; (vi) BDO USA, LLP
8 (“BDO”) as accountants; (vii) KPMG, LLP as tax professionals, and (viii) TGI Financial, Inc. dba
9 Gerbsman Partners as financial advisor. In addition, pursuant to the Debtors’ motion, the Court
10 appointed Insolvency Services Group, Inc. as the claims and noticing agent for the Clerk of Court for
11 the United States Bankruptcy Court, Northern District of California, in the Bankruptcy Cases. The
12 Creditors’ Committee has employed (i) Brown Rudnick LLP (“Brown Rudnick”), as bankruptcy
13 counsel and (ii) Teneo Securities LLC (“Teneo”) as financial advisor during the Bankruptcy Cases.

14 5.3.5 Allowance of Fees of Court-Appointed Professionals.

15 The Court has conducted six hearings during the Bankruptcy Cases to consider requests for
16 allowance of compensation and reimbursement of expenses of certain of the Debtors’ Professionals
17 and the Committee’s Professionals. Subsequent to each respective hearing, the Court has entered
18 various orders approving and allowing certain fees and expenses summarized on **Exhibit “B”**
19 hereto.

20 In addition to the foregoing, through October 2015, the Debtors’ Professionals have accrued
21 unpaid fees, which constitute Administrative Claims, aggregating to an estimated \$907,100.00, and
22 the Committee’s Professionals have accrued unpaid fees aggregating to an estimated \$244,400.00.

23 5.3.6 Appointment of Responsible Person.

24 Pursuant to an Order entered by the Bankruptcy Court on May 10, 2014, Gloria Fan was
25 appointed the Responsible Person in the Bankruptcy Cases. As of the date of this Disclosure
26 Statement, Ms. Fan holds the position of Chief Financial Officer of CEP.

27 5.3.7 Rejection of Executory Contracts and Unexpired Leases.

28 During the Bankruptcy Cases, the Debtors evaluated all remaining executory contracts and

1 unexpired leases, including various supply, manufacturing and service agreements, equipment
2 leases, energy services agreements (“ESAs”) and real property leases, and identified those which are
3 not necessary for the continued administration of, and provided no benefit to, the Debtors’ Estates.
4 Accordingly, the Debtors have rejected numerous contracts and leases pursuant to various Court
5 orders entered in the Cases [D.E. 105, 494, 497 and 576]. The Debtors also have entered into certain
6 stipulations which provide for, among other things, rejection of various contracts and leases, which
7 have been approved by various Court orders [D.E. 452, 559, 562 and 818].

8 The Plan further provides for the Debtors to reject all pre-petition executory contracts and
9 unexpired leases that are not: (a) assumed or rejected prior to Confirmation; (b) the subject of a
10 pending motion to assume filed prior to Confirmation; or (c) assumed pursuant to the Plan. Such
11 executory contracts and unexpired leases to be rejected include, without limitation, those listed on
12 Exhibit “E” to the Plan which is incorporated herein by reference.

13 5.3.8 Assumption and Assignment of Executory Contracts

14 The Debtors also have evaluated and identified remaining executory contracts which could
15 be assumed and assigned to third parties to benefit the Estates, and have effected the assignment of
16 such contracts pursuant to various Court orders entered in the Cases [D.E. 562, 601, and 818].

17 The Plan provides for certain of the Debtors’ insurance policies and the Debtors’ remaining
18 real property lease for its premises in Sunnyvale, California, to be assumed and assigned to the
19 Liquidation Trust, and provides for certain other executory contracts to be assumed and assigned to
20 Reorganized CEP. Contracts to be assumed and assigned under the Plan are identified on its
21 Exhibits “B,” “C” and “D” which are incorporated herein by reference.

22 5.3.9 Other Bankruptcy Administration Matters.

23 The Debtors have filed all Monthly Operating Reports during the course of the Bankruptcy
24 Cases and are current in their payments of the United States Trustee’s fees. On November 20, 2015,
25 the Debtors filed their most recent Monthly Operating Report for the month ending October 2015, a
26 copy of which is attached hereto as **Exhibit “C”**.

27 During the Cases, the Debtors have responded to information requests by Creditors, the
28 Committee, and the Office of the United States Trustee, and have attended meetings as requested.

1 5.3.10 **Litigation.**⁶

2 The sole adversary proceeding in the Bankruptcy Cases is entitled *Wojciechowski v.*
3 *ClearEdge Power Inc. and ClearEdge Power, LLC*; Adv. Proc. No. 14-04152-CN (the “WARN
4 Action”) which, pursuant to the plaintiffs’ motion, the Court certified a class action case. In this
5 matter, the lead plaintiff Peter Wojciechowski, a former employee, filed a Complaint on May 2,
6 2014, seeking damages for himself and similarly situated former employees based on the Debtors’
7 alleged violations under the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101
8 – 2109. Mr. Wojciechowski also filed a Proof of Claim based on the WARN Action, asserting
9 \$3,100,000 as a Priority Claim and \$3,600,000 as a General Unsecured Claim. After months of
10 negotiation, the Plan Proponents and the WARN Action plaintiffs reached a settlement pursuant to
11 which, subject to Court approval⁷, the WARN Action plaintiffs will be Allowed Priority Claims
12 based on Section 507(a)(4) in the aggregate amount of \$1,290,216.04, but only up to the statutory
13 maximum of \$12,475 per class plaintiff, with the balance to be Allowed as general Unsecured
14 Claims. The Allowed Claims pursuant to the settlement are accorded treatment in Class 3 and Class
15 5 of the Plan.

16 5.4 **Assets and Liabilities.**

17 Since the closing of the Purchase Transaction, the Debtors’ remaining assets consist
18 primarily of cash and cash equivalents (including Sale Proceeds), certain contracts including ESA
19 contracts and the rights thereunder, and account receivables. The Debtors estimate that the total
20 value of their remaining assets as of September 30, 2015, approximates \$13,585,000, including
21 unrestricted cash equivalents of \$9,821,000 and restricted cash equivalents comprised of amounts

22 _____
23 ⁶ In addition to the WARN Action, one or more of the Debtors are defendants in an action proceeding before
24 the Northern California District Court entitled *Eco Friendly Energy Company v. ClearEdge Power, et al.*, Case No. 13-
25 0932 (the “Eco Friendly Action”), wherein Plaintiff (“Eco Friendly”) filed a Complaint based on allegations of breach of
26 contract, fraud, negligence and violation of California Business and Professionals Code Section 17200 in connection
27 with a marketing agreement, all of which allegations the Debtors deny. The Eco Friendly Action was stayed by the
28 Bankruptcy Cases. Eco Friendly filed a Proof of Claim asserting a General Unsecured Claim in the amount of
\$1,500,000 based on the same allegations set forth in the Eco Friendly Action, to which the Debtors filed an objection
which the Court sustained by entry of Order default. Eco Friendly has appealed the Court’s entry of default to the
District Court and also has filed a motion for reconsideration, which is presently set for hearing on December 10, 2015.

⁷ Once settlement terms are finalized, the parties will be submitting a motion to compromise controversy for the
Court’s consideration.

1 held in trust for payments to be made in connection with the Sale of \$2,834,000. In addition to the
2 foregoing, remaining assets which may be liquidated include possible Avoidance Actions and
3 potential causes of action against third parties which constitute Retained Claims, as described in
4 greater detail below in Section 7.7.

5 The Debtors estimate that the body of Claims asserted against the Estates comprised of filed
6 and scheduled Claims approximates \$136,580,000. Unpaid fees of certain of the Debtors'
7 Professionals and the Committee's Professionals, which constitute Administrative Claims, through
8 October 31, 2015, total an estimated \$1,151,500.00. These amounts remain subject to Bankruptcy
9 Court approval upon duly filed applications for compensation and after hearings on notice.
10 Additional Administrative Claims as of September 30, 2015, are estimated at \$1,172,500 as
11 described in Section 6.1.2 below.

12 During the Bankruptcy Cases, the Debtors, in consultation with the Committee, have
13 reviewed and reconciled a number of Claims with a focus on some of the larger Claims asserted to
14 date, and have resolved numerous Claims with the affected claimants. As a result of the Plan
15 Proponents' efforts, the Debtors estimate that, in addition to Administrative Claims discussed above,
16 their liabilities through September 30, 2015, approximate \$82,000,000, comprised of \$5,420,000⁸
17 asserted as Secured Claims, \$4,605,000 asserted as Priority Claims, \$1,070,000 asserted as Tax
18 Claims, \$70,935,000 asserted as General Unsecured Claims. This estimate does not include
19 Rejection Claims that may be filed following the filing of this Disclosure Statement and the Plan. If
20 Claims filed by Creditors are allowed in amounts in excess of the above amounts, the total liabilities
21 may vary significantly which would impact the amount of any Pro Rata Distribution to any class
22 under the Plan. The Liquidating Trustee will undertake an analysis of Claims and file objections,
23 where appropriate, which could result in a reduction in the amount of General Unsecured Claims.

24 5.4.1 **Secured Debts; Liens.**

25 The Debtors are continuing to evaluate the Company's books and records with respect to
26 liens and Secured Claims that have not been resolved, as described below. Such Secured Claims

27 ⁸ Such amount includes a Secured Claim asserted by REF Investments, Inc., with which the Debtors are
28 negotiating the terms of a stipulation which will resolve this Secured Claim, as discussed below in Section____.

1 remain subject to dispute and objection, and, if appropriate, the Debtors or the Liquidation Trust may
2 file complaints to determine the validity, priority or extent of any purported liens and/or to avoid
3 such lien. Any such complaint would represent a Retained Claim as discussed in Section 7.7.3
4 below. To the extent the Plan Proponents or the Liquidation Trustee, as applicable, determine that
5 the claimants do not possess any liens, Claims, encumbrances or other interests in any of the
6 Debtors' assets, their Secured Claims are disputed. To the extent it is determined that any of these
7 claimants possessed a valid security interest in property sold to Doosan, such security interest would
8 have attached to the proceeds of the Sale pursuant to the Sale Order, and any Allowed Secured
9 Claim will receive the treatment accorded in Class 1 of the Plan. To the extent it is determined that
10 any of these claimants possesses a valid security interest which attached to any property still
11 remaining with the Debtors, any Allowed Secured Claim of the claimant will receive the treatment
12 accorded in Class 2 of the Plan.

13 **5.4.1.1. Filed Claims.**

14 Certain Creditors filed Proofs of Claims asserting Secured Claims against the Debtors of
15 which the Secured Claims of Crestmark Bank, Wells Fargo Bank N.A., VFS LLC and CM TFS
16 LLC, J.E. Shepard Company and Shepard-Pola, Inc. have been terminated or otherwise satisfied
17 pursuant to stipulations approved by the Court during the Bankruptcy Cases. Connecticut Green
18 Bank also asserted a Secured Claim which it has amended as a contingent, General Unsecured
19 Claim. The following Secured Claims remain unresolved: Secured Claim in the amount of
20 \$69,637.97 asserted by DURUS Construction based on a construction lien with respect to the
21 Debtors' previously-leased real property; Secured Claim in the amount of \$5,593.00 asserted by Iron
22 Mountain Information Management, LLC ("Iron Mountain") based on a warehousemen's lien;
23 Secured Claim in an unspecified amount (the total Claim amount is listed at \$93,962.47) asserted by
24 Javelin Logistics Corporation ("Javelin") based on a warehousemen's lien; Secured Claim in the
25 amount of \$102,910.50 asserted by the Washington County Tax Collector ("Washington County")
26 based on a tax lien; and Secured Claim in the amount of \$5,166,357.00 asserted by REF
27 Investments, Ltd. ("REF") based on a guaranty by CEP LLC on a loan from REF to one of the
28 Debtors' affiliates, ClearEdge Power Finance LLC ("CEP Finance"), secured by CEP LLC's right,

1 title and interest in, among other things, CEP LLC's limited liability company interest in CEP
2 Finance. With respect to the latter, the Debtors, REF and CEP Finance have engaged in extensive
3 negotiations and have tentatively reached agreement on some, but not all, terms to, among other
4 things, sell substantially all of CEP Finance's assets to REF which will result in the satisfaction or
5 release of obligations owed to REF, including REF's Secured Claim against the CEP LLC.
6 Settlement with REF will be subject to Court approval.

7 5.4.1.2. **Scheduled Debts**

8 The Debtors' Schedules D list certain other Creditors who did not file Proofs of Claims but
9 may possess Secured Claims, of which (i) the Secured Claims of D.T. Gruelle Company Group,
10 LLC, Johnson Matthey Fuel Cells and Network Global Logistics, LLC were resolved in connection
11 with the Sale; and (ii) Gelco Corporation and J.M. Rodgers Co. Inc. have agreed with the Debtors
12 that they are not lienholders. The unresolved scheduled Secured Claims on the Debtors' Schedules
13 include the following: Secured Claims of Xerox Corp. and Hartford Distributors scheduled at \$0.00;
14 Secured Claims of J.M. Rodgers Co. Inc., SDV (USA), Inc., Pinto & Teger Electric Corp., Foley
15 Hoag LLP, Loureiro Contractors Inc., New England Mechanical Srvs Inc., Perham Construction and
16 Gileno Distribution Services, scheduled as "unknown"; Secured Claim of Dell Financial Services
17 scheduled at \$3,243.97 but with the underlying property valued at \$0.00; Secured Claim of U.S.
18 Bank scheduled at \$56,840.00; and Secured Claim of Talmer Bank ("Talmer") scheduled at
19 \$11,675,680.67. With respect to U.S. Bank, the Committee has negotiated with and reached a
20 tentative agreement with U.S. Bank which will resolve its Secured Claim. With respect to Talmer,
21 as permitted under the Sale Order, Talmer exercised its rights to foreclose on the property and
22 equipment subject to its security interests; therefore the Plan Proponents believe that Talmer's
23 security interests have been extinguished and that it does not possess any Secured Claim.

24 5.4.1.3. **Liens**

25 Liens or notices of intent related thereto have been asserted based on labor, materials and
26 equipment provided pursuant to purchase orders and/or service contracts (or subcontracts) in
27 connection with Fuel Cells installed by the Debtors with respect to a certain April 2013 purchase
28 agreement and related services agreement (the "Verizon Agreements") with Verizon Sourcing LLC

1 (“Verizon”) which were assumed and assigned to Doosan in connection with the Sale. The parties
2 asserting mechanic’s liens related to the Verizon Agreements include: B-G Mechanical Service, Inc.,
3 CSI Electrical Contractors, Inc., Galasso Trucking & Rigging, Inc., Pinto & Teger Electric Corp.,
4 Otto H. Rosentreter Company and West-Fair Electric Contractors, Inc. Pursuant to a stipulation set
5 forth on the record at the Sale Hearing, a portion of the Sale Proceeds were reserved in escrow to pay
6 any Claims and cure amounts underlying the liens related to the Verizon Agreements, pending
7 reconciliation and final resolution of the final amounts. The Debtors and Verizon have resolved and
8 paid the majority of the underlying Claims and are continuing to resolve remaining Claims. Because
9 all related liens have been or will be extinguished, the Debtors believe that no Allowed Secured
10 Claims exist or arise from the mechanic’s and/or construction liens asserted in connection with the
11 Verizon Agreements and various mechanics’ lienholders.

12 In addition, searches of the public records of various governmental offices and the Secretary
13 of State offices conducted on or about the Petition Date or in connection with the Sale revealed
14 several Creditors asserting liens, including UCC filings and mechanics liens. Such Creditors include
15 Samsung Everland (based on proceeds a specific customer contract and obligations under a purchase
16 order that is not effective), Zimmerman’s Commercial Flooring Inc. (indicating an outstanding
17 balance of \$13,862 and naming DURUS as the debtor party), New England Mechanical Srvs Inc.
18 (balance of \$83,013.45 based on the Debtors’ leasehold interest in two leases which have been
19 rejected), and California Power Partners, Inc. (balance of \$19,085.63, pertaining to an ESA which
20 has been rejected), all of which the Debtors believe may not possess valid liens, and, in such
21 instance, any Secured Claim asserted by the purported lienholder is disputed.

22 An additional possessory lien has been asserted by Macquarie Group, a global financial
23 services company which committed to provide loan financing to the Company during the pre-
24 petition period when the Company attempted to raise financing. In connection therewith, the
25 Company paid a deposit in the amount of \$75,000 to Macquarie Group.

26 5.4.2 **Reclamation Claims.**

27 Several Creditors have made reclamation demands and/or asserted reclamation Claims
28 pursuant to Bankruptcy Code Section 546(c) arising from the delivery by such parties of various

1 goods to the Debtors within 45 days prior to the Petition Date, the majority of which have been
2 resolved in connection with the Sale or through stipulations approved by the Court in the Bankruptcy
3 Cases. Any Claims filed against the Debtors in respect of these resolved Claims will be subject to an
4 objection.

5 Rosemount Inc. and W.W. Grainger, Inc. have also asserted reclamation Claims in the
6 amounts of \$1,671.97 and \$16,804.32, respectively, and, as set forth in the Sale Order, to the extent
7 it is determined that either of them properly asserted a reclamation demand and retained reclamation
8 rights on equipment and/or property sold to Doosan, such rights would have attached to the Sale
9 Proceeds, and any such rights, to the extent they constitute Allowed Secured Claims, will receive the
10 treatment accorded in Class 1 of the Plan. To the extent any reclamation rights of Rosemount Inc.
11 and W.W. Grainger, Inc. are determined to be valid and attached to any property remaining with the
12 Debtors, they will receive the return of the property which is the subject of their reclamation
13 demands.

14 5.4.3 The Debtors' Unsecured Debts.

15 The Debtors' review of Claims and discussions with Creditors remains ongoing. The total
16 Allowed Claims in Class 5 will not be finally determined until all Claims Bar Dates have passed and
17 all objections to Disputed Claims have been resolved or otherwise adjudicated by the Bankruptcy
18 Court. At the present time, the Debtors estimate Allowed General Unsecured Claims which
19 comprise Class 5 will approximate \$49.3 million. This is only an estimate based on the review and
20 reconciliation of some, but not all, of the filed General Unsecured Claims based on current available
21 information, and does not include all Claims arising from the rejection of executory contracts and
22 unexpired leases where the bar date for filing a Rejection Claim has yet to expire or has not yet been
23 established.

24 ARTICLE VI.

25 CLAIMS AND EQUITY INTERESTS AND TREATMENT UNDER THE PLAN

26 The Claims against and Interests in the Debtors, and their treatment under the Plan are
27 summarized below.

28 ///

1 6.1 **Administrative Claims.**

2 6.1.1 **Description.**

3 Administrative Claims, generally, are claims that arise during the pendency of a chapter 11
4 case and are entitled to priority in payment, pursuant to Section 507(a)(2) of the Bankruptcy Code.
5 Here, these include Claims for: (a) costs or expenses of administration of a kind specified in Section
6 503(b) of the Bankruptcy Code, including any actual and necessary costs and expenses of preserving
7 the Bankruptcy Estates incurred on or after the Petition Date and through and including the Effective
8 Date; (b) Claims under Section 503(b)(9) of the Bankruptcy Code for the value of goods received by
9 the Debtors within 20 days before the Petition Date in which the goods have been sold to the Debtors
10 in the ordinary course of the Debtors’ business; (c) any cure amounts that must be paid in connection
11 with the assumption of executory contracts or unexpired leases of the Debtors under Section 365 of
12 the Bankruptcy Code; (d) fees due to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6);
13 and (e) allowed compensation and costs for professional services under Sections 328, 330 and 331 of
14 the Bankruptcy Code or otherwise.

15 6.1.2 **Administrative Claims – Estimate.**

16 The Plan Proponents anticipate that the majority of Administrative Claims that will remain
17 unpaid as of the Effective Date will be the Fee Claims of the Debtors’ Professionals and the
18 Committee’s Professionals. As discussed above, the Court has previously approved and allowed
19 fees and expenses on an interim basis to certain of the Debtors’ Professionals and the Committee’s
20 Professionals. The Debtors have paid the Court-approved amounts. Set forth below are *estimated*
21 fees and expenses for the Debtors’ Professionals and the Committee’s Professionals which have not
22 yet been approved or paid, through January 31, 2016, which is the estimated Confirmation Date,
23 unless indicated otherwise:

<u>Professional</u>	<u>Estimated fees & expenses for period through January 31, 2016</u>
Dorsey & Whitney LLP (Debtors’ bankruptcy counsel)	\$865,000.00
Davis Polk & Wardwell LLP (Debtors’ special corporate counsel)	\$88,000.00
McNutt Law Group LLP	\$1,000.00

1	(Debtors' special conflicts counsel)	
2	KPMG, LLP	\$171,300.00
	(Debtors' tax professionals)	
3	Brown Rudnick LLP	\$285,400.00
	(Counsel for the Creditors' Committee)	
4	Teneo Securities LLC	\$20,000.00
	(Creditors' Committee's financial advisors)	
5	Insolvency Services Group, Inc.	\$74,200.00
6	(Court-approved claims and noticing agent)	
7	TOTAL:	\$1,504,700.00

8 The foregoing are estimates only of amounts accrued through the estimated dates indicated.
9 All professional fees through the Effective Date are subject to Court approval after a hearing on
10 notice to Creditors.

11 In addition to professional fees, as of September 30, 2015, the Debtors hold certain
12 renewable energy credits ("RECs") to be paid to customers under certain ESAs which could
13 constitute Administrative Claims of approximately \$604,000⁹, and the Plan Proponents believe that
14 certain Creditors may assert Administrative Claims under Section 503(b) and Section 507(a)(2) of
15 the Bankruptcy Code, some of which are discussed above, which could approximate around
16 \$720,000. The Plan Proponents further anticipate that Administrative Claims will include a small
17 amount of current expenses incurred in the ordinary course of the Debtors' operations which they
18 will not have paid by the Effective Date. These amounts will be paid in the ordinary course of
19 business by the Liquidation Trust.

20 **6.1.3 Administrative Claims (Excepting Fee Claims) – Treatment.**

21 Except to the extent that the holder of a particular Administrative Claim has agreed to a
22 different treatment of such Claim, each holder of an Allowed Administrative Claim shall be paid in
23 cash, in full upon the later of: (a) the Initial Distribution Date; (b) if such Claim is initially a
24 Disputed Claim or an order of the Court is required prior to any payment, on the Subsequent
25 Distribution Date following the ultimate allowance of such Administrative Claim by a Final Order of

26 _____
27 ⁹ RECs are reported, calculated and collected on an ongoing basis. The Debtors will pay certain outstanding
28 REC payments owed under certain ESAs up to the Effective Date thereby reducing the amount of Administrative Claims
and also reducing the Debtors' cash on hand proportionately.

1 the Bankruptcy Court; or (c) if such Administrative Claim is incurred after the Petition Date in the
2 ordinary course of the Debtors' business, within such time as payment is due pursuant to the terms
3 giving rise to such Claim.

4 6.1.4 **Administrative Claims (Excepting Fee Claims) – Deadline for Requests**
5 **for Payment.**

6 Any request for allowance of an Administrative Claim pursuant to Section 503(b) of the
7 Bankruptcy Code, other than Fee Claims by the Debtors' Professionals and the Committee's
8 Professionals, must be filed on or before the Administrative Claims Bar Date, which is thirty (30)
9 days following the date of the Effective Date, or the holder will be forever barred from asserting
10 such Claim or receiving any payment on account of such Claim.

11 6.1.5 **Administrative Claims (Fee Claims) – Treatment**

12 Subject to procedure for requesting allowance of Fee Claims set forth in Section 5.3 of the
13 Plan, and unless the holder of an Allowed Fee Claim agrees to receive other less favorable treatment,
14 each holder of an Allowed Fee Claim will be paid in cash, in full no later than five (5) Business
15 Days after the date that such Claim is Allowed by order of the Bankruptcy Court.

16 6.1.6 **Administrative Claims (Fee Claims) – Deadline for Requests for Payment**

17 All final applications requesting for payment of Fee Claims must be filed with the
18 Bankruptcy Court on or before the Fee Claims Bar Date, which is 5:00 p.m. (Pacific Time) on the
19 date that is the first Business Day after the date that is thirty (30) days after Effective Date, unless
20 extended by order of the Bankruptcy Court.

21 6.2 **Tax Claims.**

22 6.2.1 **Description.**

23 Certain Claims by governmental units, primarily Tax Claims, are entitled to priority over pre-
24 petition Claims of general unsecured Creditors pursuant to Section 507(a)(8) of the Bankruptcy
25 Code. Tax Claims have been filed by various municipal or governmental Creditors for, among other
26 bases, personal property and/or sales and use taxes, which, as of September 30, 2015, aggregate to
27
28

1 approximately \$1,070,000¹⁰. However, pending review of asserted Tax Claims by the Plan
2 Proponents prior to the Effective Date and/or the Liquidation Trust after the Effective Date, the
3 amount of the Allowed Tax Claims may vary from the above estimate. These amounts do not
4 include taxes which have not yet become due which will be paid in the ordinary course when due.

5 **6.2.2 Tax Claims – Treatment.**

6 Except to the extent that the holder of a particular Tax Claim has agreed to a different
7 treatment of such Claim, each holder of an Allowed Priority Tax Claim will be paid in cash, in full
8 on the date that is the later of (a) the Initial Distribution Date or (b) on the first Subsequent
9 Distribution Date after the date such Tax Claim becomes an Allowed Claim plus interest on such
10 Allowed Claim at the rate of interest determined under applicable non-bankruptcy law pursuant to
11 Bankruptcy Code Section 511, from the Effective Date through the date of payment in full;
12 provided, however, that (i) no such payment will be made longer than five (5) years from the
13 Petition Date, and (ii) no holder of an Allowed Tax Claim will be treated in a manner less favorable
14 than any Allowed General Unsecured Claim in Class 5.

15 **6.3 Class 1: Secured Claim of Sale Proceeds Lienholders.**

16 **6.3.1 Description (Class 1 Under the Plan).**

17 Class 1 consists of the Allowed Claims of Sale Proceeds Lienholders to the extent that such
18 Claims, if any, constitute Allowed Secured Claims. The Sale Proceeds Lienholders are those
19 Persons who asserted liens, claims and interests against any of the Debtors' assets purchased by
20 Doosan in the Purchase Transactions, which liens, claims and interests attached to the net proceeds
21 received from the Purchase Transaction pursuant to the Sale Order. Such liens are listed in Exhibit
22 "A" to the Sale Order and are described above in Section 5.4.1.

23 **6.3.2 Secured Claims of Sale Proceeds Lienholders – Treatment.**

24 Except to the extent a holder of a Class 1 Claim agrees to less favorable treatment, the legal,
25 equitable, and contractual rights of the holders of Class 1 Claims, including the retention of any liens
26 to the extent not avoidable, remain unaltered. Each holder of an Allowed Class 1 Claim, to the

27 ¹⁰ This amount includes a claim filed by the State Board of Equalization approximating \$690,000 based on a
28 tax assessment which the Debtors have appealed, which appeal remains pending.

1 extent there are any such Claims, will receive on the Effective Date, or as soon as practicable
2 thereafter, payment in cash up to the Allowed Amount of such Secured Claim, from, but only to the
3 extent of, the proceeds of the Sales Transaction.

4 CLASS 1 IS UNIMPAIRED AND THE HOLDERS OF ALLOWED CLAIMS IN CLASS 1
5 ARE DEEMED, PURSUANT TO SECTION 1126(F) OF THE BANKRUPTCY CODE, TO
6 ACCEPT THE PLAN.

7 6.4 **Other Secured Claims.**

8 6.4.1 **Description (Class 2 Under the Plan).**

9 Class 2 consists of all Secured Claims which are not Secured Claims of Sale Proceeds
10 Lienholders to the extent any such Secured Claims constitute an Allowed Claim. The Secured
11 Claims asserted by Iron Mountain, Macquarie Group, Javelin and Washington County, potentially
12 among others, to the extent they are Allowed Claims, are Class 2 Claims.

13 6.4.2 **Other Secured Claims – Treatment.**

14 Except to the extent a holder of a Class 2 Other Secured Claim agrees to less favorable
15 treatment, the legal, equitable, and contractual rights of holders of Class 2 Other Secured Claims,
16 including the retention of any lien to the extent not avoidable, remain unaltered. Each holder of an
17 Allowed Class 2 Other Secured Claim, to the extent there are any such Secured Claims, will receive
18 on the Effective Date, , or as soon as practicable thereafter, at the Liquidation Trustee’s option: (a)
19 the net proceeds from the sale of its collateral at the time of such sale or as soon thereafter as
20 practicable, up to the unpaid Allowed Amount of such Claim and to the same extent, priority and
21 validity of the lien securing such Allowed Claim; (b) the return of its collateral; or (c) such other less
22 favorable treatment as may be agreed to by the Liquidation Trustee and the holder of such Claim;
23 provided, however, that if the holder of an Allowed Other Secured Claim holds cash with a right of
24 setoff, such holder will be entitled to effect the setoff and thereby satisfy the Claim in lieu of
25 receiving payment.

26 CLASS 2 IS UNIMPAIRED AND THE HOLDERS OF ALLOWED CLAIMS IN CLASS 2
27 ARE CONCLUSIVELY PRESUMED, PURSUANT TO SECTION 1126(F) OF THE
28 BANKRUPTCY CODE, TO HAVE ACCEPTED THE PLAN.

1 6.5 Priority Claims.

2 6.5.1 Description (Class 3 Under the Plan).

3 Under Section 507(a) of the Bankruptcy Code, certain Claims filed in the Cases, if Allowed,
4 may be afforded priority status. Specifically, Claims of employees (a) for wages, salaries, or
5 commissions, or (b) for amounts based on contributions made to employee benefits plans incurred in
6 the months prior to the commencement of the Bankruptcy Cases are entitled to priority under
7 Section 507(a)(4) and (5) of the Bankruptcy Code. In addition, certain Claims of individuals based
8 on consumer deposits made prior to the commencement of the Bankruptcy Cases for the purchase,
9 lease or rental of property for personal, family or household use are entitled to priority under Section
10 507(a)(7) of the Bankruptcy Code. Class 3 is comprised of such Claims. Class 3 does not include
11 Claims asserted under Section 507(a)(2) of the Bankruptcy Code such as those based on Section
12 503(b)(9), which, as discussed above, are accorded treatment as Administrative Claims under the
13 Plan. Thus, holders of such Administrative Claims must file requests for allowance of their Claims
14 on or before the Administrative Claims Bar Date.

15 As discussed above, pursuant to the WARN Action settlement, the \$3.1 million Priority
16 Claim asserted by the WARN Action plaintiff will be reduced to approximately \$1.29 million. In
17 addition, the Debtors successfully prevailed on their objection to a Priority Claim of approximately
18 \$325,000 asserted by Aerotek, Inc. Remaining Priority Claims asserted in Proof of Claims filed in
19 the Cases and set forth in the Debtors' Schedules aggregate to approximately \$1,500,000 as of
20 September 30, 2015; however, the amount of Allowed Priority Claims will be subject to the
21 outcomes of objections and negotiations. Further, certain employees have asserted Priority Claims
22 under that certain union Agreement entered into on December 3, 2012, by and between UTC Power
23 and District Lodge 26, International Association of Machinists and Aerospace Workers, which
24 remain subject to reconciliation and possible dispute. In addition, several Creditors have filed
25 Claims based on Bankruptcy Code Section 503(b)(9) which are treated as Administrative Claims
26 under the Plan.

27 Based on the foregoing, together with a review of the Company's books and records and
28 Proofs of Claims filed in the Cases, the Debtors estimate that the Allowed Amount of Priority

1 Claims may ultimately fall in the range from \$2.7 million and \$2.8 million.

2 **6.5.2 Employee Priority Claims – Treatment.**

3 Except to the extent that a holder of a Class 3 Priority Claim agrees to a less favorable
4 treatment, the legal, equitable, and contractual rights of holders of Class 3 Priority Claims remain
5 unaltered. Each holder of an allowed Class 3 Claim shall receive on the Effective Date or as soon
6 thereafter as practicable, payment in full in cash up to the Allowed Amount of such Claim.

7 CLASS 3 IS UNIMPAIRED AND THE HOLDERS OF ALLOWED CLAIMS IN CLASS 3
8 ARE CONCLUSIVELY PRESUMED, PURSUANT TO SECTION 1126(F) OF THE
9 BANKRUPTCY CODE, TO HAVE ACCEPTED THE PLAN.

10 **6.6 Administrative Convenience Claims.**

11 **6.6.1 Description (Class 4 under the Plan).**

12 Class 4 consists of all Administrative Convenience Claims which are General Unsecured
13 Claims that are: (a) in an amount of three thousand dollars (\$3,000) or less; or (b) in an amount
14 greater than three thousand dollars (\$3,000) but which is reduced to three thousand dollars (\$3,000)
15 (i) by an irrevocable written election by the holder of such Claim made by completing, executing
16 and delivering by the Voting Deadline an election to reduce its Claim, or (ii) pursuant to a settlement
17 agreement between the Liquidation Trust and the holder of such Claim entered into after the Voting
18 Deadline.

19 A preliminary review of the Debtors' books and records and the filed Claims in these Cases
20 indicate that the total number of Claims in the amount of \$3,000 or less is 280, and the aggregate
21 amount of such Claims approximates \$299,000. Consequently, the Plan Proponents estimate that the
22 Distribution to holders of Allowed Administrative Convenience Claims will aggregate to at least
23 such amount but could be greater depending on the number of Claimants possessing Allowed
24 General Unsecured Claims in excess of \$3,000 who elect treatment in Class 4.

25 **6.6.2 Administrative Convenience Claims – Treatment.**

26 Each holder of an Allowed Class 4 Claim will receive on the Effective Date, in full
27 satisfaction of such Claim, payment in cash up to the Allowed Amount of such Claim; provided,
28 however, that in no event shall a holder receive more than three thousand dollars (\$3,000) on

1 account of such Allowed Administrative Convenience Claim.

2 CLASS 4 IS UNIMPAIRED AND THE HOLDERS OF ALLOWED CLAIMS IN CLASS 3
3 ARE CONCLUSIVELY PRESUMED, PURSUANT TO SECTION 1126(F) OF THE
4 BANKRUPTCY CODE, TO HAVE ACCEPTED THE PLAN.

5 **6.7 General Unsecured Claims Against CEP, CEP LLC and CEPIS.**

6 **6.7.1 Description (Classes 5(a), 5(b) and 5(c) under the Plan).**

7 Classes 5(a), 5(b) and 5(c) consist of all General Unsecured Claims against CEP, CEP LLC,
8 and CEPIS, respectively, that are not included or provided for in any other class. With the exception
9 of Claims whose holders have elected treatment under Class 4 of the Plan, these classes include all
10 Rejection Claims and all unsecured Claims of vendors and trade creditors for goods delivered or
11 services provided to the Debtors prior to the Petition Date, but excluding Administrative Claims,
12 Priority Claims and Administrative Convenience Claims. As set forth above, due to the restructuring
13 of the Company's operations at the end of 2013, the Debtors believe that substantially all General
14 Unsecured Claims are liabilities of CEP LLC and therefore that only nominal Claims, if any, belong
15 in Classes 5(a) and 5(c). However, the Plan classifies General Unsecured Claims in three (3)
16 subclasses under Class 5, to ensure that General Unsecured Claims which are distinct to CEP and
17 CEPIS, if any, remain separate.

18 The total amount of remaining General Unsecured Claims listed in the Debtors' Schedule F
19 is approximately \$4.6 million. The total amount asserted against the Debtors in Proofs of Claims
20 filed in the Bankruptcy Cases as of September 30, 2015, is approximately \$70,935,000 although this
21 amount includes many Claims which are disputed by the Debtors and/or the Committee as discussed
22 above, including the contingent General Unsecured Claim of Connecticut Green Bank asserted in the
23 amount of over \$10,361,112¹¹. The Debtors believe the total of Class 5(a), 5(b) and 5(c) Allowed
24 General Unsecured Claims will, after all disputed amounts and/or objections have been resolved
25 during the term of the Plan, approximate \$49.3 million.¹²

26 ¹¹ Among other things, this Claim is based on calculated numbers which, pursuant to the terms of the
underlying agreement, have necessarily reduced with the lapse of time.

27 ¹² This estimate excludes the amounts for Administrative Convenience Claims of \$3,000 and less, which are
28 accorded treatment in Class 4.

1 **6.7.2 General Unsecured Claims Against CEP, CEP LLC and CEPIS –**
2 **Treatment.**

3 Except to the extent that a Holder of an Allowed Class 5(a), 5(b) or 5(c) General Unsecured
4 Claim agrees to a less favorable treatment, in full and final satisfaction, compromise, settlement, and
5 release of and in exchange for each Class 5(a) , 5(b) or 5(c) Claim, holders of Allowed Class 5(a) ,
6 5(b) or 5(c) General Unsecured Claims, if any, will receive Distributions on the Initial Distribution
7 Date for General Unsecured Claims in form of their respective Pro Rata share of Liquidation Trust
8 Interests in accordance with the provisions set forth in Section 8.2 of the Plan. The first Distribution
9 on account of Allowed General Unsecured Claims will occur on the Initial Distribution Date which
10 is earliest date which the Liquidation Trustee determines that it is economically feasible to make
11 initial Distributions to Holders of Allowed Claims pursuant to the Plan. Any Distribution that is not
12 made on the Initial Distribution Date because the Claim that would have been entitled to receive that
13 Distribution is not an Allowed Claim on such date, will be held by the Liquidation Trustee and
14 distributed on the earliest Subsequent Distribution Date after such Claim becomes an Allowed
15 Claim. Thereafter, the Disbursing Agent will make a Distribution on, at minimum, a semi-annual
16 basis unless otherwise agreed upon between the Liquidation Trustee and the Oversight Committee or
17 ordered by the Bankruptcy Court upon motion after notice provided in accordance with the Notice
18 Procedure; provided, however, that Distributions will only be made to the extent they are
19 economically feasible and justifiable.

20 CLASSES 5(A), 5(B) and 5(C) are IMPAIRED, AND THE HOLDERS OF ALLOWED
21 CLAIMS IN CLASSES 5(A), 5(B) and 5(C) ARE ENTITLED TO VOTE TO ACCEPT OR
22 REJECT THE PLAN.

23 **6.8 Interests (Plan Sponsors Holding CEP Stock).**

24 **6.8.1 Description (Class 6(a) under the Plan).**

25 Class 6(a) consists of all Allowed Interests of Equity Security Holders who complete,
26 execute and deliver by the Plan Sponsor Election Deadline an irrevocable written election to be a
27 Plan Sponsor; provided, however, that for purposes of Distribution under the Plan, if any, the
28 Allowed Interests of the holders of CEP's stock will include, and be limited to, the holders of record

1 on the Record Date, any transfers thereafter notwithstanding. The Plan Proponents do not expect
2 that there will be any Available Cash to make any Distributions to holders of Allowed Interests.
3 However, the Plan provides for treatment to Interest holders in Class 6(a) in the unlikely event any
4 Available Cash remains for Distribution on Allowed Interests.

5 By electing to be a Plan Sponsor, each holder of Allowed Interests in Class 6(a) agrees to: (a)
6 before the Confirmation Date, contribute in cash, at minimum, the percentage of the amount of the
7 CEP Working Capital Fund which is proportional to the Interest ownership percentage in CEP held
8 by any such Equity Security holder of CEP's Interests as of the earlier of (i) the Record Date or (ii)
9 the Effective Date; (b) before the Confirmation Date, contribute in cash, at minimum, the percentage
10 of the amount of the Plan Sponsor Contribution which is proportional to the Interest ownership
11 percentage in CEP held by any such Equity Security holder of CEP's Interests as of the earlier of (i)
12 the Record Date or (ii) the Effective Date; and (c) accept the terms of payment of the Reorganized
13 CEP Contributions by Reorganized CEP to the Liquidation Trust. In addition to the foregoing,
14 before the Confirmation Date, some or all of the Plan Sponsors will contribute the CEP Contributed
15 Fixed Assets to CEP. As set forth above, the Committed Plan Sponsors have already committed to
16 contribute the CEP Contributed Fixed Assets.

17 For avoidance of doubt, the obligation to continue as a Plan Sponsor under the Plan is
18 conditioned on the Confirmation of the Plan. In the event that the Plan is not confirmed, the Debtors
19 will promptly return all amounts of the CEP Working Capital Fund, the Plan Sponsor Contribution
20 and all CEP Contributed Fixed Assets to each respective contributing Plan Sponsor.

21 6.8.2 **Plan Sponsors Holding CEP Stock Interests - Treatment.**

22 Except as otherwise provided in the Plan, holders of Allowed Interests in CEP who elect to
23 be Plan Sponsors will have left unaltered the legal, equitable and contractual rights to which each
24 such holder is entitled on account of such Interest. The Plan assumes sufficient cash to permit
25 payment in full of Classes 1, 2, 3, and 4, and partial payment of Class 5 Claims. It is anticipated that
26 there will not be any Available Cash for Distributions to holders of Allowed Interests in Class 6(a).
27 Accordingly, under the Plan, no holder of a Class 6(a) CEP Stock Interest will receive or retain any
28 property under the Plan or the Liquidation Trust Agreement on account of such holder's Interest. If,

1 however, Available Cash exceeds expectations and a surplus of Available Cash remains after Classes
2 1 through 5 are paid in full or adequately reserved for, including payment of interest at the Plan
3 Interest Rate on Allowed Claims in Classes 3 and 5 as may be applicable, then holders of Class 6(a)
4 Allowed Interests, together with holders of Class 6(b) Allowed Interests, will be entitled to receive
5 one or more Distributions of Available Cash in an amount equal to its allocated share of such
6 remaining Available Cash as such allocated share will be determined in accordance with the
7 Debtors' applicable governing documents, and Distributions to holders of Allowed Interests will
8 take into account the priorities in such documents, with any disputes as to priority and treatment to
9 be resolved by the Bankruptcy Court upon motion of the Liquidation Trustee.

10 CLASS 6(A) IS IMPAIRED BY THE PLAN, AND THE HOLDERS OF CEP STOCK
11 INTERESTS ARE DEEMED TO REJECT THE PLAN AND ARE NOT ENTITLED TO VOTE
12 ON THE PLAN.

13 6.9 **Interests (Plan Non-Sponsors Holding CEP Stock).**

14 6.9.1 **Description (Class 6(b) under the Plan).**

15 Class 6(b) consists of all Allowed Interests of Equity Security Holders who do not elect to be
16 Plan Sponsors. For purposes of Distribution under the Plan, if any, the Allowed Interests of the
17 holders of CEP's stock will include, and be limited to, the holders of record on the Record Date, any
18 transfers thereafter notwithstanding. The Plan Proponents do not expect that there will be any
19 Available Cash to make any Distributions to holders of Allowed Interests. However, the Plan
20 provides for treatment to Interest holders in Class 6(b) in the unlikely event any Available Cash
21 remains for Distribution on Allowed Interests.

22 6.9.2 **Plan Non-Sponsors Holding CEP Stock - Treatment.**

23 All stock Interests of Plan Non-Sponsors will be cancelled as of the Effective Date. The Plan
24 assumes sufficient cash to permit payment in full of Classes 1, 2, 3, and 4, and partial payment of
25 Class 5 Claims. It is anticipated that there will not be any Available Cash for Distributions to
26 holders of Allowed Interests in Class 6(b). Accordingly, under the Plan, no holder of a Class 6(b)
27 CEP Stock Interest will receive or retain any property under the Plan or the Liquidation Trust
28 Agreement on account of such holder's Interest. If, however, Available Cash exceeds expectations

1 and a surplus of Available Cash remains after Classes 1 through 5 are paid in full or adequately
2 reserved for, including payment of interest at the Plan Interest Rate on Allowed Claims in Classes 3
3 and 5 as may be applicable, then holders of Class 6(b) Allowed Interests, together with holders of
4 Class 6(a) Allowed Interests, will be entitled to receive one or more Distributions of Available Cash
5 in an amount equal to its allocated share of such remaining Available Cash as such allocated share
6 will be determined in accordance with the Debtors' applicable governing documents, and
7 Distributions to holders of Allowed Interests will take into account the priorities in such documents,
8 with any disputes as to priority and treatment to be resolved by the Bankruptcy Court upon motion
9 of the Liquidation Trustee.

10 CLASS 6(B) IS IMPAIRED BY THE PLAN, AND THE HOLDERS OF CEP STOCK
11 INTERESTS ARE DEEMED TO REJECT THE PLAN AND ARE NOT ENTITLED TO VOTE
12 ON THE PLAN.

13 6.10 **Interests (Holders of CEP Stock Options Interests).**

14 6.10.1 **Description (Class 7 under the Plan).**

15 Class 7 includes all Allowed Interests of holders of CEP stock options; provided, however,
16 that the Allowed Interests of the holders of CEP stock options will include, and be limited to, the
17 holders of record on the Record Date, any transfers thereafter notwithstanding.

18 6.10.2 **Holders of CEP Stock Option Interests – Treatment.**

19 All CEP Stock Options Interests will be cancelled as of the Effective Date. The holders of
20 CEP Stock Options Interests shall not receive or retain any property under the Plan on account of
21 such Interests.

22 CLASS 7 IS IMPAIRED BY THE PLAN, AND THE HOLDERS OF CEP STOCK
23 OPTION INTERESTS ARE DEEMED TO REJECT THE PLAN AND ARE NOT ENTITLED TO
24 VOTE ON THE PLAN.

25 **ARTICLE VII.**

26 **IMPLEMENTATION OF THE PLAN**

27 7.1 **Administrative Convenience.**

28 The Plan establishes a class of Administrative Convenience Claims. Due to the number and

1 aggregate amount of potential Allowed Class 4 Claims, in addition to the expected liquidation of
2 assets and collection of receivables over an uncertain period of time, the Debtors believe that the
3 creation of a class of Administrative Convenience Claims, and treatment therefor under the Plan,
4 will preserve significant Estate resources which otherwise would be expended towards administering
5 such Claims. Treatment of Allowed Administrative Convenience Claims is described in Section
6 6.6.2 above.

7 7.2 **Contributions Under the Plan.**

8 To enable the continued operation of CEP, before the Confirmation Date, the Plan Sponsors
9 will each contribute their proportional share of the CEP Working Capital Fund to CEP, and some or
10 all of the Plan Sponsors will contribute the CEP Contributed Fixed Assets to CEP.

11 To enhance the Liquidation Trust Assets available for liquidation and Distributions to
12 Creditors, on or before the Effective Date, the Plan Sponsors will each contribute their proportional
13 share of the Plan Sponsor Contribution as Liquidation Trust Assets. During the Bankruptcy Cases
14 and for the duration of the Reorganized CEP Contributions, Reorganized CEP will calculate, report
15 to the Liquidation Trustee and, if required after such calculation, make the Reorganized CEP
16 Contribution payments to the Liquidation Trust.

17 7.3 **Liquidation Trust.**

18 The Committee, in consultation with the Debtors, has selected Peter S. Kravitz of Province
19 Firm as the Liquidation Trustee for the Liquidation Trust. On the Effective Date, the Liquidation
20 Trust will be established pursuant to the Liquidation Trust Agreement for the primary purpose of
21 administering and liquidating the Liquidation Trust Assets and resolving disputed Claims. A true
22 and correct copy of the Liquidation Trust Agreement is attached as Exhibit “A” to the Plan and
23 incorporated herein by reference. The Liquidation Trustee will sign the Liquidation Trust
24 Agreement and accept all Assets of the Estates, with the exception of the Excluded Liquidation Trust
25 Assets and be authorized to obtain, liquidate, and collect all of the Assets of the Estates not in its
26 possession, with the exception of the Excluded Liquidation Trust Assets, and pursue all of the
27 Retained Claims. The Liquidation Trust will be deemed created and effective without any further
28 action by the Bankruptcy Court or any party. The Liquidation Trust will have no objective to

1 continue or engage in the conduct of a trade or business, except to the extent reasonably necessary
2 to, and consistent with, the liquidating purpose of the Liquidation Trust.

3 The Liquidation Trust will terminate in accordance with the terms of the Liquidation Trust
4 Agreement; provided, however, that in no event will the Liquidation Trust be dissolved later than
5 five (5) years from the Effective Date unless the Bankruptcy Court, upon motion, determines within
6 the six-month period prior to the fifth anniversary (or the end of any extension period approved by
7 the Bankruptcy Court) that a fixed period extension (not to exceed three (3) years, together with any
8 prior extensions, without a favorable letter ruling from the Internal Revenue Service that any further
9 extension would not adversely affect the status of the Liquidation Trust as a liquidating trust for
10 federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the
11 Assets of the Liquidation Trust.

12 The beneficiaries of the Liquidation Trust will be the holders of Liquidation Trust Interests
13 entitled to receive Pro Rata Distributions of Liquidation Trust Assets under the Plan. Such
14 beneficiaries will be bound by the Liquidation Trust Agreement. The interests of the beneficiaries in
15 the Liquidation Trust will be uncertificated and will be nontransferable except upon death of the
16 interest holder or by operation of law.

17 Pursuant to Bankruptcy Code Section 1141(b), the Liquidation Trust Assets will vest in the
18 Liquidation Trust on the Effective Date; provided, however, that the Liquidation Trustee, with the
19 consent of the Oversight Committee, may refuse to accept and therefore reject any Assets as
20 Liquidation Trust Assets that the Liquidation Trustee believes, in good faith, have no value to the
21 Liquidation Trust or are not necessary to the administration of the Estates under the terms of the
22 Plan. Other than the Excluded Liquidation Trust Assets, which will revert in Reorganized CEP
23 pursuant to the Plan, any Assets that are not included as Liquidation Trust Assets will be abandoned
24 without further Court order. Before or on the Effective Date, the Plan Sponsors will distribute the
25 Plan Sponsor Contribution to the Debtors or to the Liquidation Trust, as applicable, to be included in
26 the Liquidation Trust Assets for Distribution in accordance with the terms of the Plan. As of the
27 Effective Date, all Assets vested in the Liquidation Trust and all Assets dealt with in the Plan will be
28 free and clear of all liens, claims and interests except as otherwise specifically provided in the Plan

1 or in the Confirmation Order.

2 Additional details regarding the Liquidation Trust, including a description of certain powers
3 and duties of Liquidation Trust and Liquidation Trustee, a description of tax treatment, reporting and
4 payment matters, and the procedures for resignation, removal or replacement of the Liquidation
5 Trustee, are set forth at Sections 7.1 and 7.2 of the Plan and in the Liquidation Trust Agreement.

6 **7.4 Liquidation Trustee.**

7 The Liquidation Trustee will serve as the Responsible Person for the Liquidation Trust. The
8 powers, rights, and responsibilities of the Liquidation Trustee will be specified in the Liquidation
9 Trust Agreement and, under the supervision of the Liquidation Trust Oversight Committee, will
10 include the authority and responsibility to: (a) receive, manage, invest, supervise, and protect trust
11 assets; (b) pay taxes or other obligations incurred by the Liquidation Trust; (c) retain and
12 compensate, subject to the procedure set forth in Section 7.16 of the Plan, the services of employees,
13 professionals and consultants to advise and assist in the administration, prosecution and Distribution
14 of trust assets; (d) calculate and implement Distributions of trust assets; (e) prosecute, compromise,
15 and settle, in accordance with the specific terms of the Liquidation Trust Agreement and the Plan,
16 Retained Claims vested in the Liquidation Trust; (f) resolve issues involving Claims and Interests;
17 and (g) undertake all administrative functions of the Chapter 11 Cases, including the ultimate closing
18 of the Chapter 11 Cases.

19 The Liquidation Trustee will be compensated through the payment of a monthly fee in the
20 following amounts: (i) for the first six (6) months of the engagement, fifteen thousand dollars
21 (\$15,000) per month; (ii) for months seven (7) through twelve (12) of the engagement, twelve
22 thousand five hundred dollars (\$12,500) per month; (iii) for months thirteen (13) through eighteen
23 (18) of the engagement, ten thousand dollars (\$10,000) per month; and (iv) thereafter, in an amount
24 to be determined by the Oversight Committee, such amount to be subject to review by the Oversight
25 Committee every six (6) months for the duration of the engagement. The Liquidation Trustee will
26 be entitled to reimbursement of reasonable out-of-pocket expenses subject to Oversight Committee
27 approval in accordance with the terms of the Liquidation Trust Agreement. Additional terms of
28 employment of the Liquidation Trustee will be set forth in the Order of Confirmation or a

1 subsequent order of the Bankruptcy Court. The compensation and reimbursement of expenses
2 payable to any successor Responsible Person will be approved by the Oversight Committee;
3 provided, however, that in the event that the compensation terms proposed to be paid to the
4 successor Liquidation Trustee exceeds the compensation terms paid to the initial Liquidation
5 Trustee, approval of such proposed compensation terms must be approved by the Bankruptcy Court
6 pursuant to the Notice Procedure.

7 7.5 **Oversight Committee.**

8 On the Effective Date, the Oversight Committee will be formed pursuant to the Liquidation
9 Trust Agreement. The Liquidation Trust will be governed by the three (3)-member Oversight
10 Committee, two (2) members of which will be selected by the Committee (each a “Committee
11 Representative,” and together, the “Committee Representatives”), and one (1) member of which will
12 be selected by the Debtors (such member, the “Debtors’ Representative”); provided, however, that
13 any member of the Oversight Committee will each hold a non-disputed, General Unsecured Claim in
14 the amount of at least fifty thousand dollars (\$50,000.00). The members of the Oversight Committee
15 will be entitled to reasonable compensation at the rate of no greater than \$1,000.00 per month. The
16 Liquidation Trustee will report all material matters (as described in the Liquidation Trust
17 Agreement) to and seek approval for all material decisions (as described in the Liquidation Trustee
18 Agreement) from the Oversight Committee. Additional details regarding the Oversight Committee,
19 including details regarding its duties and obligations and procedures for replacing its members are
20 set forth at Section 7.3 of the Plan and in the Liquidation Trust Agreement.

21 7.6 **Continuing Effect and Performance of Existing Orders.**

22 The Bankruptcy Court has entered various orders, including the Sale Order, during the
23 pendency of the Bankruptcy Cases which will remain in effect notwithstanding confirmation of the
24 Plan, and the Liquidation Trust will continue to carry out the matters provided for under such orders,
25 as applicable. The Debtors and the Committee reserve the right to move the Bankruptcy Court to
26 rule on and resolve any issues related to these orders.

27 Nothing in the Plan or this Disclosure Statement is intended to conflict with or derogate from
28 the provisions of the Sale Order or the Purchase Agreement. In the event that any provision of the

1 Plan or the Disclosure Statement conflicts with the Sale Order or the Purchase Agreement, the Sale
2 Order or the Purchase Agreement, as applicable, will control.

3 7.7 **Disposition of Remaining Assets.**

4 The Debtors are in the process of reconciling the consideration paid and received from the
5 Purchase Transaction and liquidating remaining Assets, including, without limitation, the remaining
6 Fuel Cells. All Available Cash derived from such proceeds as of the Effective Date will be
7 transferred to the Liquidation Trust and will be distributed as provided by the Plan. The Liquidation
8 Trust will continue to liquidate remaining Liquidation Trust Assets as appropriate, unless the
9 Liquidation Trustee determines that any Asset is of inconsequential value or that the cost of
10 liquidating such Asset would exceed the expected amount of proceeds. Approval of the Bankruptcy
11 Court will not be required for the sale or other disposition of any such remaining Assets; provided,
12 however, that the Liquidation Trustee must obtain the Oversight Committee's approval before
13 abandoning or selling any Asset with a fair market value in excess of fifty thousand dollars
14 (\$50,000); and provided, further, however, that the Liquidation Trustee must comply with the Notice
15 Procedure before selling or abandoning any asset with a fair market value in excess of two hundred
16 fifty thousand dollars (\$250,000). A description of the Estates' remaining Assets is set forth below.

17 7.7.1 **Cash.**

18 As of September 30, 2015, the Debtors had cash on hand of approximately \$12,655,000,
19 including unrestricted cash equivalents of \$9,821,000 and restricted cash equivalents comprised of
20 amounts held in trust for payments to be made in connection with the Sale, of \$2,834,000.

21 7.7.2 **Accounts Receivables.**

22 The Debtors estimate that outstanding receivables as of September 30, 2015, approximate
23 \$928,000. The large majority of this amount is based on a receivable due and owing from the South
24 Coast Air Quality Management District ("SCAQMD") which is a party with CEP LLC (as successor
25 to UTC) to an ESA dated September 28, 2012, pursuant to which UTC was approved for a grant
26 from the California Self-Generation Incentive Program (the "SGIP") in the amount of \$450,000¹³

27 ¹³ The Debtors' ownership of and entitlement to the SGIP is disputed by REF. Therefore the amount of the
28 SGIP received by the estate could be subject to any settlement with REF and CEP Finance.

1 which was sent to SCAQMD during the Bankruptcy Cases but was never paid to the Debtors.

2 The remaining receivables consist of outstanding amounts owed from customers, including
3 reimbursements for property taxes of approximately \$340,000 and for RECs owed under certain
4 ESAs of approximately \$138,000.

5 7.7.3 **Retained Claims.**

6 Retained Claims are defined in the Plan, and include, without limitation, (a) all claims
7 against current or former insiders, officers, directors and employees of the Debtors; (b) all claims
8 against Creditors of the Debtors or counterparties to executory contracts or unexpired leases; (c) all
9 claims against all Persons whose alleged liens attached to the proceeds of the Purchase Transaction
10 or other sale of assets; (d) Avoidance Actions defined in the Plan to mean causes of action of the
11 Debtors under Chapter 5 of the Bankruptcy Code; (e) all claims for offsets or reimbursements
12 against the Debtors' vendors, suppliers and/or customers; (f) all claims relating to the allocation of
13 responsibilities for property, sales and use taxes; (g) all claims relating to the ownership of any
14 personal property and rights, including, without limitation, any rights to tax attributes and RECs; (h)
15 all claims for indemnification or other damages related to the clean-up and remediation of the
16 Debtors' former real property and facilities in South Windsor, Connecticut; (i) all claims for
17 indemnification or other damages related to or arising from any ESA; and (j) all claims for payment
18 or damages against SCAQMD in relation to the SGIP grant.

19 The Plan Proponents have not fully evaluated the potential value of the Retained Claims, and
20 because the decisions whether or not to prosecute any Retained Claims, which vest in the
21 Liquidation Trust under the Plan, have not been made, there is no current estimate as to the potential
22 value, if any, that may be derived from Retained Claims. The outcome of the prosecution of any
23 Retained Claims may substantially affect the timing and amount of Available Cash for Distributions
24 to Creditors under the Plan.

25 Avoidance Actions could include actions to recover funds from certain Persons receiving
26 payments from the Debtors in the one-year period and the 90-day period preceding the Petition Date,
27 including, without limitation, those set forth in the attachments to Line Item Nos. 3b and 3c of the
28 Debtors' STATEMENT OF FINANCIAL AFFAIRS, copies of which are attached hereto together as

1 **Exhibit “D”**. However, as discussed above, certain Avoidance Actions were purchased by Doosan
2 in the Sale and are no longer Estate property, including all Avoidance Actions against (a) any
3 vendors, suppliers, customers or trade creditors (and their affiliates) with whom Doosan continued to
4 conduct business after the Sale, (b) counterparties (and their affiliates) under contracts or leases
5 assumed by Doosan in conjunction with the Sale.

6 The Committee is currently investigating potential causes of action against the Debtors’
7 former directors and officers, prepetition lenders and their affiliates or related parties for, among
8 other things, (a) breaches of fiduciary duties and aiding and abetting such breaches; (b) Avoidance
9 Actions with respect to transactions under which the Debtors incurred substantial obligations; and
10 (c) disallowance, subordination, and/or recharacterization of certain Claims against the Debtors.
11 Subject to the Confirmation of the Plan and prior to the Effective Date, the Committee retains the
12 right to take all actions necessary to pursue any claims that it believes should be asserted and
13 prosecuted on behalf of the Debtors’ Estates, including seeking appropriate standing.

14 Pursuant to the Plan, from and after the Effective Date, the Liquidation Trust will hold all
15 investigation rights for acts, events, or omissions pertaining to Retained Claims and will have the
16 exclusive right to prosecute, settle, or abandon all of the Retained Claims as the sole representative
17 of the Estates, subject to the approval of both the Liquidation Trustee and the Oversight Committee
18 on the decision whether or not to prosecute a Retained Claim. In the event that the Liquidation
19 Trustee and the Oversight Committee dispute the decision to prosecute or not to prosecute a
20 Retained Claim, such dispute will be resolved by a majority vote of the Oversight Committee
21 together with the Liquidation Trustee, as provided in the Liquidation Trust Agreement. If the
22 Liquidation Trust and the members of the Oversight Committee are unable to reach a majority, such
23 dispute will be resolved by the Bankruptcy Court at a hearing upon noticed motion with not less than
24 fourteen (14) days’ notice provided to the Notice Parties and a hearing.

25 The ability of the Liquidation Trust to bring or prosecute a Retained Claim will be deemed to
26 have expired or otherwise be waived on the date that is two (2) years following the Effective Date.

27 Settlement by the Liquidation Trust of any Retained Claim will require approval of the
28 Liquidation Trustee and the Oversight Committee. In addition, if the amount claimed by the

1 Liquidation Trust against a defendant is greater than or equal to five hundred thousand dollars
2 (\$500,000), the settlement of any Retained Claim will require approval of the Bankruptcy Court.

3 **7.7.4 Other Assets.**

4 Other remaining Assets of the Estates may include the following: (a) all rights to proceeds
5 under any director and officer liability insurance policies of the Debtors; (b) certain remaining
6 contracts, including ESA contracts, and any rights thereunder; (c) any and all rights under the
7 Purchase Agreement; (d) additional Assets excluded from the Purchase Transaction as may be set
8 forth more fully in Section 2.2 of the Purchase Agreement; and (e) miscellaneous office equipment
9 and supplies. The value of some or all the foregoing is largely undetermined and unliquidated, and
10 may be contingent and/or of nominal value. Such Assets will be liquidated or, to the extent of
11 inconsequential value, abandoned by the Liquidation Trust.

12 **7.8 Tax Returns and Payments.**

13 Reorganized CEP will, as soon as reasonably practicable, file or cause to be filed any and all
14 future, delinquent or final tax returns on account of the Debtors, as may be applicable; provided,
15 however, that the Liquidation Trustee must pay all fees and expenses incurred in the preparation of
16 any such tax returns or must otherwise reimburse Reorganized CEP for its reasonable documented
17 fees and expenses, if any, incurred in preparing the tax returns; provided further, however, that the
18 Liquidation Trustee will have the right to review and comment on any such tax returns filed by
19 Reorganized CEP and no such tax returns may be filed without the prior approval of the Liquidation
20 Trustee, which approval must not be unreasonably withheld or delayed. In addition to Tax Claims
21 which are accorded treatment under the Plan, the Liquidation Trustee will pay all other taxes owed
22 by the Debtors attributed to any tax period, or portion thereof, which ends on or before the Effective
23 Date. Reorganized CEP will be responsible for preparing, filing and paying its own tax returns after
24 the Effective Date.

25 **7.9 Cancellation of Documents.**

26 On the Effective Date, except to the extent otherwise provided in the Plan, including, without
27 limitation, with respect to the Allowed Interests in CEP of the Plan Sponsors, all notes, instruments,
28 debentures, certificates and other documents evidencing Claims and Interests in a Debtor or the

1 Debtors and the Interests, will, with respect to the Debtors, be canceled and deemed rejected and
2 terminated, in consideration for the rights provided under the Plan.

3 7.10 **Termination of Boards and Officers.**

4 On the Effective Date, the Boards of Directors and the individual directors of CEP LLC and
5 CEPIS, respectively, and all of the Debtors' officers and employees will be terminated from their
6 respective positions with the Debtors. Following the Confirmation Date and prior to the occurrence
7 of the Effective Date, the then-current officers and directors of each of the Debtors will continue in
8 their respective capacities and the Debtors will execute such documents and take such other action as
9 is necessary to effectuate the actions provided for in this Plan.

10 7.11 **Dissolution of the Debtors.**

11 As of the Effective Date, the Liquidation Trustee will be authorized and empowered to
12 dissolve CEP LLC and CEPIS without any further action required on the part of the Debtors or the
13 Debtors' officers, directors, shareholders, and members. Neither the occurrence of the Effective
14 Date, nor the effectiveness of the Plan, nor any provisions of applicable non-bankruptcy law
15 requiring the dissolution of any business entity upon the cancellation or extinguishment of all equity
16 interests will cause a dissolution of CEP, which will be continued as a corporation immediately
17 following the Effective Date. On the Effective Date, holders of Interests in Reorganized CEP may
18 take any and all necessary or appropriate actions to appoint directors, officers, and managers of
19 Reorganized CEP consistent with the charter, articles of incorporation, and/or by-laws of
20 Reorganized CEP, subject to any limitations of applicable non-bankruptcy law. Notwithstanding
21 anything herein to the contrary, the dissolution of any of the Debtors will have no effect on the
22 Debtors' selection of the Debtors' Designee and the authority of such Debtors' Designee to perform
23 the obligations designated to it by the Debtors under the Plan.

24 7.12 **Wind Down of Subsidiaries.**

25 To the extent permissible under applicable law, the Liquidation Trustee will have full
26 authority to take any action as may be reasonably necessary to carry out or implement the wind
27 down of the Debtors' direct and indirect subsidiaries and closure of any affiliated branch offices,
28 wherever located; provided, however, that the Liquidation Trustee must consult with and obtain the

1 consent of Reorganized CEP prior to winding down and closing any subsidiaries or branch offices,
2 and Reorganized CEP must assist the Liquidation Trustee in executing such wind down and closure
3 to the extent necessary.

4 7.13 **Further Orders.**

5 Upon motion by the Liquidation Trust on not less than fourteen (14) days' notice to the
6 Notice Parties, or such shorter notice as the Bankruptcy Court may order for cause, the Bankruptcy
7 Court may enter such other and further orders as may be necessary or appropriate to facilitate
8 consummation of the Plan.

9 7.14 **Insurance Policies.**

10 As set forth in greater detail in Section 7.13 of the Plan, the Liquidation Trustee will (a)
11 identify and, to the extent they are executory, assume certain of the Debtors' insurance policies,
12 including any of the Debtors' director and officer liability policies (each, a "D&O Policy") and
13 fiduciary liability policies (each a "Fiduciary Policy"), effective as of the Effective Date, (b)
14 purchase tail coverage under such policies and (c) maintain coverage provided under such policies,
15 including purchasing new policies to provide coverage for the Liquidation Trustee, the Oversight
16 Committee and its members, the Debtors' Designee and the Designated Committee Member at
17 equivalent limits and terms as the prior D&O Policies. Such insurance policies that will be assumed
18 and assigned to the Liquidation Trust are included in Exhibit "B" to the Plan which is incorporated
19 herein by reference.

20 7.15 **Post-Confirmation Employment of Personnel.**

21 The Liquidation Trust and the Disbursing Agent may employ or contract with Persons to
22 perform, or advise and assist in the performance of their respective obligations under the Plan. The
23 Liquidation Trust will be authorized to re-hire the Debtors' former staff of employees, or any
24 members of such staff, to consummate this Plan as needed.

25 In the event the Liquidation Trustee elects to employ employees or contract with independent
26 contractors after the Confirmation Date (such individuals, the "Post-Confirmation Employees"), the
27 Liquidation Trustee will negotiate an appropriate hourly rate of compensation with such Post-
28 Confirmation Employees; provided, however, that in all events, the employment or contracting of

1 any Post-Confirmation Employees, and the compensation to be provided thereto, will be subject to
2 the approval of the Oversight Committee.

3 The Liquidation Trust may employ the Debtors' Professionals and/or Committee's
4 Professionals for the purposes for which they were employed before the Confirmation Date and for
5 such additional purposes as the Liquidation Trustee may request, subject to approval by the
6 Oversight Committee. The Liquidation Trust also may employ other professionals as necessary to
7 perform their responsibilities under the Plan, subject to approval by the Oversight Committee.

8 **7.16 Termination of Employee Benefit Plans.**

9 Unless provided otherwise in the Purchase Agreement or by order of the Bankruptcy Court,
10 the Liquidation Trustee will not have any responsibilities relative to the termination of the Debtors'
11 employee benefit plans. Such employee benefit plans will be terminated on or before the Effective
12 Date, with the following exception: for any period for which the Liquidation Trust re-hires the
13 Debtors' employees as Post-Confirmation Employees, the Liquidation Trust will be authorized to
14 continue all employee benefit plans that existed as of the Petition Date, as may be modified as
15 appropriate based on the reduced number of employees. In the event that the Liquidation Trust re-
16 hires any of the Debtors' employees, such employees will be deemed by the Liquidation Trustee as
17 either employees or independent contractors of the Liquidation Trust, and not of the Debtors.

18 **7.17 Post-Confirmation Compensation and Reimbursement of Professionals.**

19 All professionals employed by the Liquidation Trust after the Confirmation Date will be
20 entitled to payment of their reasonable post-Confirmation Date fees and reimbursement of expenses
21 on a monthly basis, subject to the terms and the fee request procedure (which includes service of a
22 Fee Request Notice to, and an opportunity to object within 14 days by, the Notice Parties) set forth at
23 Section 7.16 of the Plan.

24 **7.18 Post-Confirmation Reports, Fees and Final Decree.**

25 **7.18.1 U.S. Trustee Fees.**

26 Not later than thirty (30) days after the end of each calendar quarter that ends after the
27 Effective Date (including any fraction thereof), the Liquidation Trustee will pay to the United States
28 Trustee the quarterly fee for such quarter until these Cases are converted, dismissed or closed

1 pursuant to a Final Decree, as required by 28 U.S.C. § 1930(a)(6).

2 7.18.2 **Post-Confirmation Reports.**

3 Not later than thirty (30) days after the end of each calendar quarter which ends after the
4 Effective Date, the Liquidation Trustee will file and serve upon the United States Trustee a quarterly
5 post-Confirmation status report in substantially the form provided by the United States Trustee.
6 Further reports will be filed thirty (30) days after the end of every calendar quarter thereafter until
7 entry of a Final Decree, unless otherwise ordered by the Bankruptcy Court.

8 7.18.3 **Tax Identification Numbers.**

9 The Liquidation Trustee may require any Liquidation Trust beneficiary (each a
10 “Beneficiary”) to furnish its taxpayer identification number as assigned by the Internal Revenue
11 Service and may condition any Distribution to any Beneficiary upon receipt of such identification
12 number. If a Beneficiary does not timely provide the Liquidation Trustee with its taxpayer
13 identification number in the manner and by the deadline established by the Liquidation Trustee, then
14 the Distribution to such Beneficiary will be administered as an unclaimed Distribution in accordance
15 with the Plan.

16 7.18.4 **Tax Treatment of Reserves for Disputed General Unsecured Claims.**

17 The Liquidation Trustee may, in her/his sole discretion, determine the best way to report for
18 tax purposes with respect to any reserve for disputed Claims, including (i) filing a tax election to
19 treat any and all reserves for disputed Claims as a “Disputed Ownership Fund” within the meaning
20 of Treasury Income Tax Regulation Section 1.468B-9 (“DOF”) for federal income tax purposes
21 rather than to tax such reserve as a part of the Liquidation Trust or (ii) electing to report as a separate
22 trust or sub-trust or other entity. If an election is made to report any reserve for disputed claims as a
23 DOF, the Liquidation Trust will comply with all federal and state tax reporting and tax compliance
24 requirements of the DOF, including but not limited to the filing of a separate federal tax return for
25 the DOF and the payments of federal and/or state income tax due.

26 7.18.5 **Final Decree.**

27 After the Bankruptcy Estates are fully administered, the Liquidation Trustee will file, and
28 serve on the Notice Parties, an application for entry of the Final Decree.

ARTICLE VIII.
DISTRIBUTIONS

8.1 Distributions Generally

Under the Plan, the Disbursing Agent will be the Liquidation Trustee and/or any person retained by the Liquidation Trust to effectuate Distributions. The Disbursing Agent will hold any funds transmitted to the Liquidation Trust in a segregated trust account administered by the Liquidation Trustee consistent with the provisions of Section 345 of the Bankruptcy Code, for the benefit of holders of Allowed Claims.

Distributions to holders of Allowed Claims will be made by the Disbursing Agent, subject to the availability of funds and the economic feasibility of such Distributions. On and after the Effective Date, the Disbursing Agent will make the Distributions required to be made on account of Allowed Claims or, if applicable, Allowed Interests under the Plan. Any Distributions to holders of Allowed Claims in Class 5 and Allowed Interests in Class 6, if applicable, will not be made until payment of, or reservation for, all Allowed Claims in Classes 1 through 4, in full. Any Distribution that is not made on the Initial Distribution Date or on any other date specified in the Plan because the Claim that would have been entitled to receive that Distribution is not an Allowed Claim on such date, will be held by the Disbursing Agent and distributed on the earliest Subsequent Distribution Date after such Claim becomes an Allowed Claim. Thereafter, the Disbursing Agent will make a Distribution on, at minimum, a semi-annual basis unless otherwise agreed upon between the Liquidation Trustee and the Oversight Committee or ordered by the Bankruptcy Court upon motion after notice provided in accordance with the Notice Procedure; provided, however, that Distributions will only be made to the extent they are economically feasible and justifiable; and provided further, however, that the Liquidation Trustee will make all Distributions necessary to maintain the Liquidation Trust's status as a "liquidating trust" under Treasury Regulation Section 301.7701-4(d).

The Liquidation Trustee will, to the extent applicable, comply with all tax withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all Distributions will be subject to any such withholding and reporting requirements. The Liquidation Trustee will be authorized to take any and all actions that may be necessary or

1 appropriate to comply with such withholding and reporting requirements.

2 Additional details regarding Distributions, including details on other tax-related matters,
3 method of payment and donations of excess cash, are set forth at Sections 8.8, 8.10, 8.12 and 8.14 of
4 the Plan.

5 **8.2 Disputed Claims Reserve.**

6 On the Initial Distribution Date for any particular Class of Claims, and in connection with
7 making all Distributions required to be made under the Plan, the Liquidation Trustee will establish
8 the Disputed Claims Reserve solely from Assets allocable to, or retained on account of, Disputed
9 Claims for Distributions pertaining to each Disputed Claim in each relevant class, as necessary
10 pursuant to the Plan. All cash distributed into the Disputed Claims Reserve will be maintained in
11 one or more interest-bearing accounts at a qualified institution, consistent with the Liquidation Trust
12 Agreement.

13 On the Initial Distribution Date and on any Subsequent Distribution Date, the Liquidation
14 Trustee will reserve (i) with respect to each Disputed Claim that is liquidated, the Ratable proportion
15 of all cash or Liquidation Trust Assets allocated for Distribution on account of such Disputed Claim
16 based upon the face amount of each such Disputed Claim, or such lesser amount as may be agreed to
17 in writing by the holder of the Claim and the Liquidation Trustee or as may be determined by the
18 Bankruptcy Court, as applicable, or (ii) with respect to each Disputed Claim that is unliquidated
19 (including any unliquidated fees, penalties, charges or other similar amounts), such amounts as will
20 be sufficient, as either (a) determined by Final Order of the Bankruptcy Court upon motion of the
21 Liquidation Trustee seeking a determination as to the appropriate amount to reserve, or (b) agreed to
22 in writing by the holder of the Claim and the Liquidation Trustee as the maximum amount that could
23 be owed in the event the Claim is ultimately Allowed. All cash or Liquidation Trust Assets allocable
24 to the Disputed Claims in the relevant class under the Plan will be distributed by the Liquidation
25 Trustee to the relevant Disputed Claim Reserve on the Initial Distribution Date (or such other date
26 on which Distributions for any particular class of Claims are made pursuant to the Plan). Unless
27 otherwise required by the applicable treatment provisions of the Plan, Distributions on any Disputed
28 Claim or, if applicable, Disputed Interest, that becomes an Allowed Claim or Allowed Interest will

1 be made on the first Subsequent Distribution Date after the Claim or, if applicable, Interest, is
2 Allowed. Distributions will be made only to the extent of the aggregate Distributions that the holder
3 of any such Allowed Claim or Allowed Interest would have received had such Claim or Interest been
4 Allowed as of the Effective Date less any taxes paid with respect to amounts held in the Disputed
5 Claims Reserve.

6 Additional details regarding the Disputed Claims Reserve, including details on the amounts
7 to be reserved and the termination of reserves, are set forth at Section 8.4 of the Plan.

8 **8.3 Distribution Addresses and Disputed Identify of Holder.**

9 Distributions to holders of Allowed Claims and Liquidation Trust Interests will be made by
10 the Disbursing Agent: (a) at the addresses set forth in the Proofs of Claim filed by such holders with
11 the Claims Agent; (b) at the addresses set forth in any written notices of address change filed or
12 delivered after the date on which any related Proof of Claim was filed to (i) if such notice is filed or
13 delivered on or prior to the Effective Date, the Debtors and the Claims Agent or (ii) if such notice is
14 filed or delivered after the Effective Date, the Liquidation Trustee and the Claims Agent; or (c) at the
15 addresses reflected in the Schedules relating to the applicable Allowed Claim if no Proof of Claim
16 has been filed and none of the Debtors or the Liquidation Trustee and the Claims Agent have
17 received a written notice of a change of address.

18 If any dispute arises as to the identity of a holder of an Allowed Claim or Liquidation Trust
19 Interest who is to receive any Distribution, the Liquidation Trust may, in lieu of making such
20 Distribution to such Entity or Person, make such Distribution into an escrow account until the
21 disposition thereof shall be determined by the Bankruptcy Court or by written agreement among the
22 interested parties to such dispute; provided, however, that if the dispute remains unresolved by Final
23 Order for an unreasonable period of time, the Liquidation Trust may request that the Bankruptcy
24 Court order that the property that is the subject of the dispute shall irrevocably become unclaimed
25 property.

26 Distributions, if any, will be sent to holders of Allowed Interests at the address set forth in
27 the relevant Equity Security Holder list as of the Record Date.

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1 8.4 Setoffs.

2 The Liquidation Trust may, but will not be required to, setoff against any Claim (for
3 purposes of determining the Allowed Amount of such Claim on which Distribution will be made),
4 any claims of any nature whatsoever that the Estates or the Liquidation Trust may have against the
5 Claim holder, but neither the failure to do so nor the allowance of any Claim will constitute a waiver
6 or release by the Liquidation Trust of any such claim it may have against such Claim holder.
7 Holders of Allowed Claims retain whatever rights to setoff they are otherwise entitled to assert under
8 Bankruptcy Code Section 553.

9 8.5 No Distribution in Excess of Allowed Amount of Claim.

10 Notwithstanding anything to the contrary in the Plan, no holder of an Allowed Claim will
11 receive in respect of such Claim any Distribution in excess of the Allowed Amount of such Claim.
12 Upon a holder of an Allowed Claim recovering the full amount of its Allowed Claim from another
13 source, it thereafter will no longer have any entitlement to receive Distributions under the Plan.

14 8.6 Postpetition Interest on Claims.

15 Unless otherwise specifically provided for in the Plan or the Confirmation Order, postpetition
16 interest will not accrue or be paid on Claims or, if applicable, Interests, and no holder of a Claim or
17 Interest will be entitled to interest accruing on or after the Petition Date on any Claim. Interest will
18 not accrue or be paid upon any Claim or, if applicable, Interest in respect of the period from the
19 Effective Date to the date a final Distribution is made thereon if and after such Claim becomes an
20 Allowed Claim. No holder of a Claim will be entitled to receive interest earned on a Disputed Claim
21 for amounts held in the Disputed Claims Reserve.

22 8.7 De Minimis Distributions.

23 With the exception of Creditors who are accorded treatment under Class 4 of the Plan,
24 Distributions of less than \$50.00 need not be made on account of any Allowed Claim or Allowed
25 Interest; provided, however, that Distributions that would otherwise be made but for this provision
26 will carry over to the next Distribution Date until the cumulative amount to which any holder of an
27 Allowed Claim or, if applicable, an Allowed Interest is entitled to is at least \$50.00, at which time
28 the cumulative amount of such Distributions will be paid to such holder.

1 8.8 **Unclaimed Distributions.**

2 Any Distributions that remain unclaimed or un-negotiated for ninety (90) days following
3 Distribution or are returned for reasons other than the absence of a current or correct address (unless
4 a current or correct address cannot be determined after reasonable inquiry) will become Liquidation
5 Trust Assets and be considered Available Cash.

6 **ARTICLE IX.**

7 **PROOFS OF CLAIM; OBJECTIONS**

8 9.1 **Time for Filing Proofs of Claim**

9 Proofs of Claim, when required, must be, or must have been, filed with the Bankruptcy Court
10 no later than the applicable Claims Bar Date, which is: (a) with respect to Claims other than those
11 held by governmental units and with the exception of Claims subject to the (i) ORDER GRANTING EX
12 PARTE MOTION FOR ORDER EXTENDING TIME TO FILE CERTAIN CLAIMS entered on December 3,
13 2014 [D.E 520] (the “First Claims Bar Date Extension Order”) or the (ii) ORDER GRANTING EX
14 PARTE MOTION FOR ORDER EXTENDING TIME TO FILE CERTAIN CLAIMS entered on March 20, 2015
15 [D.E. 595] (the “Second Claims Bar Date Extension Order”), September 2, 2014; (b) with respect to
16 Claims held by governmental units with the exception of Claims subject to the First Claims Bar Date
17 Extension Order, October 28, 2014; (c) with respect to Claims, including Claims held by
18 governmental units, subject to the First Claims Bar Date Extension Order, January 4, 2015; (d) with
19 respect to Claims, including Claims held by governmental units, subject to the Second Claims Bar
20 Date Extension Order, May 19, 2015; and (e) with respect to Rejection Claims, the Rejection Claims
21 Bar Date.

22 9.2 **Proofs of Interests.**

23 Equity Security Holders will not be required to file any Proofs of Interest because the Plan
24 affords treatment to Equity Security Holders of record as of the Record Date. The Disbursing Agent,
25 the Liquidation Trustee, and the Liquidation Trust and its professionals will be entitled to recognize
26 and deal for all purposes with only those Equity Security Holders of record as of the Record Date.
27 In the unlikely event of a Distribution under the Plan to holders of Allowed Interests, the Disbursing
28 Agent, the Liquidation Trustee, and the Liquidation Trust and its professionals will have no

1 obligation to recognize any transfer of Interests after the Record Date.

2 9.3 **Ownership and Transfers of Claims.**

3 The Disbursing Agent, the Liquidation Trustee, and the Liquidation Trust and its
4 professionals, will be entitled to recognize and deal for all purposes with only those Creditors of
5 record with the Bankruptcy Court as of the Initial Distribution Date. For purposes of any
6 Distribution under the Plan, the Disbursing Agent, the Liquidation Trustee, and the Liquidation Trust
7 and its professionals will have no obligation to recognize any transfer of Claims after the first
8 Distribution Date.

9 9.4 **Amendments to Claims.**

10 Except as provided by the Plan or as otherwise permitted by the Bankruptcy Court, the
11 Bankruptcy Rules or applicable law, upon expiration of the applicable Claims Bar Date, Proofs of
12 Claim: (a) may not be filed; and (b) may not be amended later than the date which is thirty (30) days
13 following the applicable Claims Bar Date except for amendments to Proofs of Claim to decrease the
14 amount or priority thereof; provided, however, that the foregoing deadline will not accord a Claim
15 holder a right to amend a Claim that, pursuant to applicable law, is not subject to amendment

16 9.5 **Claim Objections**

17 An objection to a Claim must be filed no later than the Claims Objection Date which is the
18 date six (6) months after the Effective Date, subject to extension by the Bankruptcy Court for cause
19 upon the *ex parte* motion of the Liquidation Trust. An objection to an Administrative Claim must be
20 filed no later than the Administrative Claims Objection Date which is the date ninety (90) days after
21 the Effective Date, subject to extension by the Bankruptcy Court for cause upon the *ex parte* motion
22 of the Liquidation Trust. Any party in interest may file an objection to a Claim or an Administrative
23 Claim. The Liquidation Trust will review all Proofs of Claim filed against the Debtors and file
24 objections as appropriate, and will resolve all Disputed Claims, with the exception of any Claims (a)
25 that have been Allowed prior to the Effective Date pursuant to a written agreement with the Debtors,
26 the Committee and/or the Bankruptcy Court, as appropriate, or (b) that, in the reasonable business
27 judgment of the Liquidation Trustee, are *de minimis* in amount and insufficient to warrant incurring
28 the expense to perform such review.

1 9.6 **Setoff Rights Preserved.**

2 The Debtors or the Liquidation Trust may, but are not required to, setoff or recoup against
3 any Claim or Interest and the payments or other Distribution to be made under the Plan in respect of
4 such Claim or Interest, claims of any nature whatsoever that arose before the Petition Date that the
5 Debtors may have against the holder of such Claim or Interest to the extent such claims may be
6 setoff or recouped under applicable law, but neither the failure to do so nor the allowance of any
7 Claim or Interest under the Plan will constitute a waiver or release by the Debtors or the Liquidation
8 Trust of any such claim that they may have against such Person.

9 9.7 **Termination of Claims Agent.**

10 The Liquidation Trustee may move the Bankruptcy Court for an order relieving the Claims
11 Agent of its duties in the Bankruptcy Cases at any time following the Claims Objection Deadline,
12 pursuant to the Notice Procedure.

13 **ARTICLE X.**

14 **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

15 10.1 **Treatment of Executory Contracts and Unexpired Leases.**

16 The Plan Proponents reserve the right to move the Bankruptcy Court prior to Confirmation
17 for authority to assume, assume and assign, or reject, pursuant to Bankruptcy Code Section 365, any
18 and all contracts that are executory and leases that are unexpired. The Plan may be amended, with
19 appropriate notice to those parties in interest directly affected, at any time prior to the conclusion of
20 the hearing on Confirmation of the Plan, to add or remove executory contracts and unexpired leases
21 to be assumed, assumed and assigned, or rejected pursuant to the Plan. All executory contracts and
22 unexpired leases assumed prior to Confirmation or pursuant to the Plan and not otherwise rejected
23 pursuant to the Plan will remain in full force and effect, be unimpaired by the Plan except as
24 specifically modified by the Plan and the Order of Confirmation, and be binding on the parties
25 thereto.

26 Upon the Effective Date, the Liquidation Trust will assume the Debtors' insurance policies
27 listed on Exhibit "B" to the Plan and the executory contracts and unexpired leases listed on Exhibit
28 "C" to the Plan, and Reorganized CEP will assume the executory contracts listed on Exhibit "D" to

1 the Plan.

2 All executory contracts and unexpired leases of the Debtors that are not: (a) assumed or
3 rejected prior to Confirmation; (b) the subject of a pending motion to assume filed prior to
4 Confirmation; or (c) assumed pursuant to the Plan, including, without limitation, those listed on
5 Exhibit "E" to the Plan, will be rejected by the Debtors as of the Effective Date. Rejection Claims, if
6 any, must be filed on or before the Rejection Claims Bar Date and will be classified as Class 5
7 Claims. Additional details regarding the treatment and designation of executory contracts and
8 unexpired leases are set forth at Sections 10.1, 10.2 and 10.3 of the Plan.

9 **ARTICLE XI.**

10 **PRESERVATION OF RETAINED CLAIMS**

11 A non-exhaustive description of the Retained Claims is set forth above at Section 7.7.3.
12 Confirmation of the Plan effects no settlement, compromise, waiver or release of any Retained
13 Claim unless the Plan or Order of Confirmation specifically and unambiguously so provides. The
14 failure of the Plan to refer to any particular Retained Claim is not and shall not be construed as a
15 settlement, compromise, waiver, or release of any such Retained Claim. All Retained Claims are
16 preserved under the Plan and will continue to remain valid after the Effective Date.

17 In the event that any Claims are asserted against the Debtors for which former insiders,
18 officers, directors and employees of the Debtors may be partially or fully responsible, the Debtors
19 and the Liquidation Trust reserve all rights to seek recovery against such former insiders, officers,
20 directors and employees. The Liquidation Trustee will consult with the Oversight Committee with
21 respect to the prosecution of (or decision not to prosecute) Retained Claims as provided in Section
22 7.11 of the Plan and discussed above at Section 7.7.3. If a dispute arises between the Liquidation
23 Trustee and the Oversight Committee with respect to the prosecution of (or decision not to
24 prosecute) Retained Claims, such dispute will be resolved by a majority vote of the Oversight
25 Committee together with the Liquidation Trustee, as provided in the Liquidation Trust Agreement.
26 In the event that the Liquidation Trustee and members of the Oversight Committee are unable to
27 reach a majority, such dispute will be resolved by the Bankruptcy Court with reference to the
28 Liquidation Trust Agreement, pursuant to a motion filed and served on the Notice Parties on not less

1 than fourteen (14) days' notice. The entry of the Order of Confirmation will not constitute res
2 judicata or otherwise bar, estop or inhibit any actions by the Liquidation Trust relative to any
3 Retained Claims.

4 **ARTICLE XII.**

5 **RETENTION OF JURISDICTION**

6 The Bankruptcy Court will have exclusive jurisdiction of the Bankruptcy Cases: (a) to
7 enforce the provisions, purposes, and intent of the Plan, including matters or proceedings that relate
8 to the Purchase Transaction and the Liquidation Trust Agreement; (b) to determine the allowance or
9 disallowance of Claims and Interests; (c) to hear and determine proceedings initiated before or after
10 the Confirmation Date and the Effective Date regarding the prosecution of the Retained Claims or
11 any other rights, Claims, causes of action or claims for relief held by the Debtors and/or the
12 Liquidation Trust against any party, including the recovery of property and subordination of Claims
13 and Interests; (d) to fix and approve allowance of compensation and other Administrative Claims,
14 including, if appropriate, payments to be made in connection with the Plan; (e) to adjudicate
15 controversies arising from the terms of the Plan; (f) to hear and determine any proposed
16 modifications of or amendments to the Plan to the extent permitted by Section 1127 of the
17 Bankruptcy Code and Bankruptcy Rule 3019; (g) to enforce or interpret the provisions of the Plan,
18 the Order of Confirmation or any order entered by the Bankruptcy Court in the Bankruptcy Cases;
19 (h) to facilitate the consummation of the Plan; (i) to consider such other matters as may be set forth
20 in the Plan or the Order of Confirmation; (j) to hear and determine any Claim of any Persons of any
21 nature whatsoever against the Committee's Professionals and/or the Debtors' Professionals arising in
22 or related to the Cases; (k) to determine any tax liability pursuant to Section 505 of the Bankruptcy
23 Code; (l) to enter a Final Decree closing the Bankruptcy Cases; and (m) to hear and determine
24 proceedings initiated before or after the Confirmation Date and the Effective Date regarding the
25 calculation and payment of the Reorganized CEP Contribution payments to the Liquidation Trust. If
26 closed, the Bankruptcy Cases may be reopened at any time to facilitate the provisions of Article XII
27 of the Plan which are described above.

28 ///

1 **ARTICLE XIII.**

2 **EFFECT OF ORDER OF CONFIRMATION**

3 As of the Confirmation Date, the effect of the Order of Confirmation will be as provided in
4 Section 1141 of the Bankruptcy Code, and as follows:

5 13.1 **Binding Effect of Plan.**

6 The provisions of the confirmed Plan will bind the Debtors, the Liquidation Trust, the
7 Oversight Committee, the Plan Sponsors, Reorganized CEP, any Entity acquiring property under or
8 otherwise accepting the benefits of the Plan, and every Creditor, Equity Security Holder and Interest
9 holder, whether or not such Creditor, Equity Security Holder or Interest holder has filed a Proof of
10 Claim or Interest in the Bankruptcy Cases, whether or not the Claim or Interest of such Creditor,
11 Equity Security Holder or Interest holder is impaired under the Plan, and whether or not such
12 Creditor, Equity Security Holder or Interest holder has accepted or rejected the Plan.

13 13.2 **Reservation of Powers.**

14 Nothing in the Plan shall be deemed to have constituted a waiver of any powers held by the
15 Debtors as debtors in possession under the Bankruptcy Code, the Bankruptcy Rules or the Local
16 Rules. The Liquidation Trust will be vested with all powers granted by the Bankruptcy Code, the
17 Bankruptcy Rules and the Local Rules to a trustee or a debtor in possession, including those with
18 respect to recovery of property and objections to, and/or subordination of, Claims and Interests.

19 13.3 **Exculpation.**

20 To the fullest extent permissible under Section 1125(e) of the Bankruptcy Code, none of the
21 Debtors, the Committee, the current and former members of the Committee (solely in their capacity
22 as such) and their respective officers, directors, members, managers, employees, advisors, attorneys,
23 agents, or direct and indirect affiliates will have or will incur any liability to any holder of a Claim or
24 Interest, or any other party in interest, or any of their respective directors, officers, members, agents,
25 employees, representative, financial advisors, attorneys or affiliates or any of their predecessors,
26 successors, or assigns, for any act or omission in connection with, relating to, or arising out of, the
27 Bankruptcy Cases, the negotiation and pursuit of Confirmation of the Plan, or Confirmation of the
28 Plan, excluding the obligations of such Persons under the Plan and the Liquidation Trust Agreement,

1 as applicable, and any acts or omissions of any Person covered by this Section constituting willful
2 misconduct, gross negligence, fraud or bad faith, and in all respects such Persons will be entitled to
3 rely on the advice of counsel with respect to their duties and responsibilities under the Plan.

4 **ARTICLE XIV.**

5 **OTHER PLAN PROVISIONS.**

6 Article XIV of the Plan sets forth a number of additional provisions that govern the Plan.
7 These provisions cover topics such as interpretation, modification and withdrawal of the Plan and
8 waiver of its terms, and where to send notices directed to the Plan Proponents, the Liquidation Trust
9 and the Oversight Committee or the Reorganized Company, among other terms.

10 **ARTICLE XV.**

11 **RISK FACTORS**

12 Holders of impaired Claims entitled to vote on the Plan should read and consider carefully
13 the factors set forth below, as well as other information set forth in this Disclosure Statement and the
14 documents delivered together herewith and/or incorporated by reference herein prior to voting to
15 accept or reject the Plan.

16 15.1 **Claims in Excess of Estimates**

17 Certain Claims Bar Dates, including, without limitation, the Administrative Claims Bar Date,
18 the Fee Claims Bar Date, and the Rejection Claims Bar Date, will occur after Confirmation, and the
19 Allowed Amount of such Claims may increase the total liabilities of Estates and therefore decrease
20 the amount of Available Cash for Distributions to holders of Allowed Claims. Moreover, if the
21 Debtors and, post-Confirmation, the Liquidation Trust, are unsuccessful in their objections to
22 Disputed Claims, unliquidated Claims and contingent Claims that are asserted against the Estates,
23 the total liabilities will be greater than estimated, thereby potentially reducing any ultimate
24 Distribution to holders of Allowed Claims.

25 15.2 **Estimation of Claims and Distribution Risks**

26 In composing the Plan, the Plan Proponents have endeavored to consider what they believe
27 are reasonable possibilities for Distributions, if any, to be made to holders of Allowed Claims. As
28 set forth in Section 6.7.1, the Debtors estimate that Allowed General Unsecured Claims in Class 5

1 will approximate \$49.3 million. The Plan Proponents' summary analysis of potential Distributions
2 is set forth in Section 19.2 below. However, there can be no certainty that the Plan Proponents'
3 considerations will be accurate and that Creditors will receive Distributions as described in the Plan.
4 The Plan Proponents' considerations will necessarily be affected by, among other things: (1)
5 recoveries by the Liquidation Trust in connection with the liquidation of remaining assets; (2)
6 collection of receivables; (3) recoveries by the Liquidation Trust on the Retained Claims; (4)
7 realization of any amounts from Reorganized CEP Contributions; (5) the outcome of objections to
8 Claims; (6) taxes, expenses and other factors impacting the winding down and closing of the
9 Debtors' direct and indirect subsidiaries; and (7) the cost and expenses attendant with all such
10 actions.

11 Creditors electing to receive treatment in Class 4 may, as a result of their election, ultimately
12 receive less than they otherwise would if they did not so elect and were afforded treatment under
13 Class 5. Conversely, Creditors in Class 5 who are eligible to receive treatment under Class 4 but
14 decline such election, may, as a result of their election to remain in Class 5, ultimately receive less
15 and/or receive Distributions significantly later than they otherwise would if they were afforded
16 treatment under Class 4.

17 15.3 **Bankruptcy Risks**

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

23 Even if all classes of Claims that are entitled to vote accept the Plan, the Plan might not be
24 confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code sets forth the
25 requirements for confirmation and requires, among other things, that the value of distributions to
26 dissenting creditors and equity security holders not be less than the value of distributions such
27 creditors and equity security holders would receive if the debtor were liquidated under chapter 7 of
28 the Bankruptcy Code. The Plan Proponents believe that the Plan satisfies all of the requirements for

1 INCOME TAX CONSEQUENCES OF THE PLAN THAT MAY BE MATERIAL TO
2 CREDITORS (EACH A “HOLDER” AS REFERRED TO IN THIS ARTICLE). THIS
3 DISCUSSION IS INCLUDED FOR GENERAL INFORMATION PURPOSES ONLY AND IS
4 NOT INTENDED TO BE, AND IS NOT, LEGAL OR TAX ADVICE TO ANY
5 PARTICULAR HOLDER. THIS SUMMARY IS BASED ON THE CURRENT PROVISIONS
6 OF THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE” AS
7 REFERRED TO IN THIS ARTICLE), THE INCOME TAX REGULATIONS AND OTHER
8 LEGAL AUTHORITIES, ALL AS IN EFFECT AS OF THE DATE HEREOF AND ALL OF
9 WHICH ARE SUBJECT TO CHANGE, POSSIBLY WITH RETROACTIVE EFFECT. NO
10 RULINGS FROM THE INTERNAL REVENUE SERVICE (THE “IRS”) OR OPINIONS OF
11 COUNSEL HAVE BEEN OR WILL BE REQUESTED CONCERNING THE MATTERS
12 DISCUSSED BELOW. THE TAX CONSEQUENCES SET FORTH IN THE FOLLOWING
13 DISCUSSION ARE NOT BINDING ON THE IRS OR THE COURTS, AND NO
14 ASSURANCE CAN BE GIVEN THAT CONTRARY POSITIONS WILL NOT BE
15 SUCCESSFULLY ASSERTED BY THE IRS OR ADOPTED BY A COURT.

16 THIS SUMMARY DOES NOT ADDRESS ANY ASPECTS OF STATE TAXATION,
17 LOCAL TAXATION, NON-U.S. TAXATION, OR U.S. FEDERAL TAXATION OTHER
18 THAN INCOME TAXATION.

19 THE FOLLOWING DISCUSSION IS FOR GENERAL INFORMATION ONLY.
20 THE TAX TREATMENT OF A HOLDER MAY VARY DEPENDING UPON SUCH
21 HOLDER’S PARTICULAR SITUATION. THIS SUMMARY DOES NOT ADDRESS ALL
22 OF THE TAX CONSEQUENCES THAT MAY BE RELEVANT TO A PARTICULAR
23 HOLDER, INCLUDING ANY ALTERNATIVE MINIMUM TAX CONSEQUENCES, AND
24 DOES NOT ADDRESS THE TAX CONSEQUENCES TO A HOLDER THAT HAS MADE
25 AN AGREEMENT TO RESOLVE ITS CLAIM IN A MANNER NOT EXPLICITLY
26 PROVIDED FOR IN THE PLAN. THIS DISCUSSION DOES NOT ADDRESS THE U.S.
27 FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS THAT ARE UNIMPAIRED
28 UNDER THE PLAN OR HOLDERS SUBJECT TO SPECIAL TREATMENT UNDER THE

1 U.S. FEDERAL INCOME TAX LAWS, SUCH AS BROKERS OR DEALERS IN
2 SECURITIES OR CURRENCIES, CERTAIN SECURITIES TRADERS, TAX-EXEMPT
3 ENTITIES, REAL ESTATE INVESTMENT TRUSTS, REGULATED INVESTMENT
4 COMPANIES, FINANCIAL INSTITUTIONS, INSURANCE COMPANIES, FOREIGN
5 PERSONS, PARTNERSHIPS AND OTHER PASS-THROUGH ENTITIES, HOLDERS
6 THAT HOLD CLAIMS AS A POSITION IN A “STRADDLE” OR AS PART OF A
7 “SYNTHETIC SECURITY,” “HEDGING,” “CONVERSION” OR OTHER INTEGRATED
8 TRANSACTION, HOLDERS THAT HAVE A “FUNCTIONAL CURRENCY” OTHER
9 THAN THE UNITED STATES DOLLAR AND HOLDERS THAT HAVE ACQUIRED
10 CLAIMS IN CONNECTION WITH THE PERFORMANCE OF SERVICES.

11 THE TAX TREATMENT OF HOLDERS AND THE CHARACTER, AMOUNT AND
12 TIMING OF INCOME, GAIN OR LOSS RECOGNIZED AS A CONSEQUENCE OF THE
13 PLAN AND THE DISTRIBUTIONS PROVIDED FOR BY THE PLAN MAY VARY,
14 DEPENDING UPON, AMONG OTHER THINGS: (I) WHETHER THE HOLDER
15 RECEIVES DISTRIBUTIONS UNDER THE PLAN IN MORE THAN ONE TAXABLE
16 YEAR; (II) WHETHER THE HOLDER FALLS INTO ANY SPECIAL CLASS OF
17 TAXPAYERS, SUCH AS THOSE THAT ARE EXCLUDED FROM THIS DISCUSSION AS
18 NOTED ABOVE; (III) THE MANNER IN WHICH THE HOLDER ACQUIRED THE
19 CLAIM; (IV) THE LENGTH OF TIME THAT THE CLAIM HAS BEEN HELD; (V)
20 WHETHER THE CLAIM WAS ACQUIRED AT A DISCOUNT; (VI) WHETHER THE
21 HOLDER HAS TAKEN A BAD DEBT DEDUCTION WITH RESPECT TO THE CLAIM
22 (OR ANY PORTION THEREOF) IN THE CURRENT OR PRIOR YEARS; (VII)
23 WHETHER THE HOLDER HAS PREVIOUSLY INCLUDED IN INCOME ANY AMOUNT
24 WITH RESPECT TO THE CLAIM; (VIII) THE METHOD OF TAX ACCOUNTING OF
25 THE HOLDER; AND (IX) WHETHER THE CLAIM IS A “CAPITAL ASSET” WITHIN
26 THE MEANING OF SECTION 1221 OF THE CODE. THEREFORE, EACH HOLDER
27 SHOULD CONSULT ITS TAX ADVISOR FOR INFORMATION THAT MAY BE
28 RELEVANT TO ITS PARTICULAR SITUATION AND CIRCUMSTANCES, AND THE

1 PARTICULAR TAX CONSEQUENCES TO SUCH HOLDER OF THE TRANSACTIONS
2 CONTEMPLATED BY THE PLAN.

3 THE FOLLOWING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF
4 CERTAIN U.S. FEDERAL TAX CONSEQUENCES OF THE PLAN AND IS NOT A
5 SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE
6 FOLLOWING DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT
7 TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND
8 MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES.
9 ACCORDINGLY, EACH HOLDER AND PLAN SPONSOR IS STRONGLY URGED TO
10 CONSULT ITS TAX ADVISOR REGARDING THE U.S. FEDERAL, STATE, LOCAL, AND
11 APPLICABLE NON-U.S. TAX CONSEQUENCES OF THE PLAN.

12 16.2 **U.S. Federal Income Tax Treatment of The Liquidation Trust.**

13 For all federal income tax purposes, the Debtors, the Liquidation Trust beneficiaries, the
14 Liquidation Trustee and the Liquidation Trust must treat the Liquidation Trust as a “liquidating
15 trust” within the meaning of Treasury Income Tax Regulation Section 301.7701-4(d) and IRS
16 Revenue Procedure 94-95, 1994-2 C.B. 124, and the transfer of the Liquidation Trust Assets to the
17 Liquidation Trust must be treated as a transfer of the Liquidation Trust Assets (excluding any Assets
18 that will be distributable by the Disbursing Agent to holders of Allowed Claims that are not
19 beneficiaries of the Liquidation Trust as well as any Assets that are to be reserved on account of
20 Disputed Claims) by the Debtors to the Liquidation Trust beneficiaries in satisfaction of their
21 Allowed Claims, followed by a transfer of such Liquidation Trust Assets by the Liquidation Trust
22 beneficiaries in exchange for their beneficial interests in the Liquidation Trust. The Liquidation
23 Trust beneficiaries will be treated as the grantors and owners of their respective Pro Rata shares of
24 such Liquidation Trust Assets for federal income tax purposes. The Plan and the Liquidation Trust
25 Agreement generally provide that the beneficiaries of the Liquidation Trust must make a good faith
26 valuation of the Liquidation Trust Assets consistently with the values determined by the Liquidation
27 Trustee for all U.S. federal income tax purposes. Allocations of taxable income of the Liquidation
28 Trust must be allocated to the Liquidation Trust beneficiaries in accordance with each such

1 beneficiary's Pro Rata Share of the Liquidation Trust. The Liquidation Trustee will file with the IRS
2 tax returns for the Liquidation Trust consistent with its classification as a grantor trust pursuant to
3 Treasury Regulation Section 1.671-4(a) and will also send to each Liquidation Trust beneficiary a
4 separate statement setting forth such Liquidation Trust beneficiary's share of items of Liquidation
5 Trust income, gain, loss, deduction, or credit. Each such Liquidation Trust beneficiary will be
6 required to report such items on its U.S. federal income tax return.

7 The discussion above assumes that the Liquidation Trust will be respected as a liquidating
8 trust for U.S. federal income tax purposes. If the IRS were to challenge successfully such
9 classification, the U.S. federal income tax consequences to the Liquidation Trust and the Liquidation
10 Trust beneficiaries could differ materially from those discussed herein (including the potential for an
11 entity-level tax to be imposed on all income of the Liquidation Trust).

12 16.3 Consequences to Debtors.

13 In connection with the Purchase Transaction, the Debtors may have recognized gain or loss
14 equal to the difference between the purchase price for the Purchased Assets and the adjusted tax
15 basis of such Purchased Assets. The Debtors' tax attributes may offset any income or gain (with any
16 capital losses available to only offset capital gains). The Debtors may recognize alternative
17 minimum tax as a result of the sale of the Purchased Assets. Any tax due with respect to the
18 Purchase Transaction will be paid by the Debtors or the Liquidation Trust to the IRS.

19 The foregoing conclusions are based on, among other things, the Debtors' assumptions
20 concerning their tax attributes. If the IRS were to prevail in challenging one or more of these
21 assumptions, any resulting tax liability could reduce the funds available to Liquidation Trust
22 beneficiaries.

23 The discharge of indebtedness gives rise to cancellation of debt ("COD") income, which
24 generally must be included in a debtor's gross income. However, the Code permits a debtor to
25 exclude COD income from gross income if the discharge occurs in a Chapter 11 case. Thus,
26 although the Debtors may realize COD income as a result of satisfaction of the Claims, the Debtors
27 should not be required to recognize COD income. The Debtors are required to reduce some or all of
28 their tax attributes, including, for example, net operating losses, capital losses, general business

1 credits, minimum tax credits, and the tax basis of assets, to the extent COD income is not
2 recognized. However, instead of reducing net operating losses and certain other tax attributes, the
3 Debtors may elect to reduce the tax basis of assets, thereby essentially losing future depreciation but
4 preserving net operating losses and other attributes.

5 Post-Confirmation, it is unclear whether any net operating losses and other tax attributes,
6 remaining after any write down or COD income, as applicable, will be limited by the Internal
7 Revenue Code (e.g., Section 382).

8 16.4 **Consequences to Creditors.**

9 Each Holder will generally recognize gain or loss in its taxable year that includes the
10 Effective Date in an amount equal to the difference between the amount realized or deemed realized
11 in respect of its Allowed Claim and its adjusted tax basis in such Allowed Claim. The amount
12 realized for this purpose should generally equal the amount of cash and the fair market value of any
13 other Assets (net of any applicable liabilities) received or deemed received for U.S federal income
14 tax purposes under the Plan in respect of such Holder's Allowed Claim. Although not free from
15 doubt, Holders of Allowed Claims that are beneficiaries of the Liquidation Trust as of the Effective
16 Date should be treated as receiving from the Debtors their respective shares of the Liquidation Trust
17 Assets in satisfaction or partial satisfaction, as the case may be, of their Allowed Claims, and
18 simultaneously transferring such Liquidation Trust Assets (net of any applicable liabilities) to the
19 Liquidation Trust. Additionally, Holders that are beneficiaries of the Liquidation Trust should
20 generally recognize their allocable share of income, gain, loss and deductions recognized by the
21 Liquidation Trust on an annual basis, as discussed above.

22 The Plan provides that, to the extent that any Allowed Claim entitled to a Distribution under
23 the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution
24 shall be allocated to the principal amount of the Claim first and then, to the extent the consideration
25 exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but
26 unpaid interest. Each Holder should consult its tax advisor regarding the determination of the
27 amount of consideration received under the Plan that is attributable to interest (if any).

28 16.5 **Consequences to Holders of Equity Securities.**

1 The Plan provides that holders of CEP stock who elect to be Plan Sponsors will retain the
2 legal, equitable and contractual rights to which each such Plan Sponsor is entitled on account of such
3 Interest. The tax basis of Equity Security Holders who are Plan Sponsors will increase by the
4 amount of their proportionate share of the Plan Sponsor Contribution which will reduce the capital
5 gain or increase the capital loss to be recognized upon disposition of CEP's shares at later date.

6 The Plan provides that holders of CEP stock who do not elect to be Plan Sponsors are not
7 expected to receive any recovery under the Plan. As such, Plan Non-Sponsors will generally
8 recognize loss in an amount equal to such holder's adjusted tax basis in the CEP stock. Each holder
9 of CEP stock should consult its tax advisor regarding the deductibility of tax losses.

10 **16.6 Consequences to Option Holders.**

11 The Plan provides that all CEP stock options Interests shall be cancelled as of the Effective
12 Date and the holders of such Interests shall not receive or retain any property under the Plan on
13 account of such Interests. As such, a holder of a CEP stock option Interest will generally recognize
14 loss, if any, in an amount equal to such holder's adjusted tax basis in the Interest. Each holder of a
15 CEP stock option Interest should consult its tax advisor regarding the deductibility of tax losses.

16 **16.7 Withholding and Backup Withholding.**

17 In connection with the Plan and all Distributions under the Plan, the Liquidation Trustee shall
18 comply with all tax withholding and reporting requirements imposed by any federal, state,
19 provincial, local, or foreign taxing authority. The Liquidation Trustee is authorized to take any and
20 all actions that may be necessary or appropriate to comply with such withholding and reporting
21 requirements. For example, if the Debtors are obligated by law to withhold amounts from
22 Distributions to a present or former employee to satisfy such present or former employee's tax or
23 other payroll obligations, the Liquidating Trustee may withhold a portion of such Distributions in
24 such amount as is determined necessary to satisfy such obligations.

25 A Holder may be subject to backup withholding, currently at the rate of 28%, with respect to
26 any "reportable" payments received pursuant to the Plan unless (i) such Holder is a corporation or
27 comes within certain other exempt categories and, when required, demonstrates this fact or (ii)
28 provides a correct U.S. taxpayer identification number, certifies as to no loss of exemption from

1 backup withholding and complies with applicable requirements of the backup withholding rules.
2 Amounts withheld under the backup withholding rules may be credited against a Holder's tax
3 liability, and a Holder may obtain a refund of any excess amounts withheld under the backup
4 holding rules by timely filing the appropriate claim for refund with the IRS.

5 **ARTICLE XVII.**

6 **VOTING PROCEDURES AND REQUIREMENTS**

7 **17.1 Creditors Entitled to Vote.**

8 Only holders of Claims in an impaired (as that term is defined in Section 1124 of the
9 Bankruptcy Code) class of Claims that will receive or retain any property under the Plan are entitled
10 to vote to accept or reject the Plan, unless any such class has been deemed to reject the Plan. Classes
11 5(a), 5(b) and 5(c) are impaired under the Plan and have not been deemed to reject the Plan.
12 Accordingly, the votes of holders of Claims in Classes 5(a), 5(b) and 5(c) will be solicited with
13 respect to the Plan.

14 **17.2 Definition of Impairment.**

15 Section 1124 of the Bankruptcy Code provides in part as follows:

16 . . . a class of claims or equity interests is impaired under a plan unless,
17 with respect to each claim or equity interest of such class, the plan-

18 (1) leaves unaltered the legal, equitable, and contractual rights of
the holder of such claim or interest; or

19 (2) notwithstanding any contractual provision or applicable law that
20 entitles the holder of a claim or interest to demand or receive
accelerated payment of its claim or interest after the occurrence of a
21 default:

22 (A) cures any such default that occurred before or after the
commencement of the case under this title, other than a default of a
23 kind specified in section 365(b)(2) of this title or of a kind that section
365(b)(2) expressly does not require to be cured;

24 (B) reinstates the maturity of such claim or interest as such maturity
25 existed before such default;

26 (C) compensates the holder of such claim or interest for any
27 damages incurred as a result of any reasonable reliance by such holder
on such contractual provision or applicable law;

28 (D) if such claim or such interest arises from any failure to perform
a nonmonetary obligation, other than a default arising from failure to

1 operate a nonresidential real property lease subject to section
2 365(b)(1)(A), compensates the holder of such claim or such interest
3 (other than the debtor or an insider) for any actual pecuniary loss
4 incurred by such holder as a result of such failure; and

5 (E) does not otherwise alter the legal, equitable, or contractual
6 rights to which such claim or interest entitles the holder of such claim
7 or interest.

8 **17.3 Acceptance by an Impaired Voting Class.**

9 In accordance with Bankruptcy Code Section 1126(c), and except as provided in Bankruptcy
10 Code Section 1126(e), an impaired class of Claims that votes on the Plan will have accepted the Plan
11 if accepted by the holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2)
12 in number of the Allowed Claims of such class that have timely and properly voted to accept or
13 reject the Plan.

14 **17.4 Deemed Acceptances by Classes.**

15 Claims in Classes 1, 2, 3, and 4 and Interests in Class 6(a) are unimpaired under the Plan.
16 Under Bankruptcy Code Section 1126(f), holders of such unimpaired Claims are conclusively
17 presumed to have accepted the Plan and the votes of holders of such unimpaired Claims will not be
18 solicited.

19 **17.5 Deemed Rejections by Classes.**

20 Interests in Classes 6(b) and 7 are impaired. The holders of such Interests are not expected to
21 receive or retain any property under the Plan and are presumed to have rejected the Plan, and the
22 votes of holders of such impaired Interests will not be solicited.

23 **17.6 Procedures.**

24 With the Plan and Disclosure Statement, Creditors will receive a Ballot and instructions for
25 voting on the Plan. You should read the Ballot carefully and follow the instructions contained
26 therein. Please use only the Ballot sent to you with this Disclosure Statement and the Plan.
27 Creditors holding General Unsecured Claims who wish to receive treatment under Class 4 must
28 indicate their election to be in Class 4 where indicated on the Ballot.

A Claim to which an objection has been filed is not an Allowed Claim unless and until the
Bankruptcy Court rules on the objection. The Bankruptcy Court may temporarily allow a Disputed

1 Claim to which an objection has been filed for purposes of voting on the Plan. Therefore, although
2 holders of Disputed Claims to which an objection has been filed will receive Ballots, these votes will
3 not be counted unless the Bankruptcy Court temporarily allows such Claims for purposes of voting
4 on the Plan.

5 CREDITORS WISHING TO VOTE ON THE PLAN MUST COMPLETE THE BALLOT
6 PROVIDED AND RETURN IT NO LATER THAN [REDACTED], 2015, TO:

7 Dorsey & Whitney LLP
8 Attn: Thomas T. Hwang
9 305 Lytton Avenue
10 Palo Alto, CA 94301

11 IF YOUR BALLOT IS NOT RETURNED BY [REDACTED], 2015 (the “VOTING
12 DEADLINE”), IT WILL NOT BE CONSIDERED. BALLOTS WHICH ARE RETURNED BUT
13 NOT PROPERLY EXECUTED WILL NOT BE CONSIDERED. BALLOTS WHICH ARE
14 EXECUTED BUT WHICH FAIL TO INDICATE EITHER ACCEPTANCE OR REJECTION OF
15 THE PLAN WILL BE CONSIDERED AS ACCEPTING THE PLAN.

16 **ARTICLE XVIII.**

17 **CONFIRMATION PROCEDURES; OBJECTIONS TO CONFIRMATION**

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

19 18.1 **Confirmation Hearing.**

20 Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold
21 a hearing on Confirmation (approval) of the Plan. The Confirmation Hearing may be postponed
22 from time to time by the Bankruptcy Court without further notice except for an announcement made
23 at the Confirmation Hearing or any postponement thereof. Section 1128(b) provides that any party
24 in interest may object to Confirmation of the Plan. Any objection to Confirmation must be made in
25 writing and filed with the Bankruptcy Court and served on the following parties, together with a
26 certificate of service, no later than _____, 2015:

27 ///

28 ///

///

1 Dorsey & Whitney LLP
2 Attn: Stephen T. O'Neill
3 305 Lytton Avenue
4 Palo Alto, CA 94301
5 Telephone: (650) 857-1717
6 Facsimile: (650) 857-1288
7 Email: oneill.stephen@dorsey.com

8 and

9 Brown Rudnick LLP
10 Attn: Cathrine M. Castaldi
11 2211 Michelson Drive, Suite 700
12 Irvine, CA 92612
13 Telephone: (949) 752-7100
14 Facsimile: (949) 252-1514
15 Email: ccastaldi@brownrudnick.com

16 and

17 Office of the United States Trustee
18 United States Department of Justice
19 Attn: Julie M. Glosson
20 235 Pine Street, Suite 700
21 San Francisco, CA 94104-2745
22 Telephone: (415) 705-3333
23 Facsimile: (415) 705-3379
24 Email: Julie.M.Glosson@usdoj.gov

25 Objections to Confirmation of the Plan are governed by Bankruptcy Rule 9014.

26 18.2 **Requirements for Confirmation of the Plan.**

27 At the Confirmation Hearing, the Bankruptcy Court must confirm the Plan if it determines
28 that all of the requirements of Section 1129 of the Bankruptcy Code have been satisfied. Applicable
29 requirements are as follows:

- 30 (1) The Plan complies with the applicable provisions of the Bankruptcy Code;
- 31 (2) The Plan Proponents have complied with the applicable provisions of the
32 Bankruptcy Code;
- 33 (3) The Plan has been proposed in good faith and not by any means forbidden by
34 law;
- 35 (4) Any payment made or to be made by the Debtors, or by a person issuing

1 securities or acquiring property under the Plan, for services or for costs and expenses in or in
2 connection with the Cases, or in connection with the Plan and incident to the Cases, has been
3 approved by, or is subject to the approval of, the Court as reasonable;

4 (5) The Plan Proponents have disclosed the identity and affiliations of any
5 individual proposed to serve, after Confirmation of the Plan, as a director, officer, or voting trustee
6 of the Debtors, an affiliate of the Debtors participating in a joint plan with the Debtors, or a
7 successor to the Debtors under the Plan; and the appointment to, or continuance in, such office of
8 such individual, is consistent with the interests of holders of Claims and Interests and with public
9 policy; and the Debtors have disclosed the identity of any insider that will be employed or retained
10 by the Liquidation Trust, and the nature of any compensation for such insider;

11 (6) With respect to each class of impaired Claims or Interests, each holder of a
12 Claim or Interest of such class either (a) has accepted the Plan, or (b) will receive or retain under the
13 Plan on account of such Claim or Interest property of a value, as of the Effective Date of the Plan,
14 that is not less than the amount that such holder would so receive or retain if the Debtors were
15 liquidated on such date under chapter 7 of the Bankruptcy Code;

16 (7) Subject to the “cramdown” provisions of the Bankruptcy Code discussed in
17 Section 18.4 below and excepting classes of Interests which are presumed to reject the Plan, each
18 class of Claims has accepted the Plan;

19 (8) Except to the extent that the holder of a particular Claim has agreed to a
20 different treatment of such Claim, the Plan provides that incurred, Allowed Administrative Claims
21 will be paid in full on the Effective Date of the Plan and that Allowed Tax Claims will be paid in full
22 over a period not longer than five (5) years from the Petition Date;

23 (9) If a class of Claims is impaired under the Plan, at least one class of impaired
24 Claims has accepted the Plan, determined without including any acceptance of the Plan by any
25 insider holding a Claim of such class;

26 (10) Confirmation of the Plan is not likely to be followed by the liquidation, or the
27 need for further financial reorganization, of the Debtors or any successor to the Debtors under the
28 Plan, unless such liquidation or reorganization is proposed in the Plan;

1 (11) All fees payable under section 1930 of title 28, as determined by the Court at
2 the hearing on confirmation of the Plan, have been paid or the Plan provides for the payment of all
3 such fees on the Effective Date of the Plan; and

4 (12) All transfers of property of the Plan are to be made in accordance with any
5 applicable provisions of non-bankruptcy law that govern the transfer of property by a corporation or
6 trust that is not a moneyed, business, or commercial corporation or trust.

7 **18.3 Compliance With Confirmation Requirements.**

8 The Plan Proponents believe that the foregoing requirements have been or will be met prior
9 to the Confirmation Hearing. Specifically, they believe: (1) the Plan is in the best interests of
10 Creditors in that holders of all Allowed Claims will receive payments under the Plan having a
11 present value as of the Effective Date of the Plan in amounts not less than the amounts likely to be
12 received if the Debtors were liquidated in a case under chapter 7 of the Bankruptcy Code; and (2) the
13 Plan will be accepted by sufficient votes in impaired Classes 5(a), 5(b) and 5(c) or may be confirmed
14 under the cramdown standards of Bankruptcy Code Section 1129(b) even if sufficient votes are not
15 received.

16 **18.4 Cramdown.**

17 In the event that any impaired class of Claims or Interests does not accept the Plan, the
18 Bankruptcy Court may still confirm the Plan at the request of the proponents if, as to each impaired
19 class which has not accepted the Plan, the Plan “does not discriminate unfairly” and is “fair and
20 equitable.” A plan of reorganization “does not discriminate unfairly” against a class if the plan
21 allocates value to that class in a manner consistent with the treatment afforded to other classes with
22 similar legal claims against the Debtors. “Fair and equitable” has different meanings for the holders
23 of secured and unsecured claims, and for holders of interests.

24 With respect to a secured claim, “fair and equitable” means either: (a) the impaired secured
25 creditor retains its liens to the extent of its allowed claim and receives deferred cash payments at
26 least equal to the allowed amount of its claim with a present value as of the effective date of the plan
27 at least equal to the value of such creditor’s interest in the property securing its liens; (b) property
28 subject to the lien of the impaired secured creditor is sold free and clear of that lien, with that lien

1 attaching to the proceeds of the sale, and such lien proceeds are treated in accordance with clauses
2 (a) or (c) hereof; or (c) the impaired secured creditor realizes the “indubitable equivalent” of its
3 claim under the plan.

4 With respect to an unsecured claim, “fair and equitable” means either: (a) each impaired
5 unsecured creditor receives or retains property of a value equal to the amount of its allowed claim; or
6 (b) the holders of claims and interests that are junior to the claims of the dissenting class will not
7 receive any property under the plan.

8 With respect to a class of interests, “fair and equitable” means either: (a) the plan provides
9 that each holder of an interest of such class receive or retain on account of such interest property of a
10 value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed
11 liquidation preference to which such holder is entitled, any fixed redemption price to which such
12 holder is entitled, or the value of such interest; or (b) the holder of any interest that is junior to the
13 interests of such Class will not receive or retain any property under the plan on account of such
14 junior interest.

15 Holders of Interests in Classes 6(a), 6(b) and 7 are impaired and presumed to reject the Plan.
16 However, the Plan Proponents believe that the Plan (a) does not discriminate unfairly and (b) is fair
17 and equitable with respect to both classes. In the event that impaired Classes 5(a), 5(b) and 5(c)
18 reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is
19 fair and equitable and does not discriminate unfairly against such classes, in addition to Classes 6(a),
20 6(b) and Class 7.

21 ARTICLE XIX.

22 BEST INTERESTS TEST

23 The Bankruptcy Court must independently determine that the Plan is in the best interest of all
24 classes of Creditors and Interest holders. The “best interests” test requires that a plan provide to
25 each dissenting member of each impaired Class a recovery that has a present value at least equal to
26 the present value of the distribution which each such Creditor or Interest holder would receive if the
27 Debtors were liquidated under chapter 7 of the Bankruptcy Code.

28 ///

1 19.1 **Liquidation Under Chapter 7**

2 In performing this analysis, the Bankruptcy Court must determine the amount that would be
3 generated from a chapter 7 liquidation of the Debtors' assets after deducting the cost of liquidation
4 and make a comparison to the scenario under a proposed plan. Here under the Plan, as a foremost
5 matter, Creditors will receive the benefit of the Plan Sponsor Contribution and the potentially
6 significant upside of the Reorganized CEP Contribution, discussed at Section 3.5.2 above, with
7 minimal risk or downside to be borne by any party other than the Plan Sponsors. While it is
8 uncertain whether the Reorganized CEP Contribution will come to fruition, this aspect of the Plan
9 will not exist in a chapter 7 scenario.

10 Turning to a chapter 7 scenario, the costs of liquidation would include, among other things,
11 the chapter 7 trustee's commissions, its expenses, fees for counsel and other professionals retained
12 by it, and Administrative Claims. In addition to liquidating the Debtors' assets, the chapter 7 trustee
13 would also need to investigate and decide whether to litigate certain claims and possibly pursue
14 other litigation matters. Generally, no distribution is made in a chapter 7 case until all assets of the
15 bankruptcy estate and all claims have been liquidated, a process that often can take many months
16 and sometimes years. This delay could further impair the value of any Distribution made to holders
17 of Claims in a chapter 7 scenario. The Plan Proponents believe that the delay and expense required
18 by a trustee in a chapter 7 liquidation would be substantial in these Cases, due to the complexity of
19 the Purchase Transaction and the UTC Transaction, and the Debtors' products, ongoing negotiations,
20 contractual arrangements, operations and corporate and financial structure.

21 On the other hand, the proposed Liquidation Trustee was selected by the Committee and
22 approved by the Debtors after careful consideration of several candidates. The Plan Proponents have
23 already conferred with the proposed Liquidation Trustee and his agents on several occasions to
24 discuss the Debtors' operations, the Bankruptcy Cases and the most efficient means to transition
25 documents, books and records, and they will continue to confer leading up to the hearing on
26 Confirmation. They are confident that the Liquidation Trustee will be able to fulfill the obligations
27 under and execute the terms of the Plan in an efficient, timely and competent manner.

28 The estimated costs under the Plan, including the costs and expenses of the Liquidation

1 Trustee, are estimated over the entirety of the Plan between \$1.3 to 1.35 million as detailed below at
2 Section 19.2. In deciding whether or not to vote in favor of the Plan, Creditors should consider such
3 amounts vis-à-vis the potential costs and expense of a chapter 7 trustee which are not reliably
4 quantifiable but will incorporate the factors discussed above. At minimum, the Plan Proponents
5 estimate that a chapter 7 trustee's commissions alone will approximate at least \$404,250 if s/he
6 distributes solely the Debtors' current cash on hand.¹⁴

7 The Plan Proponents believe that completing the transition of the institutional knowledge to
8 the Liquidation Trustee will be relatively expedient due to the relationship and rapport they have
9 developed with him. Confirmation of the Plan will enable the Liquidation Trustee to proceed as
10 soon as possible after the Effective Date to collect and liquidate remaining Assets and distribute the
11 net proceeds of the Liquidation Trust Assets in accordance with the priority scheme set forth in the
12 Bankruptcy Code as would a chapter 7 trustee. Under the Plan, the result will be achieved with less
13 duplication and incurrence of administrative costs that could result from the appointment of a
14 chapter 7 Trustee unfamiliar with the Cases and the employment of additional professional persons,
15 and the delay attendant with the administration of the assets in chapter 7.

16 Therefore, when factoring in the contribution from the Plan Sponsors, the Plan Proponents
17 believe that liquidation in chapter 11 under the Plan will result in at minimum an equal return to
18 Creditors who are impaired under the Plan, but in a more expedient manner, at an equal or lesser
19 expense and with substantially greater upside than what they Creditors would receive if the
20 liquidation was accomplished in chapter 7.

21 19.2 Liquidation Analysis

22 The Debtors estimate that the ultimate Distribution to Creditors in Classes 5(a), 5(b) and 5(c)
23 will range from 3.0% to 6.6% on each Allowed Claim. A summary of estimated assets and claims
24 which factor into this estimate is attached hereto as **Exhibit "E"**. Because of the abundance of
25

26 ¹⁴ This figure is calculated based on an estimated \$12,655,000 in cash. Generally, Bankruptcy Code section
27 326(a) sets forth the maximum compensation allowed for a trustee's services to the estate based on the amount of funds
28 disbursed in the case as follows: 25 percent of the first \$5,000 disbursed; 10 percent of additional amounts up to
\$50,000; 5 percent of additional amounts up to \$1 million; and reasonable compensation not to exceed 3 percent of
amounts in excess of \$1 million.

1 unknown variables and contingencies which remain in the Cases (including, for example, collections
2 on accounts receivables, the return of and liquidation of Assets, potential amounts received from
3 Reorganized CEP Contributions, and the prosecution of Retained Claims, if any, all as discussed
4 herein), which are largely dependent on factors not within the control of the Liquidation Trust, and
5 which may not be resolved for several years, this estimate represents only the Plan Proponents' good
6 faith approximation based on current information. It also is founded on numerous assumptions
7 including, among other things, the following:

8 • The net proceeds from the liquidation of remaining assets, including collection on the
9 accounts receivables, but excluding Retained Claims (which are not quantifiable because the
10 decision whether or not it is cost-effective to prosecute any such Retained Claims will be made by
11 the Liquidation Trustee) will approximate \$300,000¹⁵;

12 • Expenses for administration of the Estates fall within a range of \$1.3 to \$1.35 million
13 and include, without limitation: (1) tax liabilities which may become due after the Effective Date, (2)
14 compensation of contractors, the Liquidation Trustee and the Oversight Committee, (3)
15 compensation of professional fees, (4) United States Trustee fees, (5) insurance policies, and (6)
16 payment of miscellaneous expenses of the Liquidation Trust, and (6) insurance policies, all as set
17 forth in greater detail on **Exhibit "F"**¹⁶ attached hereto;

- 18 • Administrative Claims, excluding Fee Claims, total between \$600,000 to \$700,000;
- 19 • Fee Claims total between \$1.5 million to \$1.6 million;
- 20 • Allowed Tax Claims total between \$400,000 to \$1.07 million;
- 21 • Allowed Secured Claims total between \$184,000 and \$253,000;
- 22 • Allowed Priority Claims total between \$2.7 million and \$2.8 million;

23
24 ¹⁵ The Debtors' receivables include the SGIP, RECs and property tax reimbursements owed under certain ESAs
25 and other agreements subject to ongoing negotiations with various parties. The Debtors anticipate that a portion of these
26 receivables might be offset in connection with agreements reached prior to the Effective Date. This estimate accounts
27 for such offset amounts.

28 ¹⁶ Exhibit "F" projects the costs and expenses of the Liquidation Trust for the first three years of the Plan.
Post-confirmation activity and expenses are expected to decrease precipitously starting after the second year, and the
Plan Proponents anticipate that the cases will be closed after the third year. Accordingly, meaningful projections after
year three cannot be estimated with any certainty but are expected to be substantially reduced.

1 • Allowed Administrative Convenience Claims total between \$600,000 and \$1.3
2 million; and

- 3 • Allowed General Unsecured Claims in Class 5 total around \$49.3 million.

4 These are estimates only, and the actual numbers underlying the above assumptions may be
5 higher or lower and could be considerably higher or lower, and therefore, the ultimate Distribution
6 could fall significantly outside of the estimated range. As detailed on **Exhibit “E”**, amounts
7 received from Reorganized CEP Contributions, the potential for which would not be available
8 without the Plan, may result in a substantial increase in Distributions. Further, the Plan Proponents
9 have not concluded a review of the entire body of Claims, and the Liquidation Trust will continue
10 and conduct its own review and examination of Claims. The Plan Proponents anticipate that
11 additional objections to Disputed Claims will be filed, the outcomes of which will affect the amounts
12 available for Distribution. Moreover, as discussed above and set forth in Article XV, there are
13 numerous other contingencies that will ultimately affect the outcome of these Cases.

14 **ARTICLE XX.**

15 **FEASIBILITY**

16 The Bankruptcy Court must find that Confirmation of the Plan is not likely to be followed by
17 the liquidation or the need for further financial reorganization of the Debtors unless such liquidation
18 or reorganization is contemplated by the Plan itself. The Plan contemplates the final liquidation and
19 Distribution of the Liquidation Trust Assets, and the liquidation proceeds will be expended to
20 execute the liquidation and Distribution process described in the Plan.

21 **ARTICLE XXI.**

22 **POST-CONFIRMATION MANAGEMENT**

23 On the Effective Date, the Debtors’ assets will vest in the Liquidation Trust which will be
24 managed by the Liquidation Trustee Peter S. Kravitz, Esq. who will also serve as the Responsible
25 Person. Mr. Kravitz earned his juris doctorate degree from Rutgers University Law School in 1995
26 and previously was a partner at Venable, LLP. Currently, he is a principal at the consulting firm of
27 Province, Inc., which specializes in financial advisory, corporate reorganization, and trustee-related
28 services. Mr. Kravitz has served as Liquidation Trustee in a number of large chapter 11 bankruptcy

1 cases, including Fleetwood Enterprises, Inc., Landsource LLC, Coldwater Creek, Inc., and
2 Friendly's Ice Cream, LLC. Mr. Kravitz will be compensated on a decreasing scale based on the
3 duration of his engagement as follows: (i) for the first six (6) months of the engagement, fifteen
4 thousand dollars (\$15,000) per month; (ii) for months seven (7) through twelve (12) of the
5 engagement, twelve thousand five hundred dollars (\$12,500) per month; (iii) for months thirteen
6 (13) through eighteen (18) of the engagement, ten thousand dollars (\$10,000) per month; and (iv)
7 thereafter, in an amount to be determined by the Oversight Committee, such amount to be subject to
8 review by the Oversight Committee every six (6) months for the duration of the engagement.

9 **ARTICLE XXII.**

10 **PLAN INTERPRETATION**

11 The headings contained in the Plan are for convenience of reference only and do not limit or
12 otherwise affect in any way the meaning or interpretation of the Plan. All references in the Plan to
13 the singular are to be construed to include references to the plural and vice versa. All references in
14 the Plan to any one of the masculine, feminine or neuter genders will include references to both other
15 such genders. All Exhibits attached hereto are, by this reference, hereby incorporated herein and
16 into the Plan. All references in the Plan to a Section or an Article means the appropriately numbered
17 Section or Article of the Plan. Whenever the Plan uses the term "including," such reference means
18 "including, but not limited to."

19 Dated: November 25, 2015

CEP REORGANIZATION, LLC

20 By: /s/ Gloria Fan

21 Gloria Fan
22 Chief Financial Officer

23 Dated: November 25, 2015

CEP REORGANIZATION, INC.

24 By: /s/ Gloria Fan

25 Gloria Fan
26 Chief Financial Officer

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Dated: November 25, 2015

CEP SERVICE REORGANIZATION, LLC

By: /s/ Gloria Fan
Gloria Fan
Responsible Person

Dated: November 24, 2015

COMMITTEE

By: /s/ Cathrine M. Castaldi
Cathrine M. Castaldi
Authorized Committee Representative

DORSEY & WHITNEY LLP

By: Stephen T. O'Neill
Stephen T. O'Neill
Attorneys for Debtors

BROWN RUDNICK LLP

By: /s/ Cathrine M. Castaldi
Cathrine M. Castaldi
Attorneys for Official Committee Of
Unsecured Creditors