

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

In re: Constar International Holdings, LLC, et al.

Case No. (Jointly Administered) 13-13281  
Reporting Period: February 28, 2014

**MONTHLY OPERATING REPORT**

File with Court and submit copy to United States Trustee within 20 days after end of month.

Submit copy of report to any official committee appointed in the case.

REQUIRED DOCUMENTS	Form No.	Document	Explanation
		Attached	Attached
Schedule of Cash Receipts and Disbursements	MOR-1	x	
Bank Reconciliation (or copies of debtor's bank reconciliations)	MOR-1a		x
Schedule of Cash Disbursements by Legal Entity	MOR-1b	x	
Schedule of Professional Fees Paid	MOR-1c	x	
Copies of Bank Statements			x
Cash disbursements journals			x
Statement of Operations	MOR-2	x	
Balance Sheet	MOR-3	x	
Status of Postpetition Taxes	MOR-4		x
Copies of IRS Form 6123 or payment receipt			
Copies of tax returns filed during reporting period			
Accounts Receivable Reconciliation and Aging	MOR-5	x	
Debtor Questionnaire	MOR-5	x	

This Monthly Operating Report ("MOR") has been prepared solely for the purpose of complying with the monthly reporting requirements applicable in these Chapter 11 cases. The financial information contained herein is limited in scope and covers a limited time period. Furthermore, such information is preliminary and unaudited, subject to change, and is not prepared in accordance with accounting principles generally accepted in the United States ("US GAAP").

I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the attached documents are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date

Signature of Authorized Individual\*

Date

CHARLES A. FURMAN  
Printed Name of Authorized Individual

DIRECTOR  
Title of Authorized Individual

\*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.

**MOR-1**

**Constar U.S. Operations**  
**Condensed Combined Statement of Cash Flows**  
**(In thousands)**  
**(Unaudited)**

The Debtors will file an amended report that includes the US statement of cash flows when it becomes available.

**MOR-1**  
**Constar U.K. Operations**  
**Condensed Statement of Cash Flows**  
**(In thousands)**  
**(Unaudited)**

	<b>Period Ended</b>
	<b>February 14, 2014</b>
<b>Cash flows from operating activities:</b>	
Net income	\$ 547
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	94
Changes in working capital	(4,382)
<b>Net cash provided by operating activities</b>	<u>(3,741)</u>
<b>Cash flows from investing activities:</b>	
Purchases of property, plant and equipment	-
<b>Net cash used in investing activities</b>	<u>-</u>
<b>Cash flows from financing activities:</b>	
Change in restricted cash	3,814
Change in intercompany loans	(1,110)
<b>Net cash provided by financing activities</b>	<u>2,704</u>
Effect of exchange rate changes on cash and cash equivalents	<u>25</u>
Net change in cash and cash equivalents	(1,012)
Cash and cash equivalents at the beginning of period	<u>1,014</u>
Cash and cash equivalents at the end of period	<u>\$ 2</u>

**MOR-1a**  
**Bank Reconciliations**

**February 28, 2014**

<u>Account Description</u>	<u>Account Number</u>	<u>GL Balance</u>
Operating Account	XXXXXX2637	\$ 1,703,891
Estate Account	XXXXXX4952	-
J.P Morgan Escrow	XXXXXXXXXXXX8672	6,850,404
J.P Morgan Escrow	XXXXXXXXXXXX0421	3,336,008
Wilmington Trust Main Account	XXXXXX8-001	3,237,512
Wilmington Trust 503(b)(9) Claims Reserve	XXXXXX8-002	6,928,000
Wilmington Trust Chapter 11 Professional Fees Reserve	XXXXXX8-003	7,591,000
Wilmington Trust Post-petition Operating Expenses Reserve	XXXXXX8-004	5,600,000
Wilmington Trust Letter of Credit Reserve	XXXXXX8-005	1,260,000
Wilmington Trust Wind Down Reserve	XXXXXX8-006	<u>6,300,000</u>
		<u>\$ 42,806,815</u>

Schedule excludes petty cash.

**MOR-1a**  
**Bank Reconciliations**

**Status of Bank Reconciliations**

The undersigned verifies that, to the best of his knowledge, all of the Debtors' February 28, 2014, bank balances have been reconciled in an accurate and timely manner.

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

  
/s/ Charles M. Forman

Name: \_\_\_\_\_

**Charles M. Forman**

Title: \_\_\_\_\_

**Sole Director**

**MOR-1b**  
**Schedule of Disbursements by Legal Entity**

**In re Constar International Holdings LLC, et al.**  
**Case No. (Jointly Administered)**  
**Reporting Period**

**13-13281 (CSS)**  
**February 28, 2014**

<b>Debtor</b>	<b>Case Number</b>	<b>One Month Ended February 28, 2014 (b)</b>	<b>Estimated Trustee Fees</b>
Constar International Holdings LLC	13-13281	\$ -	\$ 325
Constar Group Holdings, Inc.	13-13281	-	325
Constar Intermediate Holdings, Inc.	13-13281	-	325
Constar Group, Inc.	13-13281	-	325
Constar International LLC	13-13281	-	325
BFF Inc.	13-13281	-	325
DT, Inc.	13-13281	-	325
Constar, Inc.	13-13281 (a)	12,531	13,000
Constar Foreign Holdings, Inc.	13-13281	-	325
Constar International U.K. Limited	13-13281 (a) (c)	1,032	6,500
<b>Total Disbursements</b>		<u>\$ 13,563</u>	<u>\$ 20,800</u>

- (a) Excludes intercompany transfers between Debtor entities.  
(b) Disbursements were rounded to the nearest thousand.  
(c) Constar UK disbursements are through February 14, 2014, the date of sale.

**MOR 1-c****Schedule of Professional Fees Paid****For the period December 19, 2013 to February 28, 2014**

Payee	February 28, 2014	
	Amount Paid	Cumulative
	This period Fees and Expense	Amount Paid Fees and Expense
Barnes & Thornburg LLP	-	7,297
De Brauw Blackstone Westbroek	11,630	11,630
Dechert LLP	\$ 240,338	\$ 240,338
Kirkland & Ellis LLC	-	410,000
Norton Rose	7,718	7,718
Otterburg	576,479	576,479
Pachulski Stang Ziehl Jones	55,000	55,000
Pinset Masons	16,535	16,535
Prime Clerk	209,589	209,589
Rothschild LLP	16,904	16,904
Seward & Kissel	-	106,577
Steelgate Partners	66,500	66,500
Winston and Strawn	424,909	424,909
Winter Harbor LLC	335,280	371,725
Womble, Carlyle , Sandridge & Rice	-	18,100
	<u>\$ 1,960,882</u>	<u>\$ 2,539,301</u>

MOR-2

**Constar U.S. Operations**  
**Condensed Combined Statement of Operations**  
**(In thousands)**  
**(Unaudited)**

	<b>One Month Ended February 28, 2014</b>
<b>Net sales</b>	\$ 12,068
Cost of products sold, excluding depreciation	11,721
Depreciation and amortization	811
<b>Gross profit</b>	<u>(464)</u>
Selling and administrative expenses	435
Research and technology expenses	182
Provision for restructuring	24
Gain on disposal of assets	<u>(8)</u>
<b>Total operating expenses</b>	<u>633</u>
<b>Operating loss</b>	(1,097)
Interest expense	(1,041)
Reorganization items, net	(2,774)
Other income (expense), net	<u>(32)</u>
Loss before income taxes	(4,944)
Benefit from income taxes	<u>-</u>
<b>Net loss</b>	<u><u>\$ (4,944)</u></u>

Combined statements include Constar International Holdings LLC, Constar Group Holdings, Inc., Constar Intermediate Holdings, Inc., Constar Group, Inc., Constar International LLC., BFF, Inc., DT, Inc., Constar, Inc., and Constar Foreign Holdings, Inc.



MOR-2

**Constar International U.K. Limited**  
**Condensed Statement of Operations**  
(In thousands)  
(Unaudited)

	<b>Period Ended</b> <b>February 14, 2014</b>
<b>Net sales</b>	\$ 3,944
Cost of products sold, excluding depreciation	3,699
Depreciation and amortization	94
<b>Gross profit</b>	<u>151</u>
Selling and administrative expenses	(3)
Loss on disposal of assets	143
<b>Total operating expenses</b>	<u>140</u>
<b>Operating income</b>	11
Interest expense - intercompany	(52)
Reorganization items, net	501
Other income (expense), net	87
Loss before income taxes	547
Benefit from income taxes	-
<b>Net income</b>	<u><u>\$ 547</u></u>

**MOR-3**

**Constar U.S. Operations**  
**Condensed Combined Balance Sheets**  
**(In thousands)**  
**(Unaudited)**

	<b>February 28, 2014</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 1,703
Restricted cash	41,102
Accounts receivable, net	-
Inventories, net	-
Prepaid expenses and other current assets	1,507
Deferred tax assets	3
<b>Total current assets</b>	<u>44,315</u>
Property, plant and equipment, net	10,255
Investment in subsidiaries	16,467
Other non-current assets	1,293
<b>Total assets</b>	<u><u>\$ 72,330</u></u>
<b>LIABILITIES AND MEMBERS' DEFICIT</b>	
<b>Current Liabilities:</b>	
Short-term debt	\$ -
Accounts payable and accrued expenses	14,878
Deferred revenue	77,761
<b>Total current liabilities</b>	<u>92,639</u>
Liabilities subject to compromise:	
Undersecured long-term debt	65,718
Accounts payable and other accrued liabilities	18,991
Pension and post-retirement liabilities	39,325
Deferred income taxes	674
Intercompany loans	12,885
Other non-current liabilities	3,087
<b>Total liabilities</b>	<u>233,319</u>
<b>Members' deficit</b>	<u>(160,989)</u>
<b>Total liabilities and members' deficit</b>	<u><u>\$ 72,330</u></u>

**Notes to the US Condensed Combined Balance Sheet**

The balance sheet reflects the sale of US assets pursuant to the approved US asset purchase agreement, the repayment in full of the DIP financing and Rollover Notes and the partial repayment of the Shareholder Notes. The gain or loss on sale of assets has been deferred and is presented as deferred revenue. The balance sheet does not reflect reductions to liabilities, if any, that may result from a plan of reorganization.

The U.S. pension liability balance does not reflect all adjustments that may be required by US GAAP as of February 28, 2014. Settlement of the U.S. pension liability is subject to further analysis and negotiation with the Pension Benefit Guaranty Corporation.

Combined statements include Constar International Holdings LLC, Constar Group Holdings, Inc., Constar Intermediate Holdings, Inc., Constar Group, Inc., Constar International LLC., BFF, Inc., DT, Inc., Constar, Inc., and Constar Foreign Holdings, Inc.

**MOR-3**

**Constar International U.K. Limited**  
**Condensed Balance Sheet**  
**(In thousands)**  
**(Unaudited)**

	<b>February 14, 2014</b>
<b>ASSETS</b>	
<b>Current Assets:</b>	
Cash and cash equivalents	\$ 2
Accounts receivable, net	17,237
Inventories, net	5,386
Prepaid expenses and other current assets	3,425
Deferred income taxes	134
<b>Total current assets</b>	<b>26,184</b>
Property, plant and equipment, net	6,947
Deferred income taxes	5,381
Other non-current assets	49
<b>Total assets</b>	<b>\$ 38,561</b>
<b>LIABILITIES AND STOCKHOLDERS' DEFICIT</b>	
<b>Current Liabilities:</b>	
Accounts payable and accrued expenses	12,905
<b>Total current liabilities</b>	<b>12,905</b>
Pension liabilities	1,827
Intercompany loans	11,296
Liabilities subject to compromise:	
Accounts payable and accrued expenses	12,924
<b>Total liabilities</b>	<b>38,952</b>
<b>Stockholders' deficit</b>	<b>(391)</b>
<b>Total liabilities and stockholders' deficit</b>	<b>\$ 38,561</b>

**The balance sheet above does not reflect the UK sale transaction.**

**MOR-4**

**Status of Post-Petition Taxes  
February 28, 2014**

The undersigned verifies that, to the best of his knowledge, all undisputed post-petition tax obligations, including but limited to payroll, income, franchise, and other taxes, have been paid by the Debtors to the proper taxing authorities when due.

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

/s/

  
Charles M. Forman

Name: \_\_\_\_\_

**Charles M. Forman**

Title: \_\_\_\_\_

**Sole Director**

**MOR-5**

**Accounts Receivable Reconciliation and Aging**  
**U.S. Operations**  
**For the One Month Period Ended February 28, 2014**

<b>Accounts Receivable Reconciliation:</b>	<b>Amount</b>
Accounts receivable - beginning	\$ 12,032
Plus: Amounts billed during the period	12,068
Less: Amounts collected during the period	(11,851)
Less: Accounts receivable sold	(12,249)
Accounts receivable - ending	<u>\$ -</u>
 <b>Accounts Receivable Aging:</b>	
0-30 days old	\$ -
31-60 days old	-
61-90 days old	-
91+ days old	<u>-</u>
Total aged accounts receivable	-
Allowance for doubtful accounts	-
Other receivables	<u>-</u>
Accounts receivable, net	<u>\$ -</u>

**Notes:**

1. Other receivables include month-end accruals and other receivables that are not aged in the Debtors' books and records.

**MOR-5**

**Accounts Receivable Reconciliation and Aging**  
**U.K. Operations**  
**For the One Month Period Ended February 28, 2014**

**Accounts Receivable Reconciliation:**

Accounts receivable - beginning	\$ 13,788
Plus: Amounts billed during the period	4,414
Less: Amounts collected during the period	<u>(965)</u>
Accounts receivable - ending	<u>\$ 17,237</u>

**Accounts Receivable Aging:**

0-30 days old	\$ 9,806
31-60 days old	5,798
61-90 days old	1,529
91+ days old	<u>104</u>
Total accounts receivable	<u>17,237</u>

**Notes:**

1. The schedule above does not reflect the sale of the UK assets on February 14, 2014.

**MOR-5**  
**Debtor Questionnaire**  
**February 28, 2014**

	<u>Yes</u>	<u>No</u>
1 Have any assets been sold or transferred outside the normal course of business this reporting period? If yes, provide and explanation.	X	
2 Have any funds been disbursed from any account other than a debtor in possession account? If yes, provide an explanation below.	X	
3 Have all postpetition tax returns been timely filed? If no, provide an explanation.	X	
4 Are workers compensation, general liability and other necessary insurance coverages in effect? If no, provide an explanation below.	X	
5 Has any bank account been opened during the reporting period? If yes, provide documentation identifying the opened accounts(s). If an investment account has been opened provide the required documentation pursuant to the Delaware Local Rule 4001-3.	X	

Notes to Debtor Questionnaire #1

1. The UK assets were sold pursuant to the UK asset purchase agreement on February 14, 2014.
2. The US sold assets pursuant to the US asset purchase agreement on February 26, 2014.
3. On February 28, 2014, the Debtors completed the sale of certain assets pursuant to the Old Bay Lane Sale Order. The proceeds of the sale were distributed to the Debtors note holders on March 3, 2014.

Note to Debtor Questionnaire #2

1. Subsequent to the UK asset sale, certain proceeds were disbursed from escrow accounts to repay a portion of the DIP financing.
2. Subsequent to the US asset sale, certain proceeds were disbursed from escrow accounts to debt holders.

The following accounts were opened to receive proceeds from the sale of US assets and establish various reserves in accordance with the Chapter 11 proceedings and transact Estate activity.

Wells Fargo  
Estate Account  
Account number XXXXXX4952

J.P Morgan  
Escrow Account



Account number XXXXXXXXXXXX8672

Wilmington Trust

Main Account

Account number XXXXX8-001

Wilmington Trust

503(b)(9) Claims Reserve

Account number XXXXX8-002

Wilmington Trust

Chapter 11 Professional Fees Reserve

Account number XXXXX8-003

Wilmington Trust

Post-petition Operating Expenses Reserve

Account number XXXXX8-004

Wilmington Trust

Letter of Credit Reserve

Account number XXXXX8-005

Wilmington Trust

Wind Down Reserve

Account number XXXXX8-006