

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE

In re:	)	
	)	Chapter 11
CONSTAR INTERNATIONAL INC., <u>et al.</u> , <sup>1</sup>	)	Case No. 11-10109 (CSS)
	)	
Debtors.	)	Jointly Administered
	)	

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

**DATED JANUARY 11, 2011**

**THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.**

<sup>1</sup> The Debtors and, where applicable, the last four digits of their respective tax identification numbers are: Constar International Inc. (XX-XXX9304), BFF Inc. (XX-XXX1229), DT, Inc. (XX-XXX7693), Constar, Inc. (XX-XXX0950), Constar Foreign Holdings, Inc. (XX-XXX8591) and Constar International UK Limited. The address of Constar International Inc., BFF Inc., DT, Inc., Constar, Inc. and Constar Foreign Holdings, Inc. is One Crown Way, Philadelphia, Pennsylvania 19154. The address of Constar International UK Limited is Moor Lane Trading Estate, Sherburn in Elmet, Nr Leeds, North Yorkshire LS25 6ES, UK.



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***INFORMATION REGARDING SOLICITATION PROCEDURES AND VOTING INSTRUCTIONS IS CONTAINED IN THE SOLICITATION PACKAGE AND BALLOT. HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND REVIEW THIS DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS), THE PLAN AND THE VOTING INSTRUCTIONS BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.***

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***HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND REVIEW THIS DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS), THE PLAN AND THE VOTING INSTRUCTIONS BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. THE DEADLINE FOR VOTING TO ACCEPT OR REJECT THE PLAN IS 4:00 P.M. (PREVAILING EASTERN TIME) ON \_\_\_\_\_, 2011, UNLESS EXTENDED. TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED, AND ACTUALLY RECEIVED BY SUCH DEADLINE.***

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**THIS DISCLOSURE STATEMENT HAS NEITHER BEEN REVIEWED, APPROVED NOR DISAPPROVED BY THE U.S. SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE U.S. SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.**

**THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, EVENTS LEADING TO THESE BANKRUPTCY CASES AND FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY MANAGEMENT OF THE DEBTORS, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT INACCURACY OR OMISSION.**

**THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. THE**

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**THE BOARDS OF DIRECTORS OF CONSTAR INTERNATIONAL INC., BFF INC., CONSTAR, INC., CONSTAR FOREIGN HOLDINGS, INC. AND CONSTAR INTERNATIONAL UK LIMITED HAVE UNANIMOUSLY APPROVED THE SOLICITATION, THE PLAN, AND THE TRANSACTIONS CONTEMPLATED THEREBY AND RECOMMEND THAT ALL CREDITORS WHOSE VOTES ARE BEING SOLICITED SUBMIT BALLOTS TO ACCEPT THE PLAN .**

**THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT SOLELY FOR PURPOSES OF INFORMING HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN OR OBJECTING TO CONFIRMATION. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY PERSON FOR ANY OTHER PURPOSE.**

**ALL EXHIBITS TO THIS DISCLOSURE STATEMENT ARE INCORPORATED INTO AND MADE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.**

**EXCEPT AS HEREAFTER NOTED, THE INFORMATION CONTAINED HEREIN IS GENERALLY INTENDED TO DESCRIBE FACTS AND CIRCUMSTANCES ONLY AS OF JANUARY 11, 2011 AND NEITHER THE DELIVERY OF THE DISCLOSURE STATEMENT NOR THE CONFIRMATION OF THE PLAN WILL CREATE ANY IMPLICATION, UNDER ANY CIRCUMSTANCES, THAT THE INFORMATION CONTAINED HEREIN IS CORRECT OR COMPLETE AT ANY TIME AFTER THE DATE HEREOF, OR THAT THE DEBTORS ARE OR WILL BE UNDER ANY OBLIGATION TO UPDATE SUCH INFORMATION IN THE FUTURE.**

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**EXHIBITS**

- Exhibit A** - Debtors' Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code
- Exhibit B** - Liquidation Analysis
- Exhibit C** - Financial Projections
- Exhibit D** - Solicitation Procedures Order

## **I. INTRODUCTION**

Constar International, Inc., a Delaware Corporation (“Constar”), with its primary headquarters in Philadelphia, Pennsylvania, and its affiliates identified on the title page above, as debtors and debtors in possession (collectively, the “Debtors”), each filed a voluntary petition for relief under chapter 11 of the United States Bankruptcy Code, 11 U.S.C. §§ 101-1532 (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”) on January 11, 2011 (the “Petition Date”).<sup>2</sup> The Debtors’ Chapter 11 Cases are jointly administered under the lead case number [insert].

Prior to soliciting acceptances of a proposed chapter 11 plan of reorganization, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement that contains information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the plan of reorganization. Accordingly, the Debtors hereby submit this disclosure statement (the “Disclosure Statement”) pursuant to section 1125 of the Bankruptcy Code in connection with the solicitation of acceptances of the *Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code*, dated January 11, 2011, as the same may be amended from time to time (the “Plan”). A copy of the Plan is attached hereto as Exhibit A.

This Disclosure Statement contains, among other things, descriptions and summaries of certain provisions of, and financial transactions contemplated by, the Plan. Certain provisions of the Plan (and the descriptions and summaries contained herein) remain the subject of continuing negotiations among the Debtors and various parties, have not been finally agreed upon and may be modified. In addition, this Disclosure Statement includes information about, without limitation, (i) the procedures by which the Debtors intend to solicit and tabulate votes on the Plan, (ii) the Plan Confirmation process, (iii) a description of the Debtors’ businesses, prepetition operations, financial history and the events leading up to the commencement of these Chapter 11 Cases, (iv) the significant events that occurred thus far in these Chapter 11 Cases, (v) certain risk factors to be considered before voting on the Plan, and (vi) discussions relating to securities registration and certain tax consequences of the Plan.

### **A. GENERAL STRUCTURE OF THE PLAN**

**THIS INTRODUCTION IS INTENDED TO BE ONLY A SUMMARY OF THE PROVISIONS OF THE PLAN AND CERTAIN MATTERS RELATED TO THE DEBTORS. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND ALL OF THEIR RELATED EXHIBITS AND SCHEDULES IN THEIR ENTIRETY.**

#### **1. Purpose and Effect of the Plan**

Confirmation and consummation of a plan of reorganization are the principal objectives of a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against, and interests in, a debtor. Confirmation of a plan requires, among other things, the affirmative vote of creditors holding at least two thirds in total dollar amount and more than one half in number of the allowed claims in each impaired class of claims that vote on the plan, and two thirds in amount of equity interests in each impaired class of interests that vote on the plan. Section 1129(b) of the Bankruptcy Code, commonly referred to as the “cramdown” provision, permits confirmation of a plan of reorganization over the objection of one or more impaired classes under certain circumstances.

Confirmation of a plan of reorganization by a bankruptcy court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity security holder of the debtor. Subject to certain limited exceptions, the confirmation order discharges the debtor from any debt that arose prior to the effective date of the plan and substitutes therefor the obligations specified under the confirmed plan.

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<sup>2</sup> Unless otherwise defined in this Disclosure Statement, all capitalized terms used but not defined in this Disclosure Statement shall have the meanings ascribed to them in the Plan.



Each of the Debtors is a proponent of the Plan within the meaning of section 1129 of the Bankruptcy Code. The Plan contemplates the substantive consolidation of the Debtors' estates for purposes of voting on, confirmation of, and distributions under the Plan. Each of the Debtors, however, will retain its current legal form and the corporate structure of the Debtors shall be the same after the Effective Date as before the Effective Date of the Plan. Holders of Allowed Claims against each of the Debtors will receive the same recovery provided to other Holders of Allowed Claims in the applicable Class, and will be entitled to their share of assets available for distribution to such Class.

The terms of the Plan are based upon, among other things, the Debtors' assessment of their ability to achieve the goals of their business plan, make the distributions contemplated under the Plan and pay certain of their continuing obligations in the ordinary course of the Reorganized Debtors' businesses. The feasibility of the Plan is premised upon managements' ability to continue the implementation of its strategic business plan. The business plan and accompanying financial projections are set forth on Exhibit C. Although the Debtors believe the business plan and projections are reasonable and appropriate, they include a number of assumptions that may differ from actual results and are subject to a number of risk factors.

## **2. Financial Restructuring Under the Plan**

As of the Petition Date, the Debtors had outstanding debt in the aggregate principal amount of approximately \$251 million, consisting primarily of approximately (a) \$29.4 million under their senior secured credit facility (including accrued and unpaid interest) and (b) \$221.4 million in secured floating rate notes due 2012 (including accrued interest). Additionally, Debtors had certain amounts outstanding to Debtors' trade creditors, including vendors, service providers and contract counterparties, as of the Petition Date. The Debtors estimate that, after entry of approval of all first day motions and critical vendor requests, less than \$18 million in unpaid, unsecured debt will remain for treatment under the Plan.

The Reorganized Debtors will emerge with approximately 60% less funded debt, after giving effect to the restructuring transactions contemplated by the Plan, which include the following:

- \$15 million of indebtedness under the Debtors' DIP Facility may be rolled over (at the DIP Facility Providers' election) into the financing available to the Debtors post-emergence;
- \$100 million of secured indebtedness under the Floating Rate Notes and Floating Rate Note Indenture will be converted into (i) \$70 million in Shareholder Notes and (ii) 100% of the New Overage Securities;
- the remaining \$121.4 million of indebtedness under the Floating Rate Notes and Floating Rate Note Indenture and all other General Unsecured Claims will be converted into 100% of the New Common Stock (subject to dilution by the Management Incentive Plan), which New Common Stock will be distributed to the Holders of such Claims Pro Rata; and
- Equity Interests in Constar will be extinguished.

The consummation of the financial restructurings contemplated by the Plan will significantly de-lever the Debtors' capital structure, leaving the Reorganized Debtors with approximately \$90 million in funded debt. As a result of the restructuring transactions contemplated by the Plan, the Holders of Debtors' Floating Rate Notes will own all of the New Overage Securities and substantially all the New Common Stock in Reorganized Constar, subject to dilution by shares of the New Common Stock issued in connection with the Management Incentive Plan.

**The Debtors believe the Plan complies with all requirements of the Bankruptcy Code and provides the best available recovery to their estates. In addition, certain of the Debtors' Floating Rate Noteholders, who together hold more than \$196 million in principal amount of the approximately \$220 million in principal amount of Floating Rate Note Claims against the Debtors, support and, subject to the approval of this Disclosure Statement and certain other conditions, have agreed to vote in favor of the Plan as currently proposed.**

**The Debtors also believe that any alternative to Confirmation of the Plan, such as an attempt by another party to file a competing plan, would result in significant delays, litigation and additional costs, and could negatively affect value by causing unnecessary uncertainty with the Debtors' key customer and supplier constituencies, which could ultimately lower the recoveries for all Holders of Allowed Claims.**

**ACCORDINGLY, THE DEBTORS URGE ALL IMPAIRED CREDITORS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.**

**B. THE DISCLOSURE STATEMENT; VOTING REQUIREMENTS; CONFIRMATION HEARING**

This Disclosure Statement has been approved by the Bankruptcy Court pursuant to an order dated [insert date] (the "Disclosure Statement Approval Order") as containing information of a kind and in sufficient detail to enable a hypothetical, reasonable investor typical of the Holders of Impaired Claims to make an informed judgment with respect to voting to accept or reject the Plan. A copy of the Disclosure Statement Approval Order is attached hereto as Exhibit D. This Disclosure Statement is being transmitted in connection with the Plan to provide adequate information to enable Holders of Claims entitled to vote on the Plan ("Voting Claims") to make an informed judgment with respect to such vote.

APPROVAL BY THE BANKRUPTCY COURT OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN ENDORSEMENT OF ANY OF THE REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT OR IN THE PLAN, NOR DOES IT CONSTITUTE AN ENDORSEMENT OF THE PLAN ITSELF.

EACH HOLDER OF A VOTING CLAIM SHOULD CAREFULLY REVIEW THE MATERIAL SET FORTH IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS HERETO IN ORDER TO MAKE AN INDEPENDENT DETERMINATION AS TO WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. IN ADDITION, ALTHOUGH THE DEBTORS HAVE MADE EVERY EFFORT TO ACCURATELY SUMMARIZE THE TERMS OF THE PLAN, EACH HOLDER OF A VOTING CLAIM SHOULD APPROPRIATELY REVIEW THE ENTIRE PLAN AND THE EXHIBITS THERETO BEFORE CASTING A BALLOT.

Attached to this Disclosure Statement are the following Exhibits:

- A copy of the Plan (Exhibit A);
- A copy of the hypothetical Chapter 7 liquidation analysis of the Debtors (Exhibit B);
- A copy of unaudited financial projections relating to the Reorganized Debtors (Exhibit C);
- A copy of the Disclosure Statement Approval Order (Exhibit D).

Enclosed with this Disclosure Statement are the following documents:

- A Ballot for accepting or rejecting the Plan (only for Holders of Claims entitled to vote to accept or reject the Plan);
- The notice approved by the Bankruptcy Court for creditors that states, among other things, the time fixed by the Bankruptcy Court for: (a) returning Ballots reflecting acceptances and rejections of the Plan; (b) the hearing on confirmation of the Plan (the "Confirmation Hearing"); (c) filing objections to confirmation of the Plan; (d) filing claims arising from the rejection of leases and executory contracts pursuant to the Plan; and (e) filing objections to the Debtors' proposed cure payment in connection with assumed leases and executory contracts.

Holders of Claims in Class 5—Secured Floating Rate Note Claims and Class 6—General Unsecured Claims are entitled to vote to accept or reject the Plan. TO BE COUNTED, YOUR VOTE MUST BE RECEIVED ON OR BEFORE \_\_:00 P.M. (EASTERN TIME) ON [date], 2011 (THE "VOTING DEADLINE").

The Voting Record Date is 5:00 p.m. prevailing Eastern Standard Time on [insert], 2011. This means that it will be determined (a) which Holders of Claims in Classes 5 and 6 are entitled to vote to accept or reject the Plan and (b) whether Claims have been properly assigned or transferred under Bankruptcy Rule 3001(e) such that an assignee can vote as the Holder of a Claim as of [insert date].

**For a detailed description of the voting instructions, see Article VI hereof, entitled “Solicitation and Voting Procedures.”**

Holders of Claims and Equity Interests in Classes 7-10 are not receiving or retaining any property on account of their Claims or Equity Interests. Holders of Claims in these Classes are deemed to reject the Plan and are not entitled to vote.

The Bankruptcy Court has scheduled a hearing to consider Confirmation of the Plan on [insert date] at [insert time] before the Honorable [insert], [insert address of court] (more details are set forth in Section VIII herein, entitled “Confirmation Procedures”). The hearing may be adjourned from time to time without further notice except for the announcement of such adjournment by the Bankruptcy Court at such hearing.

**C. SUMMARY OF CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AND EQUITY INTERESTS UNDER THE PLAN**

The following summary is qualified in its entirety by reference to the Plan and to the more detailed description of provisions for the Classes created under the Plan set forth in Article III, “Classification and Treatment of Claims and Equity Interests” of the Plan.

The Plan provides for the substantive consolidation of Constar with its direct and indirect Debtor subsidiaries for voting and distribution purposes only. Creditors holding similar claims against any of Constar or the Consolidated Constar Entities will vote in the same class and receive the same distribution. The Debtors do not believe that any of their creditors will be adversely affected by the substantive consolidation of Constar and the Consolidated Constar Entities.

In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified DIP Facility Claims, Administrative Claims, and Priority Tax Claims. Section IV.B herein, entitled “Administrative Claims and Priority Tax Claims,” explains the treatment of such Claims under Article II of the Plan in greater detail.

The following chart summarizes the classification and treatment of Allowed Claims and Equity Interests under the Plan.<sup>3</sup> The recoveries set forth below are projected recoveries and may change based upon changes in Allowed Claims and proceeds available.

<b>Class</b>	<b>Claim/Equity Interest</b>	<b>Treatment of Claim/Equity Interest</b>	<b>Estimated Percentage Recovery of Allowed Claims or Equity Interests</b>
1	Secured Credit Facility Claims	Unimpaired	100.00%
2	Secured Tax Claims	Unimpaired	100.00%
3	Other Secured Claims	Unimpaired	100.00%
4	Other Priority Claims	Unimpaired	100.00%
5	Secured Floating Rate Note Claims	Impaired	____%
6	General Unsecured Claims (including Floating Rate Note Deficiency Claims)	Impaired	____%

<sup>3</sup> This chart is only a summary of the classification and treatment of Allowed Claims and Equity Interests under the Plan. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Allowed Claims and Equity Interests.

7	Section 510(b) Claims	Impaired	0%
8	Intercompany Claims	Impaired	0%
9	Old Constar Equity Interests	Impaired	0%
10	Constar Consolidated Subsidiary Stock Interests	Impaired	0%

**D. PARTIES ENTITLED TO VOTE ON THE PLAN**

Under the provisions of the Bankruptcy Code, not all parties-in-interest are entitled to vote on a chapter 11 plan. Holders of Claims not impaired by the Plan are deemed to accept the Plan under section 1126(f) of the Bankruptcy Code and, therefore, are not entitled to vote on the Plan. Holders of Claims or Equity Interests Impaired by the Plan and receiving no distribution under the Plan are not entitled to vote because they are deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code.

The following chart summarizes the voting rights of the Classes under the Plan:

<b>Class</b>	<b>Claims and Equity Interests</b>	<b>Status</b>	<b>Voting Rights</b>
1	Secured Credit Facility Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Secured Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
3	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
4	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
5	Secured Floating Rate Note Claims	Impaired	Entitled to Vote
6	General Unsecured Claims	Impaired	Entitled to Vote
7	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
8	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
9	Old Constar Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
10	Constar Consolidated Subsidiary Stock Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

For a detailed description of the Classes of Claims and the Classes of Equity Interests, as well as their respective treatment under the Plan, see Article III of the Plan.

## **E. CONFIRMING AND CONSUMMATING THE PLAN**

It is a condition to Confirmation of the Plan that the Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably acceptable to the Debtors and the Consenting Noteholders. In addition, certain other conditions contained in the Plan must be satisfied or waived pursuant to the provisions of Article X of the Plan.

Following Confirmation, the Plan will become effective (the “Effective Date”) on the date selected by the Debtors on which the Confirmation Order shall have become a Final Confirmation Order and that is a Business Day not less than fourteen (14) days following the Confirmation Date and not later than five (5) Business Days after the date on which all conditions specified in Article X.B of the Plan have been (i) satisfied or (ii) waived pursuant to Article X.C of the Plan.

Upon the mutual consent of the Debtors and the Consenting Noteholders, the restructuring consummated pursuant to the Plan may be structured as a purchase of all of the Debtors’ assets by one or more Purchasers, which purchase shall be structured as a taxable transaction for United States federal income tax purposes and shall be deemed consummated on the Effective Date. Pursuant to the Purchase Documents, the Purchaser or Purchasers, as the case may be, shall acquire all of the assets of the Debtors and, notwithstanding anything herein to the contrary, the Purchaser or Purchasers, as the case may be, shall explicitly assume all liability for the distributions or treatment provided on account of all claims against, obligations of, or interests in the Debtors as set forth in this Plan.

For further information, see Article IV.M hereof, entitled “The Joint Plan—Conditions Precedent to Confirmation and Consummation of the Plan.”

## **II. BACKGROUND**

### **A. OVERVIEW OF THE COMPANY’S BUSINESS**

Constar International Inc., a Delaware corporation (“Constar”), and its subsidiaries are a leading global producer of polyethylene terephthalate (“PET”) plastic containers for conventional PET applications, primarily designed and manufactured for soft drinks and water. Constar also produces custom PET containers designed for food, juices, teas, and sport drinks. Headquartered in Philadelphia, Pennsylvania, Constar employs over 850 employees in the United States and Europe. Constar currently has 13 plants in the United States, and 2 plants in Europe. Constar primarily manufactures and sells bottles in the United States and preforms<sup>4</sup> in Europe. Approximately 75% of Constar’s revenues in the first nine months of 2010 were generated in the United States and the remainder were attributable to sales in Europe.

Constar manufactures PET containers for two product types: conventional PET and custom PET. The conventional PET container business consists of high volume production of containers for use in packaging soft drinks and water. For the first nine months of 2010, conventional PET products represented approximately 69% of Constar’s net sales. Custom PET container applications include food, juices, teas, and sport drinks. The containers for custom PET applications often employ more complex manufacturing processes, unique materials, innovative product designs and technological know-how. Approximately 26% of Constar’s net sales in the first nine months of 2010 related to custom PET containers. The remainder of Constar’s net sales during that nine-month period related to sales of plastic closures.

Constar’s contracts are generally requirements-based, granting all (or a percentage of) the customer’s actual requirements for a particular period of time, instead of a specific commitment for unit volume. The typical term for Constar’s customer supply contracts is three to four years. A significant portion of Constar’s sales are concentrated with a few large customers. The Company’s top ten customers accounted for an aggregate of approximately 73% of the Company’s net sales.

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<sup>4</sup> Preforms are test-tube shaped intermediate products in certain blow-molding applications.

Constar's largest customer is Pepsi-Cola Advertising and Marketing, Inc. ("Pepsi"). During the first nine months of 2010, Pepsi accounted for approximately 32% of the Company's net sales. Constar's contract with Pepsi expires on December 31, 2012. Pepsi has informed the Company that it expects to increase its self-manufacturing of conventional containers. The Company expects that in 2011 this action will reduce its U.S. bottle volumes by approximately 20%-25% as compared to estimated 2010 bottle volumes. The Company anticipates an increase in preform volumes to this customer to partially offset the loss of conventional bottle volume, but the change in sales mix will negatively impact the Company's results of operations and cash flows as preforms generally carry lower variable per unit profitability than bottles.

The primary raw material and component cost of Constar's products is PET resin, a commodity available globally. The price Constar pays for PET resin is subject to frequent fluctuations resulting from changes in the cost of raw materials used to make PET resin, which are affected by prices of natural gas and oil and its derivatives in the United States and overseas markets, normal supply and demand influences, and, to a lesser extent, seasonal demand. Substantially all of Constar's sales are made pursuant to mechanisms that allow for the pass-through of changes in the price of PET resin to its customers.

On December 30, 2008, the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. On May 29, 2009, the Debtors emerged from those Chapter 11 proceedings pursuant to the terms of their Second Amended Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code (the "2009 Plan"), which became effective on that date. The general unsecured creditors of the Debtors, except for the holders of Constar's 11% Senior Subordinated Notes due 2012 (the "Senior Subordinated Notes"), were unaffected by those Chapter 11 proceedings and the 2009 Plan.

#### **B. THE DEBTORS' CORPORATE AND CAPITAL STRUCTURE**

Constar is the parent of four wholly-owned subsidiaries: BFF Inc., a Delaware corporation, DT, Inc., a Delaware corporation, Constar, Inc., a Pennsylvania corporation, and Constar Foreign Holdings, Inc., a Delaware corporation ("Holdings"). Holdings, in turn, is the parent of three wholly-owned foreign subsidiaries: Constar International Holland (Plastics) B.V., a Dutch *besloten vennootschap* ("Constar Holland"), Constar Plastics of Italy S.r.l., an Italian *società responsabilità* ("Constar Italy"), and Constar International U.K. Limited, a United Kingdom limited company ("CUK").

Constar was an independent publicly-held corporation from 1969 until 1992, when it was purchased by Crown Cork & Seal Company, Inc. ("Crown") and became a wholly-owned subsidiary of Crown. On November 20, 2002, Crown sold 10.5 million shares of its stock in Constar, comprising most of its equity in the company, through an initial public offering (the "IPO"). On May 29, 2009, pursuant to the 2009 Plan, Constar's common stock outstanding prior thereto was cancelled, and Constar issued new shares of Common Stock governed by Constar's restated certificate of incorporation and Amended and Restated Bylaws. Since the registration of such new common stock under the 2009 Plan, Constar has been a public company and its common stock has been listed on the NASDAQ Capital Market under the symbol "CNST." As of January 6, 2010, 1,750,000 shares of Constar's common stock were issued and remain outstanding.

#### **C. SUMMARY OF PREPETITION INDEBTEDNESS AND OTHER FINANCINGS AS OF THE PETITION DATE**

On February 11, 2005, Constar completed a refinancing that consisted of the sale of \$220 million aggregate principal amount of Secured Floating Rate Notes due 2012 (the "Floating Rate Notes"). The Floating Rate Notes, which are outstanding, bear interest at a rate of LIBOR plus 3.375%, with interest payable quarterly and principal

maturing February 15, 2012.<sup>5</sup> Constar's obligations under the Floating Rate Notes are guaranteed by all of Constar's U.S. subsidiaries and CUK. Substantially all of the Debtors' property, plants, and equipment are pledged as collateral to the Floating Rate Notes.

On February 11, 2010, Constar entered into a revolving credit facility (the "GE Credit Agreement") with General Electric Capital Corporation ("General Electric") and terminated its then existing credit agreement with Citicorp N.A. The GE Credit Agreement was amended on August 12, 2010. As amended, the GE Credit Agreement provides for up to \$75 million of available credit, with a sublimit of up to \$20 million for the issuance of letters of credit. Availability under the GE Credit Agreement is limited to a borrowing base calculated as a sum of eligible accounts receivable plus eligible inventory value less certain reserves and adjustments. As of November 30, 2010, Constar's borrowing base under the GE Credit Agreement was approximately \$46.5 million and its available credit was approximately \$15.6 million. Collateral securing the obligations under the Credit Agreement consists of all of the stock of the Company's domestic and United Kingdom subsidiaries, 65% of the stock of the Company's other foreign subsidiaries and all of the inventory, accounts receivable, investment property, instruments, chattel paper, documents, deposit accounts and intangibles of the Company and its domestic and United Kingdom subsidiaries.

Constar pays monthly a commitment fee equal to 0.75% per year on the undrawn portion of the GE Credit Agreement. The effective interest rate for loans under the GE Credit Agreement as of November 30, 2010 was 6.5%. Letters of credit carry an issuance fee of 0.25% per annum of the outstanding amount and a monthly fee accruing at a rate per year of 4% of the average daily amount outstanding.

The GE Credit Agreement's scheduled expiration date is February 11, 2013. However, the GE Credit Agreement may terminate earlier if Constar's Floating Rate Notes are not refinanced at least 90 days prior to their scheduled due date of February 15, 2012, or in the case of an event of default.

As of the Petition Date, the Debtors' prepetition indebtedness for borrowed money consists of:

Obligations outstanding under the Floating Rate Notes and Floating Rate Note Indenture, which obligations are guaranteed by all of Constar's U.S. subsidiaries and CUK. Substantially all of Debtors property, plants, and equipment are also pledged as collateral to the Floating Rate Notes;

Obligations outstanding under the GE Credit Agreement, which obligations are secured by all of the stock of the Company's domestic and United Kingdom subsidiaries, 65% of the stock of the Company's other foreign subsidiaries and all of the inventory, accounts receivable, investment property, instruments, chattel paper, documents, deposit accounts and intangibles of the Company and its domestic and United Kingdom subsidiaries; and

Approximately \$10 million owed by Constar UK to Constar Holland.

As of the Petition Date, obligations outstanding under the GE Credit Agreement included approximately \$29.4 million in outstanding debt plus \$3.7 million in unfunded letters of credit, and obligations under the Floating Rate Notes and Floating Rate Note Indenture totaled approximately \$220 million plus accrued and unpaid interest.

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<sup>5</sup> In 2005, Constar entered into an interest rate swap for a notional amount of \$100 million under which Constar exchanged its floating interest rate for a fixed rate of 7.9%. On February 11, 2010, the counterparty to the interest rate swap novated its rights under the swap agreement to a third party. The fixed payment of the swap agreement was also modified from the previous fixed rate of 7.9% to a new fixed rate of 8.17%. Pursuant to the agreement with a majority of the holders of the Floating Rate Notes discussed below, the swap agreement was terminated on January 5, 2011.

### **III. CHAPTER 11 CASES**

#### **A. EVENTS LEADING TO THE CHAPTER 11 CASES**

##### **1. Constar's Prior Restructuring Effort**

In the fall of 2008, Constar determined that it had more leverage than its then-current operations could support. As a result, Constar and its representatives began discussions with certain holders of its then-outstanding Senior Subordinated Notes with respect to possible restructuring alternatives. These discussions ultimately resulted in the negotiation of the pre-arranged 2009 Plan, which among other things, (a) provided for the conversion of the Senior Subordinated Notes into all of the equity of the reorganized entities, excluding those shares reserved for Constar's management, while (b) leaving the Debtors' trade vendors and the holders of the Floating Rate Notes unimpaired. The Debtors launched the approval process for this 2009 Plan by commencing chapter 11 cases in this Court on December 30, 2008. The 2009 Plan was confirmed on May 14, 2009, and became effective on May 29, 2009.

##### **2. Decline in Demand**

Over the past eighteen months, demand for Constar's conventional PET products has decreased significantly due to a shift to self-manufacturing by Pepsi, which has notified Constar of its intention to increase its self-manufacturing of conventional containers and, consequently, to reduce its requirements for bottles under its supply agreement with Constar. Constar expects the trend of self-manufacturing of containers for carbonated soft drinks to continue, and that, over time, a transition to more and more self-manufacturing of plastic bottles at locations with high transportation costs, large volume, and space to install blow-molding equipment will occur. In addition, sales volumes have continued to decline generally and Constar has not been able to offset decreases to conventional PET business by increasing its custom business. As a result of these and other factors, Constar's liquidity has been constrained, which has caused certain vendors to require that Constar pay for purchases in advance, upon delivery, or on shortened credit terms, or to require letters of credit, further constraining liquidity. These liquidity constraints have created customer concern about the company's long term viability, which has made it difficult to renew contracts or obtain new business.

In sum, Constar is now in a position where, even with the more deleveraged balance sheet which resulted from the 2009 restructuring, it does not now believe it can continue to pay off or refinance the Floating Rate Notes when they mature, and maintain adequate liquidity under the GE Credit Agreement to operate its business. Exacerbating the situation is that several critical vendors have reacted negatively to Constar's most recent filings and have demanded letters of credit or cash in advance terms prior to shipping their product to Constar. Those demands have put extreme pressure on the GE Credit Agreement and have created further cash drains on Constar and its subsidiaries.

##### **3. Debtors Develop the Proposed Plan**

As a result of the developments outlined above, in July 2010, the Debtors retained Greenhill & Co., LLC as its financial advisor to assist in exploring strategic alternatives and entered into discussions with certain holders of the Floating Rate Notes (the "Consenting Noteholders"). On or about January 7, 2011, the Debtors and the Consenting Noteholders reached an agreement in principle on the terms of a restructuring whereby Constar and certain of its subsidiaries would file pre-arranged chapter 11 bankruptcy cases (a) designed to convert most of the Floating Rate Note indebtedness into preferred and common equity and \$70 million of Shareholder Notes, and (b) providing for the Company's quick emergence from chapter 11 on this further deleveraged basis. The Debtors and the holders of at least two thirds of the principal amount of the Floating Rate Notes subsequently entered into a restructuring support and lock-up agreement (the "Restructuring Support Agreement") memorializing their agreement.

The Plan provides for the issuance on the Effective Date by Reorganized Constar of the secured Shareholder Notes of Reorganized Constar in the aggregate amount of \$70 million pursuant to the Shareholder Notes Indenture, which Shareholder Notes shall be in form and substance acceptable to the Consenting Noteholders.



The Shareholder Notes are proposed to be issued with an annual interest of 11 percent and a termination date of December 31, 2017. The terms of the Shareholder Notes Indenture shall be set forth in the Plan Supplement.

The Plan also provides for the issuance on the Effective Date by Reorganized Constar of the preferred equity New Overage Securities with the rights and terms set forth in the New Certificate of Incorporation for Reorganized Constar, which may, subject to certain conditions, be convertible into New Common Stock, and which New Overage Securities shall be in form and substance acceptable to the Consenting Noteholders. The terms of the New Overage Securities shall be set forth in the Plan Supplement.

In addition, on the Effective Date, Reorganized Constar shall enter into and deliver the Shareholder Agreement and the Overage Securities Agreement, in substantially the form included in the Plan Supplement and in form and substance acceptable to the Consenting Noteholders, to each entity or person that is intended to be a party thereto, and such agreements shall be deemed to be valid, binding and enforceable in accordance with its respective terms. On and after the Effective Date, each person or entity that holds or receives New Common Stock shall be deemed to be bound by the Shareholder Agreement, and each person or entity that holds or receives New Overage Securities shall be deemed to be bound by the New Overage Securities Agreement.

Importantly, one or more of the holders of the Debtors' existing Floating Rate Notes committed to provide debtor in possession financing, a portion of which, upon the satisfaction of certain conditions, may be rolled over (at the DIP Facility Providers' election) into financing that will continue to be available to Constar after it emerges from bankruptcy. The terms of this Roll-Over Facility will be set forth in the Plan Supplement. The debtor in possession financing will be used to refinance and payoff the GE revolving credit facility, to cash collateralize outstanding letters of credit under the GE Credit Agreement, and for working capital and operational expenses.

## **B. EVENTS OF THE CHAPTER 11 CASES**

In order to facilitate the Chapter 11 Cases and minimize disruption to the Company's operations, the Debtors have sought or will seek certain relief, including but not limited to, the relief summarized below. The relief sought will facilitate the administration of the Chapter 11 Cases, however, there is no guarantee that the Bankruptcy Court will grant any or all of the requested relief.

### **1. Expected Timetable of the Chapter 11 Cases**

The Debtors expect the Chapter 11 Cases to proceed quickly. No assurances can be made, however, that the Bankruptcy Court will enter various orders on the timetable anticipated by the Debtors. On the Petition Date, the Debtors promptly requested that the Bankruptcy Court set a hearing date to approve this Disclosure Statement and to confirm the Plan. If the Plan is confirmed, the Effective Date of the Plan is projected to be approximately fifteen (15) days after the date the Bankruptcy Court enters the Confirmation Order. Should these projected timelines prove accurate, the Debtors could emerge from chapter 11 within ninety to one hundred twenty days of the Petition Date.

### **2. First Day Relief**

On the Petition Date, the Debtors presented certain motions (the "First Day Motions") to the Bankruptcy Court seeking relief. The First Day Motions include, but are not necessarily limited to, the following:

#### **(a) Debtor in Possession Financing**

As noted above, certain of the holders of the Debtors' existing Floating Rate Notes have committed to provide debtor in possession financing. On the Petition Date, Debtors filed a motion seeking approval from the court to enter into an agreement with the DIP Facility Providers regarding post-petition financing. The post-petition financing obtained by Debtors will be used to refinance and payoff the GE revolving credit facility, to cash collateralize outstanding letters of credit under the GE Credit Agreement, and for working capital and operational expenses. A portion (up to \$15 million) of the debtor in possession financing, upon the satisfaction of certain conditions, may be rolled over (at the provider's election) into financing that will continue to be available to Constar

after it emerges from bankruptcy. The terms of this Roll-Over Facility will be set forth in the Plan Supplement. The court entered an order authorizing the Debtors to obtain the debtor in possession financing on \_\_\_\_\_, 2011.

(b) Customer Programs and Practices

On \_\_\_\_\_, 2011, the Court entered an order authorizing, but not directing, the Debtors to honor certain prepetition obligations to their customers and to otherwise continue certain customer programs and practices in the ordinary course of business. The order authorizes the Debtors to honor, exercise, and perform all their respective rights and obligations (whether prepetition or postpetition) arising in the ordinary course of business under, in connection with, and in furtherance of their existing customer agreements. The Debtors believe such relief is necessary to stabilize their customer base at the outset of these Chapter 11 Cases and to avoid needless disruptions of the Debtors' ongoing operations.

(c) Shippers and Warehousemen

On the Petition Date, the Debtors sought an order authorizing the Debtors to satisfy outstanding obligations, if any, to Debtors' shippers and warehousemen that provide the Debtors with critical services on a frequent, if not daily, basis. The Debtors believe that payment to these shippers and warehousemen is necessary to avoid needless disruptions to the Debtors' business and to ensure the timely delivery of goods and services to their customers. The Court entered an order granting this relief on \_\_\_\_\_.

(d) Existing Cash Management System and Investment Practices

On \_\_\_\_\_, 2011, the Court entered an order authorizing the Debtors to maintain their prepetition cash management systems after commencement of the Chapter 11 Cases, including use of bank accounts and business forms and authority for the Debtors to continue their existing investment practices. This facilitates the efficient operation of the Debtors by not requiring them to make artificial adjustments within their large and complex cash management system.

(e) Wages and Benefits

On \_\_\_\_\_, 2011, the Court entered an order authorizing the Debtors to pay all employees their wages in the ordinary course of business. Additionally, the order authorizes the Debtors to continue all their prepetition benefit programs, including, among others, medical, dental, and 401(k) benefits. This relief has allowed the Debtors to maintain employee morale and prevent costly distractions and retention issues.

(f) Sales, Use and Franchise Tax

On \_\_\_\_\_, 2011, the Court entered an order authorizing the Debtors to pay certain sales, use, and other governmental taxes as well as fees, license and other similar charges and assessments in the ordinary course of business. Some, if not all, of the taxing authorities may cause the Debtors to be audited if taxes are not paid immediately. Such audits will unnecessarily divert the Debtors' attention away from their reorganization efforts. The authority to pay those taxes in the ordinary course of business granted in this order prevents costly distractions to the Debtors.

(g) Equity Trading Restrictions

On \_\_\_\_\_, 2011, the Court entered a final order establishing notification and hearing procedures that must be satisfied before certain transfers of Constar's equity securities are deemed effective.

(h) Insurance

The Debtors maintain numerous insurance programs providing coverage for liabilities relating to, among other things, property, casualty, workers compensation, and directors' and officers' liability. On \_\_\_\_\_, 2011, the Court entered an order authorizing the Debtors to pay all prepetition premiums in the ordinary course of business.

The relief granted in this order allows the Debtors to avoid potential lapse of coverage and the expense of acquiring new coverage and to continue prepetition premium financing arrangements.

(i) Utilities

On \_\_\_\_\_, 2011, the Court entered a final order approving procedures for, among other things, determining adequate assurance for utility providers, prohibiting utility providers from altering, refusing, or discontinuing services and determining that the Debtors are not required to provide any additional adequate assurance. The Debtors believe that uninterrupted utility services are essential to the Debtors' ongoing operations and, therefore, to the success of the Debtors' reorganization.

(j) Interim Compensation Procedures

On January \_\_, 2011, the Court entered an order authorizing the Debtors to establish procedures for the interim compensation and reimbursement of retained Professionals in the Chapter 11 Cases. The Debtors believe that the efficient administration of the Chapter 11 Cases will be significantly aided by the interim compensation and expense reimbursement procedures.

(k) Ordinary Course Professionals

On January \_\_, 2011, the Court entered an order authorizing the Debtors to retain and compensate certain Professionals utilized in the ordinary course of the Debtors' business (each, an "OCP"). Due to the number of OCPs that are regularly retained by the Debtors, it would be unwieldy and burdensome to both the Debtors and this Court to request each such OCP to apply separately for approval of its employment and compensation.

(l) Other Procedural Motions and Professional Retention Applications

The Court has also granted several procedural motions that are standard in Chapter 11 Cases, as well as applications to retain the various Professionals who will be assisting the Debtors during these Chapter 11 Cases.

**3. Approval of Solicitation Procedures and Scheduling of Confirmation Hearing**

To expedite the Chapter 11 Cases, the Debtors sought an immediate order setting dates for hearings to (i) approve solicitation procedures and the Disclosure Statement; and (ii) confirm the Plan. In that same motion, the Debtors also requested that the Court set a bar date for administrative claims and approve the procedures for objections to proposed cure payments with respect to executory contracts and unexpired leases to be assumed pursuant to the Plan. As noted above, the Court has set \_\_\_\_\_ as the hearing date to consider Debtors' request for the approval of the Disclosure Statement and the solicitation procedures.

**4. Appointment of Creditors Committee**

On January \_\_, 2011, the Office of the United States Trustee appointed a Committee of Unsecured Creditors (the "Creditors Committee") composed of: [identify committee members]. The Creditors Committee has retained \_\_\_\_\_ as its counsel, subject to Court approval.

**IV. THE JOINT PLAN**

**A. INTRODUCTION**

The summary of the Plan contained herein is qualified in its entirety by reference to the Plan and the exhibits to this Disclosure Statement and the Plan. It is the Plan and orders entered by the Bankruptcy Court and not this Disclosure Statement that govern the rights and obligations of the parties.

ALL HOLDERS OF CLAIMS AND EQUITY INTERESTS, TO THE EXTENT APPLICABLE, ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

**B. ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS**

In accordance with section 1123(a)(1) of the Bankruptcy Code, DIP Facility Claims, Administrative Claims, and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims and Equity Interests set forth in Article III of the Plan. All such Claims are instead treated separately in accordance with Article II of the Plan and in accordance with the requirements set forth in section 1129(a) of the Bankruptcy Code.

**1. DIP Facility Claims**

This category of claims consists of all claims against any of the Debtors arising under or related to the DIP Facility. The DIP Facility Claims shall be Allowed in the amount provided under the DIP Note Purchase Agreement. On the Effective Date, subject to the terms of the DIP Note Purchase Agreement, each Holder of a DIP Facility Claim shall receive, in full and final satisfaction, settlement, release and discharge of its DIP Facility Claim, its Pro Rata share of (i) Cash in an amount equal to the DIP Facility Effective Date Repayment Amount and (ii) (at each such Holder's election) the Roll-Over Notes or the loans under the Roll-Over Facility (if any). All distributions to Holders of DIP Facility Claims under this provision on account of DIP Facility Claims shall be made by the Debtors to the DIP Agent for delivery by the DIP Agent to individual Holders of such Claims in accordance with the provisions of the DIP Note Purchase Agreement, or as otherwise agreed between the DIP Agent and any Holder of an Allowed DIP Facility Claim.

**2. Administrative Claims**

This category consists of all Claims for costs and expenses of administration of the Chapter 11 Cases pursuant to sections 503(b), 507(a)(2), or 1114(e)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries, or commissions for services, and payments for goods and other services and leased premises); (b) compensation for legal, financial advisory, accounting, and other services and reimbursement of expenses Allowed pursuant to sections 328, 330(a), or 331 of the Bankruptcy Code or otherwise for the period commencing on the Petition Date and ending on the Effective Date; (c) all fees and costs assessed against the Estates pursuant to chapter 123 of the Judicial Code; (d) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code; and (e) all Consenting Noteholders Fees and Expenses. Subject to Article IX of the Plan and the provisions of sections 328, 330(a), and 331 of the Bankruptcy Code, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Administrative Claim, each Holder of such Allowed Administrative Claim, including, without limitation, claims of the type described in section 503(b) or 507(b) of the Bankruptcy Code, to the extent such claim has not already been paid during the Chapter 11 Cases, shall be paid in full, in Cash, the unpaid portion of such Allowed Administrative Claim on the Effective Date, or as soon thereafter as reasonably practicable (or, if payment is not then due, such allowed Administrative Claim shall be paid in accordance with its terms) or pursuant to such other terms as may be agreed to by the Holder of such Administrative Claim and the Reorganized Debtors; provided, however, that Allowed Administrative Claims representing liabilities incurred in the ordinary course of business by the Debtors shall be paid in full and performed by the Debtors or Reorganized Debtors, as the case may be, in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions or, in the case of Allowed Administrative Claims arising in the ordinary course that represent tax obligations, in accordance with applicable tax law.

**3. Priority Tax Claims**

This category consists of claims against any of the Debtors of the kind specified in section 507(a)(8) of the Bankruptcy Code. Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be paid in full in Cash pursuant to section

1129(a)(9)(C) of the Bankruptcy Code. All Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as such obligations become due.

**C. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS**

The Plan provides for the classification and treatment of ten Classes of Claims and Equity Interests (treating the Debtors as a single entity). A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Equity Interest qualifies within the description of such other Classes. A Claim or Equity Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Equity Interest is an Allowed Claim or Allowed Equity Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

The classification of Claims and Equity Interests against the Debtors pursuant to the Plan is as follows:

<b>Class</b>	<b>Claims and Equity Interests</b>	<b>Status</b>	<b>Voting Rights</b>
1	Secured Credit Facility Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Secured Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
3	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
4	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
5	Secured Floating Rate Note Claims	Impaired	Entitled to Vote
6	General Unsecured Claims	Impaired	Entitled to Vote
7	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
8	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
9	Old Constar Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
10	Constar Consolidated Subsidiary Stock Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

**D. TREATMENT OF CLAIMS AND INTERESTS**

To the extent a Class contains Allowed Claims or Allowed Equity Interests, the treatment provided to each Class for distribution purposes is specified below:

**1. Class 1—Secured Credit Facility Claims**

Class 1—Secured Credit Facility Claims consists of all claims against any of the Debtors arising under or in connection with the Secured Credit Facility, other than a Section 510(b) Claim. Except to the extent that a Holder

of a Class 1—Secured Credit Facility Claim agrees to less favorable treatment of its Secured Credit Facility Claim, each Holder of a Secured Credit Facility Claim shall, in full and final satisfaction, settlement, release and discharge of its Secured Credit Facility Claim, be (i) paid in full in Cash pursuant to the terms of the DIP Facility or (ii) to the extent not rolled up or refinanced by the DIP Facility prior to the Effective Date, paid in full in Cash on the Effective Date or as soon thereafter as reasonably practicable. [The Secured Credit Facility Claims are hereby Allowed in the amount of \$\_\_\_\_\_.]

## **2. Class 2—Secured Tax Claims**

Class 2—Secured Tax Claims consists of all secured claims that, absent their secured status, would be entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code (determined irrespective of time limitations), including any related secured claim for penalties. Except to the extent that a Holder of an Allowed Class 2—Secured Tax Claim agrees to less favorable treatment of its Allowed Secured Tax Claim, each Holder of an Allowed Secured Tax Claim shall, in full and final satisfaction, settlement, release and discharge of its Allowed Secured Tax Claim, at the Reorganized Debtors' election, receive the treatment afforded such claims pursuant to section 1129(a)(9)(D) of the Bankruptcy Code.

## **3. Class 3—Other Secured Claims**

Class 3—Other Secured Claims consists of all Secured Claims against any of the Debtors that are not DIP Facility Claims, Senior Credit Facility Claims, Secured Tax Claims or Secured Floating Rate Note Claims. Except to the extent that a Holder of an Allowed Class 3—Other Secured Claim agrees to less favorable treatment of its Allowed Other Secured Claim, each Holder of an Allowed Other Secured Claim shall, in full and final satisfaction, settlement, release, and discharge of its Allowed Other Secured Claim, at the Reorganized Debtors' election, receive one of the following treatments: (a) the collateral securing such allowed claim; (b) payment in Cash of the unpaid portion of its Allowed Other Secured Claim on the Effective Date or as soon thereafter as reasonably practicable or, if payment is not then due, such claim shall be paid in accordance with its terms; (c) pursuant to such other terms as may be agreed to by the Holder of such Other Secured Claim and the Reorganized Debtors; (d) the Reorganized Debtors shall otherwise treat any Allowed Other Secured Claim in any other manner such that the Claim shall be rendered Unimpaired.

## **4. Class 4—Other Priority Claims**

Class 4—Other Priority Claims consists of all priority claims against any of the Debtors other than Administrative Claims and Priority Tax Claims. Except to the extent that a Holder of an Allowed Class 4—Other Priority Claim agrees to less favorable treatment of its Allowed Other Priority Claim, each Holder of an Allowed Class 4—Other Priority Claim shall, in full and final satisfaction, settlement, release, and discharge of its Allowed Other Priority Claim, receive payment in full, in Cash, of the unpaid portion of its allowed Other Priority Claim on the Effective Date or as soon thereafter as reasonably practicable or, if payment is not then due, shall be paid in accordance with its terms or pursuant to such other terms as may be agreed to by the Holder of such Other Priority Claim and the Reorganized Debtors.

## **5. Class 5—Secured Floating Rate Note Claims**

Class 5—Secured Floating Rate Note Claims consists of all secured claims against one or more of the Debtors arising from or relating to the Floating Rate Notes or the Floating Rate Note Indenture, including but not limited to fees, expenses, principal, and accrued but unpaid interest as of the commencement of the Chapter 11 Cases. In full and final satisfaction, settlement, release, and discharge of its Secured Floating Rate Note Claims, each Holder of a Class 5—Secured Floating Rate Note Claim shall receive his Pro Rata share of: (a) the Shareholder Notes (at each such Holder's election, comprised of either notes or term loans, in each case pursuant to the Shareholder Notes Indenture); and (b) the New Overage Securities. Pursuant to the Plan, the Secured Floating Rate Note Claims are Allowed in an amount equal to \$100,000,000.

**6. Class 6—General Unsecured Claims**

Class 6—General Unsecured Claims consists of all unsecured claims for which any of the Debtors are liable that are not Administrative Claims, Priority Tax Claims, Other Priority Claims, Section 510(b) Claims, or Intercompany Claims. General Unsecured Claims include Floating Rate Note Deficiency Claims. On the Effective Date, or as soon thereafter as reasonably practicable, except to the extent that a Holder of an Allowed Class 6—General Unsecured Claim agrees to less favorable treatment of its Allowed General Unsecured Claim, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of 100 percent of the New Common Stock. [Pursuant to the Plan, the Floating Rate Note Deficiency Claims are Allowed in an amount equal to \$\_\_\_\_\_.]

**7. Class 7—Section 510(b) Claims**

Class 7—Section 510(b) Claims consists of all claims subject to subordination pursuant to Section 510(b) of the Bankruptcy Code; provided that Section 510(b) Claims shall not include any claim subject to subordination arising from or related to an Equity Interest. On the Effective Date, all Class 7—Section 510(b) Claims shall be settled, canceled, released, compromised, discharged, and extinguished, and no distributions shall be made on account of Class 7 Claims.

**8. Class 8—Intercompany Claims**

Class 8—Intercompany Claims consists of all claims held by a Debtor or an Affiliate of a Debtor as of the Petition Date against another Debtor. On the Effective Date all Intercompany Claims shall be offset, contributed and/or distributed to the applicable Debtor. Holders of Class 8—Intercompany Claims shall receive no distribution on account of such claims; provided that that Debtors reserve the right to reinstate any Intercompany Claim in accordance with section 1124 of the Bankruptcy Code with the consent of the Consenting Noteholders.

**9. Class 9—Old Constar Equity Interests**

Class 9—Old Constar Equity Interests consists of any and all rights and interests with respect to, on account of, or arising from or in connection with any Equity Interest of Constar outstanding or otherwise existing as of the Confirmation Date. On the Effective Date, all Old Constar Equity Interests shall be deemed settled, canceled, released, compromised, discharged and extinguished, and there shall be no distribution to the Holders of Class 9—Old Constar Equity Interests.

**10. Class 10—Constar Consolidated Subsidiary Stock Interests**

Class 10—Constar Consolidated Subsidiary Stock Interests consist of all Equity Interests held by Constar in BFF, DT, CI, CFH, and CUK. As a result of the substantive consolidation of Constar and the Consolidated Constar Entities provided for in Article IV.B of the Plan, no distributions shall be made to the Holders of Constar Consolidated Subsidiary Stock Interests. On the Effective Date, the Constar Consolidated Subsidiary Stock Interests for each of the Consolidated Constar Entities, which Entities shall retain their separate legal existence, shall remain outstanding.

**E. SPECIAL PROVISION GOVERNING UNIMPAIRED CLAIMS**

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including, without limitation, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

**F. ACCEPTANCE OR REJECTION OF THE PLAN**

Classes 5 and 6 are Impaired under the Plan and are entitled to vote to accept or reject the Plan. Classes 1, 2, 3, and 4 are Unimpaired under the Plan, are conclusively presumed to have accepted the Plan, and are not entitled

to vote to accept or reject the Plan. Classes 7, 8, 9, and 10 are Impaired and shall receive no distribution under the Plan. The Holders of Claims and Equity Interests in Classes 7, 8, 9, and 10 are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

**G. MEANS FOR IMPLEMENTATION OF THE PLAN**

**1. Confirmation Without Acceptance by All Impaired Classes**

The Plan provides that if any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the “cram down” provisions of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan or any exhibit or schedule to the Plan, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

**2. Substantive Consolidation**

Entry of the Confirmation Order shall constitute the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of Constar and the Consolidated Constar Entities for purposes of voting on, confirmation of, and distributions under the Plan; provided, however, Constar and each of the Consolidated Constar Entities shall retain its current legal form and the corporate structure of Constar and the Consolidated Constar Entities shall be the same after the Effective Date as before the Effective Date, in each case, except as otherwise provided or permitted herein. On and after the Effective Date, (i) no distributions shall be made under the Plan on account of Intercompany Claims among Constar and the Consolidated Constar Entities, (ii) all guaranties by Constar and the Consolidated Constar Entities of the obligations of Constar or any of the Consolidated Constar Entities shall be eliminated so that any Claim against Constar or any of the Consolidated Constar Entities and any guarantee thereof executed by Constar or any of the Consolidated Constar Entities and any joint or several liability of any of Constar or the Consolidated Constar Entities shall be deemed to be one obligation of Constar and the Consolidated Constar Entities, and (iii) each and every Claim filed or to be filed against Constar and the Consolidated Constar Entities shall be deemed filed against Constar and the Consolidated Constar Entities, and shall be deemed one Claim against and obligation of Constar and the Consolidated Constar Entities.

The Plan is premised upon substantively consolidating the Debtors only for the limited purposes of confirming and consummating the Plan, primarily to facilitate making distributions to creditors in satisfaction of their Claims. Creditors in the Classes entitled to vote on the Plan will vote in consolidated Classes with notice on the Ballots that the Plan contemplates a limited substantive consolidation. The Debtors believe that the Plan, with its contemplated limited substantive consolidation of the Debtors’ Estates, is the best option currently available for the Debtors and their creditors as a whole.

The Debtors believe that the facts and circumstances in the Chapter 11 Cases strongly favor the Court’s substantively consolidating their estates for the limited purposes contemplated by the Plan:

- The Debtors share a common management team, with overlapping boards of directors, and generally operate on a consolidated basis.
- Constar is a publicly reporting company that files consolidated financial reports with the SEC. The U.S. Debtors also file consolidated group income tax returns.
- This unified corporate entity has resulted in creditors’ generally relying on the Debtors’ consolidated credit.
- The Debtors’ going concern value arises from the Debtors’ businesses continuing to operate as a single going concern enterprise. It would be impossible to allocate the New Common Stock to different Debtors based upon the relative values of those entities. A significant part of the value of each of the



individual Debtors and their assets derives from their integration and relationships with the rest of the Debtors.

### **3. Taxable Purchase**

Upon the mutual consent of the Debtors and the Consenting Noteholders, the restructuring consummated pursuant to the Plan may be structured as a purchase of all of the Debtors' assets by one or more Purchasers, which purchase shall be structured as a taxable transaction for United States federal income tax purposes and shall be deemed consummated on the Effective Date. Pursuant to the Purchase Documents, the Purchaser or Purchasers, as the case may be, shall acquire all of the assets of the Debtors and, notwithstanding anything herein or in the Plan to the contrary, the Purchaser or Purchasers, as the case may be, shall explicitly assume all liability for the distributions or treatment provided on account of all claims against, obligations of, or interests in the Debtors as set forth in the Plan.

### **4. Exit Facility and Roll-Over Facility**

Pursuant to the Plan, the Debtors and the Reorganized Debtors are authorized to execute and deliver all agreements, documents and instruments required to be executed and delivered in connection with the Exit Facility and the Roll-Over Facility and to perform their obligations thereunder including, without limitation, the payment or reimbursement of any fees, expenses, losses, damages or indemnities without the need for further corporate action and without any further Bankruptcy Court approval. Each Holder of a DIP Facility Claim shall elect to receive either the Roll-Over Notes or the loans under the Roll-Over Facility (if any), in each case pursuant to the Roll-Over Facility Agreement (if any). The Exit Facility Documents and the Roll-Over Facility Agreement, Roll-Over Notes, and related documents shall constitute the legal, valid and binding obligations of the Reorganized Debtors parties thereto, enforceable in accordance with their respective terms.

The Debtors and the Reorganized Debtors, as applicable, and the other persons granting any liens and security interests to secure the obligations under the Exit Facility Documents and the Roll-Over Facility Agreement, Roll-Over Notes, and related documents are authorized pursuant to the Plan to make all filings and recordings, and to obtain all governmental approvals and consents necessary or desirable to establish and further evidence perfection of such liens and security interests under the provisions of any applicable federal, state, provincial or other law (whether domestic or foreign) and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such liens and security interests to third parties, in each case in form and substance acceptable to the Consenting Noteholders.

### **5. Section 1145 Exemption**

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the offering, issuance, and distribution of any Securities contemplated by the Plan and any and all settlement agreements incorporated therein, including the New Common Stock and New Overage Securities, shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, distribution, or sale of Securities. In addition, under section 1145 of the Bankruptcy Code, any Securities contemplated by the Plan and any and all settlement agreements incorporated therein, including the New Common Stock and New Overage Securities, will be freely tradable by the recipients thereof, subject to (1) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments; (2) the restrictions, if any, on the transferability of such Securities and instruments; and (3) applicable regulatory approval.

### **6. Reorganized Debtors' Plan Securities**

Shareholder Notes. On the Effective Date, Reorganized Constar shall issue all of the Shareholder Notes pursuant to the Shareholder Notes Indenture. The Shareholder Notes shall be guaranteed by each of the Reorganized Debtors (other than Reorganized Constar). Each Holder of a Secured Floating Rate Note Claim shall

elect to receive Shareholder Notes comprised of either notes or term loans, in each case pursuant to the Shareholder Notes Indenture. The issuance of the Shareholder Notes by Reorganized Constar and the guaranty of the Shareholder Notes by each of the Reorganized Debtors (other than Reorganized Constar) is authorized without the need for further corporate action.

New Common Stock and New Overage Securities. On the Effective Date or as soon thereafter as practicable, Reorganized Constar shall issue or reserve for issuance all of the New Common Stock and New Overage Securities. The New Common Stock and New Overage Securities shall represent all of the Equity Interests in Reorganized Debtor as of the Effective Date and shall be issued to Holders of Claims as provided in this Plan, subject to dilution on account of the Management Incentive Plan (if any). The issuance of the New Common Stock and New Overage Securities by Reorganized Constar is authorized without the need for further corporate action and all of the shares of New Common Stock and New Overage Securities issued pursuant to the Plan shall be duly authorized, validly issued, fully paid and non-assessable. Distributions of New Common Stock and New Overage Securities will only be made through broker accounts via electronic issuance of the shares, and Reorganized Constar will not issue separate stock certificates.

#### **7. Private Company**

On the Effective Date, the Reorganized Debtors shall each be a private company. As such, the Reorganized Debtors will not list the New Common Stock or New Overage Securities on a national securities exchange and shall not be required to (but may in its discretion) register with the United States Securities and Exchange Commission or other similar regulatory authority any class of equity securities of Reorganized Constar or to file periodic reports under Section 13 or 15(d) of the Exchange Act.

#### **8. Corporate Existence**

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed.

#### **9. Vesting of Assets in the Reorganized Debtors**

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated therein, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances (except for Liens, if any, granted to secure the Exit Facility and Claims pursuant to the DIP Facility that by their terms survive termination of the DIP Facility). On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Equity Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

#### **10. Cancellation of Securities and Agreements**

Article IV.J of the Plan provides that on the Effective Date, except to the extent provided otherwise in the Plan, the Old Constar Equity Interests, the Floating Rate Note Indenture, the Floating Rate Notes, and the Secured Credit Facility, together with all related notes, Certificates, security agreements, mortgages, pledges, indemnities, collateral assignments, undertakings, guaranties, and other instruments and documents, shall no longer be outstanding, shall be canceled, retired, and deemed terminated, and shall cease to exist, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code.

Notwithstanding the foregoing, the provisions of the Floating Rate Note Indenture governing the relationships of the Floating Rate Note Indenture Trustee and the holders of notes, including, without limitation, those provisions relating to distributions, the Floating Rate Note Indenture Trustee's rights to payment, liens on property to be distributed to holders of such notes, and the Floating Rate Note Indenture Trustee's rights of

indemnity from the holders of the Floating Rate Notes, if any, shall not be affected by the Plan, Confirmation or the occurrence of the Effective Date.

Nothing in the Plan affects the Floating Rate Note Indenture Trustee's rights pursuant to the Floating Rate Note Indenture and applicable non-bankruptcy law to assert liens on any distributions under the Plan to the holders of the notes issued pursuant to such Floating Rate Note Indenture, to secure payment of its fees and expenses. If the Floating Rate Note Indenture Trustee does not serve as disbursing agent with respect to distributions to its respective holders, then the funds distributed to any such disbursing agent shall be subject to the lien of the Floating Rate Note Indenture Trustee under the Floating Rate Note Indenture.

#### **11. Restructuring Transactions**

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (1) the execution and delivery of appropriate agreements or other documents of consolidation or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, which such agreements or documents shall be acceptable to the Consenting Noteholders; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan, which such instruments shall be acceptable to the Consenting Noteholders; (3) the filing of appropriate certificates of incorporation or consolidation with the appropriate governmental authorities pursuant to applicable law, which such certificates shall be acceptable to the Consenting Noteholders; and (4) all other actions that the Reorganized Debtors determine are necessary or appropriate, subject to the consent of the Consenting Noteholders.

#### **12. Corporate Action**

Certificate of Incorporation and Bylaws. On the Effective Date, the certificate of incorporation and bylaws of each Reorganized Debtor shall be the New Certificates of Incorporation and the New ByLaws. The New Certificates of Incorporation of each of the Reorganized Debtors will prohibit the issuance of nonvoting equity securities to the extent required by section 1123(a) of the Bankruptcy Code without any further actions by the stockholders or directors of the Debtors or the Reorganized Debtors. After the Effective Date, each Reorganized Debtor may amend and restate its New Certificate of Incorporation as provided therein or by applicable law.

Reorganized Debtors. Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, on the Effective Date, (i) the members of the New Board of each of the Reorganized Debtors shall be determined in accordance with the Overage Securities Agreement and the Shareholder Agreement, and (ii) the officers of each Debtor immediately prior to the Effective Date shall be the initial officers of each Reorganized Debtor. All directors of the Debtors serving immediately prior to the Effective Date shall be deemed to have resigned as of the Effective Date. Pursuant to section 1129(a)(5), the Debtors will disclose to the extent known, on or prior to the Confirmation Date, the identity and affiliations of any other person proposed to serve on the initial board of directors of the Reorganized Debtors or as an initial officer of each Reorganized Debtor, and, to the extent such person is an insider, the nature of any compensation for such person. The classification and composition of the board of directors shall be consistent with the New Certificates of Incorporation. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Certificate of Incorporation and New Bylaws of each Reorganized Debtor and the applicable corporation law of the state in which the applicable Reorganized Debtor is organized.

Corporate Action. On the Effective Date, and as provided in the Plan, the adoption of the New Certificates of Incorporation and the New Bylaws of each Debtor, the selection of directors and officers for each Reorganized Debtor, and all actions of each Debtor and Reorganized Debtor contemplated by the Plan shall be deemed, without further action of any kind or nature, to be authorized and approved in all respects (subject to the provisions of the Plan and the Confirmation Order). All matters provided for in the Plan involving the corporate structure of the Debtors and the Reorganized Debtors and any corporate action required by the Debtors and the Reorganized Debtors in connection with the Plan, shall be deemed to have timely occurred in accordance with applicable state law and shall be in effect, without any requirement of further action by the security holders or directors of the Debtors and the Reorganized Debtors. Notwithstanding the foregoing, on the Effective Date the appropriate officers and

members of the board of directors of the Reorganized Debtors are and shall be authorized and directed to take or cause to be taken all such actions as may be necessary or appropriate to issue, execute and deliver the agreements, documents, certificates, securities and instruments contemplated by the Plan in the name of and on behalf of the applicable Reorganized Debtor. All of the foregoing corporate actions set forth in this Article IV.G.12 shall be acceptable to the Requisite Consenting Noteholders in their reasonable discretion.

New Employee Agreements. On the Effective Date, Reorganized Constar shall either enter into the New Employee Agreements or amend an Old Employee Agreement, which, in either case, shall be in form and substance acceptable to the Consenting Noteholders.

### **13. Effectuating Documents; Further Transactions**

On and after the Effective Date, the members of the boards of directors of each Reorganized Debtor, are authorized to and may direct an officer to, issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

### **14. Exemption from Certain Taxes and Fees**

Pursuant to section 1146(a) of the Bankruptcy Code, any transfer from a Debtor to a Reorganized Debtor or to any Entity pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtors or the Reorganized Debtors; (2) the creation, modification, consolidation, or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (3) the making, assignment, or recording of any lease or sublease; or (4) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, the New Common Stock, the New Overage Securities, the Exit Facility, any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles, or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, FERC filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

### **15. Sources of Consideration for Plan Distributions**

All consideration necessary for the Reorganized Debtors to make payments or distributions pursuant to the Plan shall be obtained from the Exit Facility, the issuance of the Shareholder Notes, New Overage Securities, and New Common Stock, or other Cash from the Debtors, including Cash from operations.

### **16. Preservation of Rights of Action**

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII of the Plan, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against them.** The Debtors or Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as

otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, as the case may be. The applicable Reorganized Debtor, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

#### **17. Shareholders Agreement**

On the Effective Date, Reorganized Constar shall enter into and deliver the Shareholder Agreement, in substantially the form included in the Plan Supplement and in form and substance acceptable to the Consenting Noteholders, to each entity or person that is intended to be a party thereto and such agreement shall be deemed to be valid, binding and enforceable in accordance with its respective terms. On and after the Effective Date, each person or entity that holds or receives New Common Stock shall be deemed to be bound by the Shareholder Agreement.

#### **18. Overage Securities Agreement**

On the Effective Date, Reorganized Constar shall enter into and deliver the Overage Securities Agreement, in substantially the form included in the Plan Supplement and in form and substance acceptable to the Consenting Noteholders, to each entity or person that is intended to be a party thereto and such agreement shall be deemed to be valid, binding and enforceable in accordance with its respective terms. On and after the Effective Date, each person or entity that holds or receives New Overage Securities shall be deemed to be bound by the New Overage Securities Agreement.

### **H. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

#### **1. Assumption of Executory Contracts and Unexpired Leases**

Except as otherwise provided in the Plan, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan with the reasonable consent of the Consenting Noteholders, or by prior order of the Bankruptcy Court, each Debtor shall be deemed to have assumed each Executory Contract and Unexpired Lease to which it is a party except any contract or lease as of the Effective Date that: (1) was assumed or rejected previously by the Debtors pursuant to an order of the Bankruptcy court entered prior to the Effective Date; (2) previously expired or terminated pursuant to its own terms; (3) is the subject of a motion to reject filed on or before the Confirmation Date; or (4) is set forth in a schedule, with the reasonable consent of the Consenting Noteholders, as an Executory Contract or Unexpired Lease to be rejected, filed as part of the Plan Supplement; provided, however, that the Debtors reserve the right on or prior to the Confirmation Date, with the reasonable consent of the Consenting Noteholders, to amend the schedules contained in the Plan Supplement to delete any Executory Contract or Unexpired Lease therefrom or add any Executory Contract or Unexpired Lease thereto, in which event such Executory Contract(s) or Unexpired Lease(s) shall be deemed to be, respectively, either rejected or assumed as of the Effective Date. The Debtors shall provide notice of any such amendments to the parties to the Executory Contracts and Unexpired Leases affected thereby.

Notwithstanding the foregoing paragraph, after the Effective Date, the Reorganized Debtors shall have the right to terminate, amend, or modify any intercompany contracts, leases, or other agreements without approval of the Bankruptcy Court.

Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (a) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the

Executory Contracts and Unexpired Leases assumed pursuant to the Plan, (b) the extension of time, pursuant to section 365(d)(4) of the Bankruptcy Code, within which the Debtors may assume, assign or reject the Executory Contracts and Unexpired Leases through the date of entry of the Confirmation Order, and (c) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the Executory Contracts and Unexpired Leases rejected pursuant to the Plan Supplement.

## **2. Payments Related to Assumption of Executory Contracts and Unexpired Leases**

With respect to any Executory Contract or Unexpired Lease to be assumed pursuant to the Plan, all Cure Claims will be satisfied by payment of the Cure Claims in Cash on the Effective Date or as soon as reasonably practicable thereafter as set forth in the Plan or on such other terms as the parties to each such Executory Contract or Unexpired Lease may otherwise agree without any further notice to or action, order or approval of the Bankruptcy Court. With respect to each such Executory Contract and Unexpired Lease to be assumed pursuant to the Plan, Debtors will have designated a proposed amount of the Cure Claim on a schedule of Cure Claims to be included in the Plan Supplement, and the assumption of such Executory Contract and Unexpired Lease may be conditioned upon the disposition of all issues with respect to such Cure Claim.

Requests for payment of Cure Claims with respect to any Executory Contract or Unexpired Lease to be assumed pursuant to the Plan in an amount different than specified on the Plan Supplement must be Filed and served on the Debtors no later than ten (10) days after the filing of the relevant Plan Supplement.  **Holders of Cure Claims with respect to any Executory Contract or Unexpired Lease that do not File and serve such a request by such date will be forever barred, estopped and enjoined from asserting such Cure Claims against the Debtors, the Reorganized Debtors or their respective property, and such Cure Claims will be deemed discharged as of the Effective Date.**

With respect to any Executory Contract or Unexpired Lease, in the event of a dispute regarding: (1) the amount of any Allowed Cure Claim; (2) the ability of the Reorganized Debtors to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code), if applicable, under the Executory Contract or the Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the Cure Claims shall be paid following the entry of a Final Order resolving the dispute and approving the assumption of such Executory Contracts or Unexpired Leases; provided, however, that the Debtors or the Reorganized Debtors may settle any dispute regarding the amount of any Cure Claim without any further notice to or action, order, or approval of the Bankruptcy Court.

## **3. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases**

Rejection or repudiation of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtors under such contracts or leases. In particular, notwithstanding any nonbankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the contracting Debtors or Reorganized Debtors, as applicable, from counterparties to rejected or repudiated Executory Contracts or Unexpired Leases.

## **4. Insurance Policies**

Notwithstanding anything contained in the Plan to the contrary, unless specifically rejected by order of the Bankruptcy Court, all of the Debtors’ insurance policies and any agreements, documents or instruments relating thereto, are continued pursuant to the Confirmation Order. Nothing contained in Article V.D of the Plan shall constitute or be deemed a waiver of any cause of action that the Debtors may hold against any entity, including, without limitation, the insurer, under any of the Debtors’ policies of insurance.

## **5. D&O Tail Coverage Policies**

On the Effective Date, the Debtors shall assume the D&O Liability Insurance Policies, which provide tail coverage to the Debtors’ officers and directors. In addition, as of the Effective Date, the Debtors shall either assume

such other directors and officers liability insurance policies (if procured prior thereto), or enter into such other new directors and officers liability policies as the Debtors shall determine, in each case as acceptable to the Consenting Noteholders. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of insurance policies. Notwithstanding anything to the contrary contained in the Plan, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be Filed.

#### **6. Retiree Benefits**

Payments, if any, due to any person for the purpose of providing or reimbursing payments for retired employees and their spouses and dependents for medical, surgical, or hospital care benefits, or benefits in the event of sickness, accident, disability, or death under any plan, fund, or program (through the purchase of insurance otherwise) maintained or established in whole or in part by the Debtors prior to the Petition Date shall be continued for the duration of the period the Debtors have obligated themselves to provide such benefits. Nothing in the Plan will be construed as discharging, releasing, or relieving Constar, or its successor, including Reorganized Constar, or any party, in any capacity, from any liability for the minimum funding requirements or statutory premiums under Title IV of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") (29 U.S.C. section 1301 et seq.) or the Internal Revenue Code, 26 U.S.C. §§ 412 and 430 with respect to the CI Pension Plan (the "Pension Plan") or the Pension Benefit Guaranty Corporation ("PBGC"). The PBGC and Pension Plan will not be enjoined or precluded from seeking to enforce such liability as a result of any provision of the Plan or the Confirmation Order.

#### **7. Intercompany Contracts, Contracts, and Leases Entered Into After the Petition Date**

Intercompany contracts, contracts, and leases entered into after the Petition Date by any Debtor, and any Executory Contracts and Unexpired Leases assumed by any Debtor, may be performed by the applicable Reorganized Debtor in the ordinary course of business.

#### **8. Modifications, Amendments, Supplements, Restatements, or Other Agreements**

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11 Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

#### **9. Reservation of Rights**

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Reorganized Debtors, as applicable, shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

## **10. Nonoccurrence of Effective Date**

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

### **I. PROVISIONS GOVERNING DISTRIBUTIONS**

#### **1. Timing and Calculation of Amounts to Be Distributed**

Except as otherwise provided in the Plan or by order of the Bankruptcy Court, distributions to be made on the Effective Date on account of Claims that are Allowed as of the Effective Date and are entitled to receive distributions under the Plan shall be made on the Effective Date or as promptly thereafter as practicable. For purposes of calculating a Pro Rata share, the amount of the total Allowed Claims in each Class shall be calculated as if all unresolved Disputed Claims, as applicable, in each Class were Allowed in the full amount thereof.

#### **2. Distributions from Reorganized Constar of the Shareholder Notes, New Overage Securities, and New Common Stock**

Article VI.B. of the Plan provides that, all distributions provided for in the Plan of Shareholder Notes, New Overage Securities, and New Common Stock to Holders of Allowed Secured Floating Rate Note Claims or Allowed Floating Rate Note Deficiency Claims, as applicable, shall be made by the Debtors to the Exchange Agent for delivery by the Exchange Agent to (a) the Floating Rate Note Indenture Trustee or (b) with the prior written consent of the Floating Rate Note Indenture Trustee through the facilities of DTC for the benefit of the Holders of such Claims. Notwithstanding the provisions of Article IV.J of the Plan regarding the cancellation of the Floating Rate Note Indenture, the distribution provisions of the Floating Rate Note Indenture shall continue in effect solely to the extent necessary to authorize the distribution of the Shareholder Notes, New Overage Securities, and New Common Stock to Holders of Allowed Secured Floating Rate Note Claims and Allowed Floating Rate Note Deficiency Claims, as applicable, pursuant to the Plan on account of Secured Floating Rate Note Claims and Floating Rate Note Deficiency Claims, as applicable. The Reorganized Debtors shall have no liability for any act or omission of the Exchange Agent, the Floating Rate Note Indenture Trustee or DTC.

#### **3. Distributions from the Exchange Agent of Shareholder Notes, New Overage Securities, and New Common Stock**

Article VI.B. of the Plan provides that, as soon as practicable after the Effective Date, Reorganized Constar shall cause the Exchange Agent to send a letter of transmittal to each Holder of an Allowed Floating Rate Note Claim advising such Holder of the effectiveness of the Plan and the instructions for delivering to the Floating Rate Note Indenture Trustee any Floating Rate Notes in exchange for the Shareholder Notes, New Overage Securities and New Common Stock, as applicable, issuable or distributable pursuant to the Plan. Such letter of transmittal shall specify that delivery of any Floating Rate Notes shall be affected, and that risk of loss and title thereto shall pass, only upon delivery of such Floating Rate Notes to the Floating Rate Note Indenture Trustee in accordance with the terms and conditions of such letter of transmittal. Such letter of transmittal shall be in such form and have such other provisions as Debtors or Floating Rate Note Indenture Trustee may reasonably require. Except to the extent the Floating Rate Notes are evidenced by electronic book entry in the facilities of DTC or as otherwise agreed to in writing by the Floating Rate Note Indenture Trustee, it shall be a condition to receipt of any distribution of Shareholder Notes, New Overage Securities or New Common Stock that the Holder of Floating Rate Notes surrender or be deemed to have surrendered, in accordance with Article VI.B.4 of the Plan, the Floating Rate Notes

#### **4. Distributions from Reorganized Constar of the New Common Stock to Holders of General Unsecured Claims (other than Holders of Floating Rate Note Deficiency Claims)**

Article VI.B. of the Plan provides that, all distributions provided for in the Plan of New Common Stock to Holders of General Unsecured Claims (other than Holders of Floating Rate Note Deficiency Claims) shall be made by the Disbursing Agent or the Reorganized Debtor to the Exchange Agent for delivery by the Exchange Agent to



the individual Holders of such General Unsecured Claims entitled to such distributions under this Plan. Distributions of New Common Stock to Holders of Floating Rate Note Deficiency Claims shall be made in accordance with Articles VI.B.1 and VI.B.2 of the Plan.

#### **5. Lost or Stolen Notes**

Article VI.B of the Plan also addresses a variety of other issues relating to the surrender and cancellation of the Floating Rate Notes, including the steps that will need to be taken by any Holder who is unable to surrender such Floating Rate Note because it has been destroyed, lost or stolen and who wishes to receive a distribution with respect to such Floating Rate Note.

In addition to any requirements under the Indenture, or any related agreement, in the event any Floating Rate Notes that are not evidenced by electronic book entry in the facilities of DTC shall have been lost, stolen or destroyed, then upon the delivery to the Exchange Agent of an affidavit attesting to the fact by the Holder of the Floating Rate Note Claim relating to such Floating Rate Note, and the posting by such Holder of a Floating Rate Note or the giving by such Holder of an indemnity as may be reasonably required by the Reorganized Debtors as indemnity against any claim that may be made against either of them with respect to such Floating Rate Note, the Exchange Agent shall distribute the Shareholder Notes, New Overage Securities, and/or New Common Stock, as applicable, and any interest payments or dividends and other distributions with respect thereto, issuable or payable in exchange for such lost, stolen or destroyed Floating Rate Note, pursuant to the provisions of this Plan. Upon compliance with Article VI.B.4 of the Plan by a Holder of an Allowed Claim evidenced by a Floating Rate Note, such Holder shall, for all purposes under the Plan, be deemed to have surrendered such Floating Rate Note.

#### **6. Failure to Surrender Canceled Floating Rate Notes**

Article VI.B of the Plan provides that any Holder of a Floating Rate Note Claim that fails to surrender or is deemed to have failed to surrender any Floating Rate Notes required to be delivered hereunder, or fails to comply with the provisions of Article VI.B.4 of the Plan, shall (a) within 180 days after the Effective Date, be entitled to look only to the Reorganized Debtors for its distributions under the Plan, or (b) within one (1) year after the Effective Date, have its Claim for a distribution pursuant to the Plan on account of such Floating Rate Note discharged and be forever barred from asserting any such Claim against the Reorganized Debtors or their property. In the event a Claim for a distribution pursuant to the Plan on account of such Floating Rate Note is discharged, such distribution shall be distributed on a Pro Rata basis to all other Holders of Floating Rate Note Claims. Any Holder of a Floating Rate Note Claim for which no physical certificate was issued to the Holder but which instead is held in electronic book entry pursuant to a global security held by DTC shall be deemed to have surrendered its Floating Rate Note upon the surrender of such global security by DTC.

#### **7. Distribution Record Date**

Article VI.B of the Plan provides that as of the close of business on the Distribution Record Date, the transfer registers for each of the Floating Rate Notes as maintained by DTC, the Debtors or their respective agents or participants, shall be deemed closed, and there shall be no further changes in the record Holders of any of the Floating Rate Notes. The Reorganized Debtors, the Exchange Agent, and the Floating Rate Note Indenture Trustee and their respective agents shall have no obligation to recognize the transfer of any Floating Rate Notes occurring after the Distribution Record Date, and shall be entitled for all purposes herein to recognize and deal only with those Holders of record as of the close of business on the Distribution Record Date.

#### **8. Floating Rate Notes Issued in Different Name**

Article VI.B of the Plan provides that, if any Shareholder Note is to be issued or distributed in a name other than that in which the Floating Rate Notes surrendered in exchange therefor is registered, it shall be a condition of such exchange that (i) the Floating Rate Note so surrendered shall be transferable, and shall be properly assigned and endorsed, (ii) such transfer shall otherwise be proper and (iii) the Holder requesting such transfer shall pay all transfer or other taxes payable by reason of the foregoing and establish to the satisfaction of the Exchange Agent that such taxes have been paid.

## **9. Fractional Shares**

Article VI.B.8 of the Plan provides that no fractional shares of New Common Stock or New Overage Securities, or Cash in lieu thereof, shall be distributed under the Plan. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of shares of New Common Stock or New Overage Securities that is not a whole number, the actual distribution of shares of New Common Stock or New Overage Securities, as applicable, shall be rounded as follows: (i) fractions of 1/2 or greater shall be rounded to the next higher whole number; and (ii) fractions of less than 1/2 shall be rounded to the next lower whole number. The total number of shares of New Common Stock and New Overage Securities, as applicable, to be distributed to Holders of Allowed Claims shall be adjusted as necessary to account for the rounding provided in this Article.

## **10. Fractional Notes**

Article VI.B.9 of the Plan provides that no fractional Shareholder Notes, or Cash in lieu thereof, shall be distributed under the Plan. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of Shareholder Notes that is not in a denomination of \$1,000, the actual distribution of Shareholder Notes shall be rounded as follows: (i) fractions of 1/2 or greater shall be rounded to the next higher \$1,000 denomination; and (ii) fractions of less than 1/2 shall be rounded to the next lower \$1,000 denomination. The total amount of Shareholder Notes to be distributed to Holders of Allowed Claims shall be adjusted as necessary to account for the rounding provided in Article VI.B.9 of the Plan.

## **11. Manner of Distributions**

Subject to Article VI.B.3 of the Plan, in the sole discretion of the Debtors with respect to distributions to Holders of General Unsecured Claims other than the Holders of Floating Rate Note Deficiency Claims or in the sole discretion of the Floating Rate Note Indenture Trustee with respect to Holders of Secured Floating Rate Note Claims and Floating Rate Note Deficiency Claims, any distribution of the New Common Stock, New Overage Securities or the Shareholder Notes, as applicable, under this Plan may be made by means of the book entry transfer facilities of DTC as an alternative to delivery of physical certificates or instruments representing New Common Stock, New Overage Securities or Shareholder Notes, as applicable. Any distribution made pursuant to the immediately preceding sentence shall be made to the account of the Holder of the Allowed Claim entitled to receive such distributions under the Plan or to the account of an agent authorized to receive securities on behalf of such Holder.

## **12. Reserves and Distribution Thereof**

On the Effective Date, if any New Common Stock is distributable to Holders of General Unsecured Claims under the Plan, the Debtor shall reserve from distribution a number of shares of New Common Stock equal to the number of shares of New Common Stock that would be distributed to Holders of Disputed General Unsecured Claims if such Claims were Allowed Claims (collectively, the "Reserved Shares"). The Reserved Shares will be distributed to the Holders of Disputed Claims to the extent such Claims become Allowed Claims in accordance with the provisions of Article VI.D of the Plan and to the extent such Disputed Claims are Allowed for in an amount less than the amount for which New Common Stock was reserved, to the other Holders of Allowed General Unsecured Claims, as applicable, at the times provided for in Article VI.D of the Plan.

## **13. Undeliverable and Unclaimed Distributions**

Delivery of Distributions. All property under the Plan to be distributed by mail shall be sent to the latest mailing address filed with the Bankruptcy Court for the party entitled thereto, or, if no such mailing address has been so filed, the mailing address reflected in the Debtor's books and records or the mailing address of the corresponding nominee or participant of the DTC for such party.

Undeliverable Distributions. If any distribution to the Holder of an Allowed Claim is returned as undeliverable, no further distributions shall be made to such Holder unless and until the Reorganized Debtors are notified in writing of such Holder's then-current address. Undeliverable distributions made by the Reorganized Debtors or the Exchange Agent shall be returned to the Reorganized Debtors and shall remain in the possession of

the Reorganized Debtors pursuant to Article VI.D.1 of the Plan until such time as a distribution becomes deliverable. The Reorganized Debtors shall have no obligation to attempt to locate any Holder with regard to whom a distribution has been returned as undeliverable, forwarding time expired or similar indication. Undeliverable distributions shall not be entitled to any interest, dividends or other accruals of any kind.

Distributions After the Effective Date. Subject to Articles VI.A and VI.B of the Plan, within twenty (20) days after the end of each six month anniversary following the Effective Date, the Reorganized Debtors shall make all distributions, as provided in the Plan or in the Confirmation Order, that become deliverable during the preceding six months, including payments to (a) Holders of Allowed Claims who become entitled to additional distributions as a result of the disallowance or reduction of a Disputed Claim, and (b) Holders of Disputed Claims that become Allowed Claims, provided, however, if less than 10,000 shares of New Common Stock are available for distribution, the Reorganized Debtor shall not be required to make a subsequent distribution unless such distribution will be the final distribution.

#### **14. Failure to Claim Undeliverable Distributions**

Any Holder of an Allowed Claim that does not assert a Claim pursuant to the Plan for an undeliverable distribution within one year after the Effective Date for distributions made on or about the Effective Date and with respect to distributions to be made after the Effective Date, one year after the date of such a subsequent distribution, shall have its Claim for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim against the Reorganized Debtor or its property. In such cases: (i) any Cash held for distribution on account of such Claims shall be property of the Reorganized Debtor, free of any restrictions thereon; and (ii) any Shareholder Notes, New Overage Securities and New Common Stock held for distribution on account of such Claims shall be canceled and of no further force or effect. Nothing contained in the Plan or Confirmation Order shall require the Reorganized Debtors, the Exchange Agent, the Floating Rate Note Indenture Trustees or the Disbursing Agent to attempt to locate any Holder of an Allowed Claim or Allowed Equity interest.

#### **15. Compliance with Tax Requirements/Allocations**

In connection with the Plan, to the extent applicable, each Reorganized Debtor shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including reserving sufficient cash or taking necessary draws under the DIP Facility to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens and encumbrances. For tax purposes, distributions in full or partial satisfaction of Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

#### **16. Compensation and Reimbursement to Exchange Agent**

The Exchange Agent providing services related to distributions pursuant to the Plan shall receive from the Reorganized Debtors, without further Bankruptcy Court approval, reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services. These payments shall be made on terms agreed to with the Reorganized Debtor.

#### **17. Setoffs**

Except with respect to Secured Credit Facility Claims and Floating Rate Note Claims, the Reorganized Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim), the claims, rights and Causes of Action of any nature that the

Debtors or the Reorganized Debtors may hold against the Holder of such Allowed Claim; provided that neither the failure to effect such a setoff nor the allowance of any Claim under the Plan shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may possess against such Holder.

#### **18. Claims Paid or Payable by Third Parties**

Claims Paid by Third Parties. The Debtors or the Reorganized Debtors, as applicable, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of such claim from a party that is not a Debtor or Reorganized Debtor. To the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or Reorganized Debtor on account of such Claim, such Holder shall, within two weeks of receipt thereof, repay or return the distribution to the Reorganized Debtors, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. If the Debtors become aware of the payment by a third party, the Debtors or Reorganized Debtors, as applicable, will send a notice of wrongful payment to such party requesting return of any excess payments and advising the recipient of the provisions of the Plan requiring turnover of excess estate funds. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the Reorganized Debtors annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the two-week grace period specified above until the amount is repaid.

Claims Payable by Third Parties. No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

Applicability of Insurance Policies. Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any person or entity may hold against any other entity, including insurers, under any policies of insurance, nor shall anything contained in the Plan constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

#### **19. Allocation of Distributions Between Principal and Interest**

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

### **J. PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED, AND DISPUTED CLAIMS**

#### **1. Prosecution of Objections to Claims**

The Debtors or the Reorganized Debtors, as applicable, shall have the exclusive authority to File, settle, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under the Plan. From and after the Effective Date, the Reorganized Debtors may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Debtors also reserve the right to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

## **2. Procedures Regarding Disputed Claims**

Except as otherwise provided in the Plan or by other order of the Bankruptcy Court, Holders of Claims shall be required to File proofs of claim by the Bar Date. After the Bar Date, the Debtors and the Reorganized Debtors, as applicable, will review all the Claims, and reserve the right to object to any Claim that is entitled, or deemed to be entitled, to a distribution under the Plan or is rendered Unimpaired under the Plan. All such objections will be litigated to Final Order; provided, however, that the Debtors may compromise, settle, withdraw, or resolve by any other method approved by the Bankruptcy Court any objections to Claims.

Any Debtor or Reorganized Debtor, as applicable, may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether such Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal related to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors or the Reorganized Debtors, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned objection, estimation, and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any mechanism approved by the Bankruptcy Court.

## **3. Allowance of Claims**

Except as expressly provided in the Plan or any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim shall be deemed Allowed unless and until such Claim is deemed Allowed under the Bankruptcy Code, under the Plan, or the Bankruptcy Court enters a Final Order in the Chapter 11 Cases allowing such Claim under section 502 of the Bankruptcy Code. Except as expressly provided in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), the Reorganized Debtors after Confirmation will have and retain any and all rights and defenses the Debtors had with respect to any Claim as of the Petition Date. All Claims of any Entity that owes money to the Debtors shall be disallowed unless and until such Entity pays, in full, the amount it owes the Debtors.

## **4. No Distributions Pending Allowance**

Notwithstanding any other provision of the Plan, if any portion of a Claim is a Disputed Claim, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

## **5. Distributions After Allowance**

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan.

## **6. Controversy Concerning Impairment**

If a controversy arises as to whether any Claim, or a Class of Claims, are Impaired Classes under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy before the Effective Date.

## **K. SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS**

### **1. Discharge**

Upon the Effective Date, in consideration of the distributions to be made under the Plan and except as otherwise expressly provided in the Plan (including, (a) that any of the Debtors' obligations under the DIP Facility

that are not paid in Cash in full on or prior to the Effective Date as required under the Plan are not discharged and (b) that any of the Debtors' obligations under the Executory Contracts and Unexpired Leases that are assumed pursuant to Article V of the Plan (other than Cure Claims determined and paid pursuant to Article V of the Plan) are not discharged), each Holder (as well as any trustees and agents on behalf of each Holder) of a Claim or Equity Interest, and any Affiliate of such Holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Equity Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Equity Interest in the Debtors.

## **2. Subordinated Claims**

The allowance, classification, and treatment of all Allowed Claims and Equity Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, and including, but not limited to, the Section 510(b) Claims, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim or Equity Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

## **3. Compromise and Settlement of Claims and Controversies**

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Equity Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim may have with respect to any Allowed Claim or Equity Interest, or any distribution to be made on account of such an Allowed Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Equity Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against them and Causes of Action against other Entities.

## **4. Binding Effect**

Subject to Article X.B of the Plan and notwithstanding Bankruptcy Rules 3020(e), 6004(g), or 7062 or otherwise, on and after the Confirmation Date but subject to the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and bind the Debtors, the Reorganized Debtors, and any and all Holders of a Claim against, or Equity Interest in, the Debtors and such Holder's respective successors and assigns, whether or not the Claim or Equity Interests of such Holder is impaired under the Plan, whether or not such Holder has accepted the Plan and whether or not such Holder is entitled to a distribution under the Plan, and all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

## **5. Releases by the Debtors**

PURSUANT TO SECTION 1123(B) OF THE BANKRUPTCY CODE, NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY EACH OF THE DEBTOR RELEASEES AND THE THIRD PARTY RELEASEES, INCLUDING: (1) THE DISCHARGE OF DEBT AND ALL OTHER GOOD AND VALUABLE CONSIDERATION PAID PURSUANT HERETO; AND (2) THE SERVICES OF THE DEBTORS' PRESENT AND FORMER OFFICERS, DIRECTORS AND ADVISORS IN FACILITATING THE EXPEDITIOUS IMPLEMENTATION OF THE RESTRUCTURING

CONTEMPLATED HEREBY, EACH OF THE DEBTORS DISCHARGE AND RELEASE AND SHALL BE DEEMED TO HAVE PROVIDED A FULL DISCHARGE AND RELEASE TO EACH DEBTOR RELEASEE AND TO EACH THIRD PARTY RELEASEE (AND EACH SUCH DEBTOR RELEASEE AND THIRD PARTY RELEASEE SO RELEASED SHALL BE DEEMED FULLY RELEASED AND DISCHARGED BY THE DEBTORS) AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING THOSE THAT ANY OF THE DEBTORS OR THE TRUSTS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR THAT ANY HOLDER OF A CLAIM OR AN EQUITY INTEREST OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT ON BEHALF OF ANY OF THE DEBTORS OR ANY OF THEIR ESTATES, INCLUDING CAUSES OF ACTION ARISING UNDER CHAPTER 5 OF THE BANKRUPTCY CODE; PROVIDED, HOWEVER, THAT THE FOREGOING “DEBTOR RELEASE” SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION OF ANY DEBTOR: (1) AGAINST A DEBTOR RELEASEE OR A THIRD PARTY RELEASEE (OTHER THAN THE DIP AGENT, THE DIP FACILITY PROVIDERS, THE HOLDERS OF FLOATING RATE NOTE CLAIMS, THE FLOATING RATE NOTE INDENTURE TRUSTEE, THE SECURED CREDIT FACILITY AGENT, AND THE SECURED CREDIT FACILITY LENDERS, IN THEIR RESPECTIVE CAPACITIES AS SUCH) ARISING FROM ANY CONTRACTUAL OBLIGATIONS OWED TO THE DEBTORS; OR (2) EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT’S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE FOREGOING “DEBTOR RELEASE,” WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT’S FINDING THAT THE DEBTOR RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE DEBTOR RELEASEES AND THE THIRD PARTY RELEASEES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS; (4) FAIR, EQUITABLE AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE DEBTORS OR THE TRUSTS ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE DEBTOR RELEASE.

## **6. Exculpation**

**Except as otherwise specifically provided in the Plan or Plan Supplement, as of the Effective Date, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any Claim, obligation, Cause of Action, or liability for any Exculpated Claim, except for gross negligence or willful misconduct, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Debtors and the Reorganized Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors, and attorneys) have, and upon Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the Securities pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions made pursuant to the Plan. Nothing in this paragraph shall impair the police or regulatory powers of the United States of America or any Governmental Unit thereof. Nothing in this paragraph shall apply in any action brought by the Securities and Exchange Commission in exercise of its police and regulatory powers.**

## **7. Releases by Holders of Claims**

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE RELEASING PARTIES

(REGARDLESS OF WHETHER A RELEASING PARTY IS A THIRD PARTY RELEASEE) SHALL PROVIDE A FULL DISCHARGE AND RELEASE (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED BY THE RELEASING PARTIES) TO THE THIRD PARTY RELEASEES AND THE DEBTOR RELEASEES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASES OR THE PLAN; PROVIDED, HOWEVER, THAT THE FOREGOING "THIRD PARTY RELEASE" SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION OF ANY RELEASING PARTY: (1) AGAINST A DEBTOR RELEASEE OR A THIRD PARTY RELEASEE ARISING FROM ANY CONTRACTUAL OBLIGATIONS OWED TO THE RELEASING PARTY; OR (2) EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE FOREGOING "THIRD PARTY RELEASE," WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND, FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE DEBTOR RELEASEES AND THE THIRD PARTY RELEASEES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS; (4) FAIR, EQUITABLE AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.



## **8. Injunction**

Except as otherwise expressly provided in the Plan or for obligations issued pursuant to the Plan, all Entities who have held, hold, or may hold Claims or Equity Interests that have been released pursuant to Article VIII.E or Article VIII.G of the Plan, discharged pursuant to Article VIII.A of the Plan, or are subject to exculpation pursuant to Article VIII.F of the Plan are permanently enjoined, from and after the Effective Date, from taking any of the following actions against the Debtors or the Reorganized Debtors: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree or order against such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests unless such Holder has Filed a motion requesting the right to perform such setoff on or before the Confirmation Date, and notwithstanding an indication in a proof of claim or interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests released or settled pursuant to the Plan. Nothing in the Plan or Confirmation Order shall preclude any Entity from pursuing an action against one or more of the Debtors in a nominal capacity to recover insurance proceeds so long as the Debtors or Reorganized Debtors, as applicable, and any such Entity agree in writing that such Entity will: (1) waive all Claims against the Debtors, the Reorganized Debtors, and the Estates related to such action and (2) enforce any judgment on account of such Claim solely against applicable insurance proceeds, if any.

## **9. Terms of Injunction or Stay**

Unless otherwise provided in the Confirmation Order, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, that are in existence on the Confirmation Date shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

## **L. ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS**

Except as otherwise provided in the Plan, all final requests for payment of Claims of a Professional for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code shall be Filed no later than thirty (30) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Professional Claims shall be determined by the Bankruptcy Court, and paid in Cash in full under the Plan within thirty (30) days after the date on which the order approving such Professional Claims becomes a Final Order.

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation and Consummation of the Plan incurred by the Reorganized Debtors. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

**M. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

**1. Conditions Precedent to Confirmation**

Unless waived pursuant to the provisions of Article X.C of the Plan, the following are conditions precedent to Confirmation of the Plan: (i) the Bankruptcy Court or any other court of competent jurisdiction shall not have dismissed or abstained from hearing any of the Chapter 11 Cases; (ii) the Bankruptcy Court shall have entered the Confirmation Order in form and substance acceptable to the Consenting Noteholders; (iii) the Plan Supplement, all of the schedules, documents, and exhibits contained therein, and any and all plan-related documents, agreements or instruments shall have been Filed, without prejudice to the Reorganized Debtors' rights under the Plan to alter, amend, or modify certain of the schedules, documents, and exhibits contained in the Plan Supplement, any of which alterations, amendments, or modifications shall be in form and substance acceptable to the Consenting Noteholders.

**2. Conditions Precedent to Consummation**

Unless waived pursuant to the provisions of Article X.C of the Plan, the following are conditions precedent to Consummation of the Plan:

- The Confirmation Order (a) shall have become a Final Order in form and substance acceptable to the Consenting Noteholders and (b) shall include a finding by the Bankruptcy Court that the New Common Stock will be authorized and exempt from registration under applicable securities laws pursuant to section 1145 of the Bankruptcy Code, and there shall have been no entry of any other court order prohibiting any transactions contemplated by the Plan from occurring.
- Each of the Exit Facility Credit Agreement, the Roll-Over Facility Agreement (if any), the Shareholder Notes Indenture Documents, the Purchase Documents (if any), the Shareholder Agreement, and the Overage Securities Agreement shall be in form and substance acceptable to the Consenting Noteholders and shall have been executed and delivered by all of the respective parties thereto, and all respective conditions precedent to the consummation thereof shall have been waived or satisfied in accordance with the terms thereof.
- Funding pursuant to the Exit Facility shall have occurred or shall occur simultaneously with Consummation.
- Payment of the DIP Facility Effective Date Repayment Amount shall have occurred or shall occur simultaneously with Consummation.
- The Plan, including any amendments, modifications, or supplements thereto shall be in form and substance acceptable to the Consenting Noteholders.
- The Plan Supplement, including any amendments, modifications, or supplements to the documents contained therein, shall be in form and substance acceptable to the Consenting Noteholders.
- The Bankruptcy Court shall have entered an order or orders authorizing the rejection by the Debtors of Unexpired Leases and Executory Contracts, including those Unexpired Leases and Executory Contracts set forth in the Plan Supplement.
- All conditions precedent in the Restructuring Support Agreement shall have been satisfied or waived in accordance with the terms thereof.
- The Effective Date shall have occurred on or before the date that is twenty (20) days after the Confirmation Date.
- All actions, documents, certificates, and agreements necessary to implement this Plan shall be in form and substance acceptable to the Consenting Noteholders and shall have been effected or executed and

delivered to the required parties and, to the extent required, Filed with the Bankruptcy Court and/or filed with applicable Governmental Units in accordance with applicable laws.

### **3. Waiver of Conditions**

The conditions to Confirmation of the Plan and to Consummation of the Plan set forth in Article X of the Plan may be waived only by consent of the Debtors and the prior written consent of the Consenting Noteholders, without notice, leave or order of the Bankruptcy Court or any formal action other than proceeding to confirm or consummate the Plan.

### **N. GOVERNING LAW**

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control), and corporate governance matters; provided, however, that corporate governance matters relating to the Debtors or the Reorganized Debtors, as applicable, not incorporated in Delaware shall be governed by the laws of the state of incorporation of the applicable Debtor or Reorganized Debtor, as applicable.

### **O. REVOCAION, WITHDRAWAL, MODIFICATION OR AMENDMENT OF THE PLAN**

The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date and to file subsequent plans of reorganization, in each case, with the consent of the Consenting Noteholders. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Equity Interests by or against the Debtors or any other party in interest; (b) prejudice in any manner the rights of such Debtor or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by such Debtor or any other Entity.

In addition, except as otherwise specifically provided in the Plan, the Debtors reserve the right to modify the Plan as to material terms and seek Confirmation consistent with the Bankruptcy Code, provided, however, that any such modifications shall be in form and substance acceptable to the Consenting Noteholders. Each of the Debtors expressly reserves its respective rights to revoke or withdraw, or, to alter, amend, or modify materially the Plan with respect to such Debtor, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan, subject to (i) certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan and (ii) any such alteration, amendment or modification being acceptable to the Consenting Noteholders. A Holder of a Claim or Equity Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Equity Interest of such Holder. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article XI of the Plan. For the avoidance of doubt, the foregoing shall not effect a waiver of any rights that any party may have with respect to modification of the Plan under section 1127 of the Bankruptcy Code.

### **V. RETENTION OF JURISDICTION**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or related

to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Equity Interests;
2. Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
3. Resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cure Claims pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V of the Plan, any Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;
4. Ensure that distributions to Holders of Allowed Claims and Equity Interests are accomplished pursuant to the provisions of the Plan;
5. Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;
6. Adjudicate, decide, or resolve any and all matters related to retained Causes of Action;
7. Adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;
8. Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
9. Enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;
10. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;
11. Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;
12. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article VIII of the Plan and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
13. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Equity Interest for amounts not timely repaid pursuant to Article VI.I.1 of the Plan;

14. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
15. Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement (other than the Exit Facility Credit Agreement and any documents related thereto);
16. Enter an order or Final Decree concluding or closing the Chapter 11 Cases;
17. Adjudicate any and all disputes arising from or relating to distributions under the Plan;
18. Consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
19. Determine requests for the payment of Claims and Equity Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;
20. Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;
21. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
22. Hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;
23. Enforce all orders previously entered by the Bankruptcy Court; and
24. Hear any other matter not inconsistent with the Bankruptcy Code.

## **VI. SOLICITATION AND VOTING PROCEDURES**

On [date], 2011, the Bankruptcy Court entered the Disclosure Statement Approval Order by which the Bankruptcy Court approved, among other things, procedures and documents for the solicitation of acceptances on the Plan, certain key dates and deadlines relating to voting and Confirmation and procedures for tabulating votes. The following briefly summarizes procedures to accept and confirm the Plan. Please refer to the Disclosure Statement Approval Order attached hereto as Exhibit D for the comprehensive discussion of the solicitation and voting procedures. Holders of Claims are also encouraged to review the relevant provisions of the Bankruptcy Code and/or to consult their own attorneys.

### **A. THE SOLICITATION PACKAGE**

The following materials constitute the "Solicitation Package":

- the appropriate Ballots and applicable voting instructions;
- a pre-addressed, postage pre-paid return envelope;
- a CD-ROM containing the Disclosure Statement, with all exhibits, including the Plan and Solicitation Procedures Order, and any other current supplements or amendments to those documents ; and

- the applicable notice approved by the Bankruptcy Court for creditors that states, among other things, the time fixed by the Bankruptcy Court for: (a) returning Ballots reflecting acceptances and rejections of the Plan; (b) the Confirmation Hearing; (c) filing objections to confirmation of the Plan; (d) filing claims arising from the rejection of leases and executory contracts pursuant to the Plan; and (e) filing objections to the Debtors' proposed cure payments in connection with assumed leases and executory contracts.

Creditors in the Classes (Classes 5 and 6) entitled to vote to accept or reject the Plan will receive the Solicitation Package. Creditors in Classes that will receive no distribution under the Plan and thus are presumed to have rejected the Plan and are not entitled to vote on the Plan (Classes 7, 8, 9 and 10) and in Classes who are unimpaired and thus not entitled to vote (Classes 1, 2, 3 and 4) will not receive the Solicitation Package and will receive a notice of such non-voting status instead. Any party who is served a CD-ROM but desires a paper copy of these documents or that does not receive a copy may request a copy from the Voting Agent (defined below) by writing to Kurtzman Carson Consultants, LLC (the "Voting Agent"), c/o Constar Claims Processing and Ballot Center, 2335 Alaska Avenue, El Segundo, CA 00245, or calling (888) 733-1431 (or, outside of the U.S. (310) 751-2632). The Solicitation Package (except the Ballots) can also be obtained by any party by accessing the Voting Agent's web site at <http://www.kccllc.net/constar>. All creditors not entitled to vote will receive a notice explaining their status and the treatment of their claims under the Plan and will be provided with information on how to obtain the Plan and the Disclosure Statement.

The Plan Supplement will be Filed by the Debtors no later than five (5) days prior to the Voting Deadline (the "Plan Supplement Filing Date") or such later date as may be approved by the Bankruptcy Court. The Plan Supplement will include the following: (i) the terms of the Overage Securities Agreement; (ii) the New Organizational Documents; (iii) the New Employee Agreements, (iv) to the extent known, the identity of the members of the New Board and the nature and compensation for any member of the New Board who is an "insider" under the Bankruptcy Code; (v) a schedule of Cure claims with respect to Executory Contracts and Unexpired Leases to be assumed pursuant to the plan; (vi) a list of Executory Contracts and Unexpired Leases to be rejected; (vii) a list of Causes of Action; (viii) the terms of the Shareholder Agreement; (ix) the Exit Facility Credit Agreement; (x) the Roll-Over Facility Agreement (if any); (xi) the Shareholder Notes Indenture; and (xii) the Purchase Agreement (if any). When Filed, the Plan Supplement shall be made available on the Voting Agent's website at <http://www.kccllc.net/constar>. The Debtors will not serve paper or CD-ROM copies of the Plan Supplement. However, parties may request a copy of the Plan Supplement from the Debtors' Voting Agent.

## **B. VOTING INSTRUCTIONS**

The Debtors, with the approval of the Bankruptcy Court, have engaged Kurtzman Carson Consultants LLC as their Voting Agent to assist in the solicitation process. The Voting Agent will, among other things, send out ballots, answer questions, provide additional copies of all Solicitation Package materials, and generally oversee the solicitation process. The Voting Agent will also process and tabulate Ballots for each Class entitled to vote to accept or reject the Plan and will File the Voting Report as soon as practicable before the Confirmation Hearing.

Only record holders of Class 5 Claims and Class 6 Claims are entitled to vote to accept or reject the Plan. For Class 5 Claims and Class 6 Floating Rate Note Deficiency Claims that are held in the name of a broker, indenture trustee, or other nominee or intermediary ("Nominee"), the Nominee may cast its vote by using a Master Ballot, on which it votes all the claims it holds after receiving ballots from the beneficial holders, or by pre-validating individual ballots and sending them to the beneficial holders with instructions to deliver them to the Voting Agent. Instructions for the use of Master Ballots or pre-validated ballots by a Nominee are included in the instructions for the Master Ballots.

To vote, Nominees or beneficial holders of claims must complete the applicable Ballot and return it in the envelope provided with the Ballot to the Voting Agent or, as applicable, the Nominee. Ballots must be received by the Voting Agent at the address indicated on the Ballot by no later than \_\_:00 p.m., prevailing Eastern Time, on \_\_\_\_\_, 2011 (the "Voting Deadline"). Ballots received after that time will not be counted, except to the extent the Debtors so determine or as permitted by the Bankruptcy Court pursuant to Bankruptcy Rule 3018. Note that beneficial holders voting through a Nominee who do not receive pre-validated Ballots must return their Ballots to

the Nominee in time for the Nominee to cast their vote on a Master Ballot and return it to the Voting Agent by the Voting Deadline. Please follow the instructions attached to each Ballot.

All votes to accept or reject the Plan must be cast by using a Ballot. Votes which are cast in any manner other than by using a Ballot will not be counted.

For purposes of determining compliance with the Voting Deadline, the relevant time is the time at which the Ballot is **actually received** by the Voting Agent. The Voting Agent will process and tabulate Ballots for each Class entitled to vote to accept or reject the Plan and will File a voting report (the "Voting Report") as soon as practicable before the Confirmation Hearing.

**EACH HOLDER OF A CLAIM MUST VOTE ALL OF THEIR CLAIMS TO ACCEPT OR REJECT THE PLAN AND MAY NOT SPLIT THEIR VOTES. BY SIGNING AND RETURNING A BALLOT, EACH HOLDER OF A CLAIM IN CLASS 5 OR CLASS 6 WILL CERTIFY TO THE BANKRUPTCY COURT AND THE DEBTORS THAT NO OTHER BALLOTS WITH RESPECT TO SUCH CLAIM HAVE BEEN CAST OR, IF ANY OTHER BALLOTS HAVE BEEN CAST WITH RESPECT TO SUCH CLASS OF CLAIMS, THEN ANY SUCH EARLIER BALLOTS ARE REVOKED.**

**ALL BALLOTS ARE ACCOMPANIED BY RETURN ENVELOPES. IT IS IMPORTANT TO FOLLOW THE SPECIFIC INSTRUCTIONS PROVIDED ON EACH BALLOT.**

For all Holders of Claims in Class 5 and Class 6:

By signing and returning a Ballot, each Holder of a Claim in Class 5 or Class 6 will be certifying to the Bankruptcy Court and the Debtors that, among other things:

- the Holder has received and reviewed a copy of the Disclosure Statement and Solicitation Package and acknowledges that the solicitation is being made pursuant to the terms and conditions set forth therein;
- the Holder has cast the same vote with respect to all Claims in a single Class;
- no other Ballots with respect to the amount of the Claims have been cast or, if any other Ballots have been cast with respect to such Claims, then any such earlier Ballots are thereby revoked.

**C. VOTES SOLICITED IN GOOD FAITH**

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan.

**VII. VALUATION ANALYSIS AND FINANCIAL PROJECTIONS**

**A. VALUATION OF THE REORGANIZED DEBTORS.**

At the Debtors' request, Greenhill & Co., LLC ("Greenhill") has prepared an estimated post-Confirmation going concern value for the Reorganized Debtors. For purposes of our valuation, Greenhill has assumed that the Reorganization will be consummated on the terms set forth in Section I.

In preparing the estimated Reorganized Debtors' enterprise value, Greenhill: (a) reviewed certain historical financial information of the Debtors for recent years and interim periods; (b) reviewed certain internal financial and

operating data of the Debtors, including the financial projections developed by Debtors' management relating to their businesses and prospects (the "Financial Projections"); (c) met with certain members of senior management of the Debtors to discuss the Debtors' operations and future prospects; (d) reviewed the Financial Projections as prepared by the Debtors; (e) reviewed publicly available financial data and considered the market values of public companies deemed generally comparable to the operating businesses of the Debtors; (f) reviewed publicly available financial data on recent transactions announced or consummated by companies deemed generally comparable to the operating business of the Debtors; (g) considered certain economic and industry information relevant to the Debtors' operating businesses; (h) visited certain of the Debtors' facilities; and (i) reviewed certain analyses prepared by other firms retained by the Debtors and conducted such other analyses as Greenhill deemed appropriate.

Although Greenhill conducted a review and analysis of the Debtors' businesses, operating assets and liabilities, and business plans, Greenhill assumed and relied on, without independent verification, the accuracy and completeness of all: (a) financial and other information furnished to it by or on behalf of the Debtors, including the Financial Projections and (b) publicly available information. Greenhill assumed that the Financial Projections were prepared reasonably and in good faith on a basis reflecting the Debtors' best estimates and judgment as to future operating and financial performance. Greenhill did not conduct an independent evaluation or appraisal of the Debtors' assets, and no independent evaluations or appraisals of the Debtors' assets were sought or were obtained in connection therewith.

Greenhill estimated the Reorganized Debtors' enterprise value to be between approximately \$115 million and \$135 million, with a midpoint of \$125 million as of an assumed effective date of June 30, 2011.<sup>6</sup> This reorganization enterprise value (ascribed as of the date of this Disclosure Statement) reflects, among other factors discussed below, current financial market conditions and the inherent uncertainty today as to the achievement of the Debtors' Financial Projections, which are set forth below in "Financial Projections." Additionally, Greenhill did not prepare a separate valuation of any potential tax benefits resulting from the use of existing net operating losses ("NOLs") or prepare a separate valuation of any potential tax benefits resulting from structuring the transaction as a taxable assets sale. Based on the advice of the Debtors' tax counsel, Greenhill has assumed that the Reorganized Debtors' enterprise value will not be materially impacted by the potential use of existing NOLs or by potentially structuring the transaction as a taxable sale.

The range of the estimated Reorganized Debtors' enterprise value, as of an assumed effective date of June 30, 2011, reflects work performed by Greenhill on the basis of information available to, and analyses undertaken by, Greenhill as of January 6, 2011. It should be understood that, although subsequent developments may affect Greenhill's conclusions, Greenhill does not have any obligation to update, revise, or reaffirm its estimate.

In performing its analysis, Greenhill used various valuation techniques, including: (a) a comparable company analysis, in which Greenhill analyzed the enterprise values of public companies that Greenhill deemed generally comparable to all or parts of the Debtors' operating business as a multiple of certain financial measures, including earnings before interest, taxes, depreciation and amortization ("EBITDA") and then applied selected multiples derived from such analysis to the actual and projected EBITDA of the Debtors; (b) a precedent transactions analysis, in which Greenhill analyzed the financial terms of certain acquisitions of companies that Greenhill believed were comparable to all or parts of the Debtors' operating business, and then applied certain financial performance and other metrics provided by such analysis to the relevant metrics of the Debtors; and (c) a discounted cash flow analysis, in which Greenhill, using a weighted average cost of capital, computed the present value of free cash flows from the Debtors and the terminal value of the Debtors.

The summary set forth above does not purport to be a complete description of the analyses performed by Greenhill. An estimate of total enterprise value is not entirely mathematical, but rather it involves complex considerations and judgments concerning various factors that could affect the value of an operating business. The preparation of an estimate involves various determinations as to the most appropriate and relevant methods of financial analysis and the application of these methods in the particular circumstances and, therefore, such an estimate is not readily susceptible to summary description. The value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the

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<sup>6</sup> This is not the Effective Date as defined in the Plan



financial conditions and prospects of such a business. As a result, the estimate of implied reorganized equity value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties and contingencies beyond the control of the Debtors and the Reorganized Debtors, neither the Debtors, the Reorganized Debtors, Greenhill, nor any other person assumes responsibility for their accuracy. Depending on the results of the Debtors' operations or changes in the financial markets, Greenhill's valuation analysis as of the Effective Date may differ from that disclosed herein. In addition, estimates of implied reorganized equity value do not purport to be appraisals, nor do they necessarily reflect the values that might be realized if assets were sold.

The foregoing valuation reflects a number of assumptions, including a successful reorganization of the Debtors' businesses and finances in a timely manner, achieving the forecasts reflected in the Financial Projections, including successfully implementing the operational changes required to achieve the Financial Projections, the amount of available cash, market conditions, and the Plan becoming effective in accordance with its terms on a basis consistent with the estimates and other assumptions discussed herein. The estimates of value represent hypothetical enterprise values of the Reorganized Debtors as the continuing operator of its business and assets and assume that such assets are operated in accordance with the Debtors' business plan. They do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the trading value or sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. Such estimates were developed solely for purposes of formulation and negotiation of the Plan and analysis of implied relative recoveries to creditors thereunder. Moreover, to the extent that the estimated range of enterprise value is dependent upon the Debtors' achievement of the Financial Projections, it is inherently speculative.

In addition, the valuation of newly issued securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things: prevailing interest rates; conditions in the financial markets; the anticipated initial securities holdings of prepetition creditors, some of which may prefer to liquidate their investment rather than hold it on a long term basis; and other factors that generally influence the prices of securities. Actual market prices of such securities also may be affected by these Chapter 11 Cases or by other factors not possible to predict. Accordingly, the reorganization enterprise value estimated by Greenhill does not necessarily reflect, and should not be construed as reflecting, values that will be attained in the public or private markets. The enterprise value ascribed in the analysis does not purport to be an estimate of the post reorganization market trading value. Such trading value may be materially different from the reorganization enterprise value ranges associated with Greenhill's valuation analysis. Indeed, there can be no assurance that a trading market will develop for the New Common Stock.

THE FOREGOING VALUATION IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS THAT ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE DEBTORS OR THE REORGANIZED DEBTORS. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE VALUATION WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.

THE ESTIMATED CALCULATION OF ENTERPRISE VALUE IS HIGHLY DEPENDENT UPON ACHIEVING THE FUTURE FINANCIAL RESULTS AS SET FORTH IN THE DEBTORS' FINANCIAL PROJECTIONS, AS WELL AS THE REALIZATION OF CERTAIN OTHER ASSUMPTIONS, NONE OF WHICH ARE GUARANTEED AND MANY OF WHICH ARE OUTSIDE OF THE DEBTORS' CONTROL, AS FURTHER DISCUSSED IN THE RISK FACTORS AND ELSEWHERE IN THE DISCLOSURE STATEMENT. THE FINANCIAL PROJECTIONS ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, REGULATORY AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES THAT ARE NOT WITHIN THE CONTROL OF THE REORGANIZED DEBTORS, GREENHILL OR ANY OTHER PARTY. NO REPRESENTATION OR WARRANTY IS GIVEN AS TO THE ACHIEVEMENT OR REASONABLENESS OF FUTURE PROJECTIONS, ESTIMATES, PROSPECTS OR RETURNS, IF ANY OR AS TO THE SUITABILITY OF THIS INFORMATION FOR ANY PARTICULAR PURPOSE.

THE CALCULATIONS OF VALUE SET FORTH HEREIN REPRESENT ESTIMATED REORGANIZATION VALUES AND DO NOT NECESSARILY REFLECT VALUES THAT COULD BE ATTAINABLE IN PUBLIC

OR PRIVATE MARKETS. THE ENTERPRISE VALUE STATED HEREIN DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET VALUE. SUCH VALUE, IF ANY, MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZED ENTERPRISE VALUE RANGES ASSOCIATED WITH THIS VALUATION ANALYSIS. NO RESPONSIBILITY IS TAKEN BY GREENHILL FOR CHANGES IN MARKET CONDITIONS AND NO OBLIGATIONS ARE ASSUMED TO REVISE THIS CALCULATION OF THE DEBTORS' OR THE REORGANIZED DEBTORS' VALUE TO REFLECT EVENTS OR CONDITIONS THAT SUBSEQUENTLY OCCUR. THE CALCULATIONS OF VALUE DO NOT CONFORM TO THE UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE OF THE APPRAISAL FOUNDATION.

## **B. FINANCIAL PROJECTIONS**

As further discussed in Article VIII.B of this Disclosure Statement, entitled "Statutory Requirements for Confirmation of the Plan," the Debtors believe the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Reorganized Debtors. In connection with developing the Plan, and for purposes of determining whether the Plan satisfies the "feasibility" standard, the Debtors, with the assistance of Greenhill, prepared the financial projections for the years of 2010 through 2013 set forth on Exhibit C (the "Financial Projections"). In general, as illustrated by the Financial Projections, the Debtors believe that with a significantly de-leveraged capital structure, the Reorganized Debtors will be viable. The Debtors believe that the Reorganized Debtors will have sufficient liquidity to fund obligations as they arise, thereby maintaining value. Accordingly, the Debtors believe the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

The Debtors prepared the Financial Projections in good faith, based upon estimates and assumptions made by the Debtors' management.

### **THE FINANCIAL PROJECTIONS ARE BASED UPON A NUMBER OF SIGNIFICANT ASSUMPTIONS. ACTUAL OPERATING RESULTS AND VALUES MAY VARY SIGNIFICANTLY FROM THESE FINANCIAL PROJECTIONS.**

The estimates and assumptions in the Financial Projections, while considered reasonable by management, may not be realized, and are inherently subject to uncertainties and contingencies. They also are based on factors such as industry performance, general business, economic, competitive, regulatory, market and financial conditions, all of which are difficult to predict and generally beyond the Debtors' control. Because future events and circumstances may well differ from those assumed and unanticipated events or circumstances may occur, the Debtors expect that the actual and projected results will differ and the actual results may be materially greater or less than those contained in the Financial Projections. No representations can be made as to the accuracy of the Financial Projections or the Reorganized Debtors' ability to achieve the projected results. Therefore, the Financial Projections may not be relied upon as a guaranty or other assurance of the actual results that will occur. The inclusion of the Financial Projections herein should not be regarded as an indication that the Debtors consider the Financial Projections to reliably predict future performance. The Financial Projections are subjective in many respects, and thus are susceptible to interpretations and periodic revisions based on actual experience and recent developments. The Debtors do not intend to update or otherwise revise the Financial Projections to reflect the occurrence of future events, even in the event that assumptions underlying the Financial Projections are not borne out. The Financial Projections should be read in conjunction with the assumptions and qualifications set forth herein.

**THE DEBTORS DID NOT PREPARE THE FINANCIAL PROJECTIONS WITH A VIEW TOWARDS COMPLYING WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE DEBTORS' INDEPENDENT AUDITOR HAS NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO.**

**FINANCIALS PRESENTED FOR THE PERIOD ENDING DECEMBER 31, 2010 ARE UNAUDITED, ARE PRELIMINARY AND ARE SUBJECT TO CHANGE.**

**THE DEBTORS DO NOT, AS A MATTER OF COURSE, PUBLISH FINANCIAL PROJECTIONS OF THEIR ANTICIPATED FINANCIAL POSITION, RESULTS OF OPERATIONS OR CASH FLOWS. ACCORDINGLY, NEITHER THE DEBTORS NOR THE REORGANIZED DEBTORS INTEND TO, AND EACH DISCLAIMS ANY OBLIGATION TO: (A) FURNISH UPDATED FINANCIAL PROJECTIONS TO HOLDERS OF ALLOWED CLAIMS OR EQUITY INTERESTS PRIOR TO THE EFFECTIVE DATE OR TO HOLDERS OF NEW COMMON STOCK OR TO ANY OTHER PARTY AFTER THE EFFECTIVE DATE; (B) INCLUDE ANY SUCH UPDATED INFORMATION IN ANY DOCUMENTS THAT MAY BE REQUIRED TO BE FILED WITH THE SEC; OR (C) OTHERWISE MAKE SUCH UPDATED INFORMATION PUBLICLY AVAILABLE.**

**THE DEBTORS PERIODICALLY ISSUE PRESS RELEASES REPORTING FINANCIAL RESULTS AND HOLDERS OF CLAIMS ARE URGED TO REVIEW ANY SUCH PRESS RELEASES WHEN, AND AS, ISSUED.**

#### **1. Significant Assumptions**

The Debtors prepared the Financial Projections based on, among other things, the anticipated future financial condition and results of operations of the Reorganized Debtors.

Although the forecasts represent the best estimates of the Debtors, for which the Debtors believe they have a reasonable basis as of the date hereof, of the results of operations and financial position of the Debtors after giving effect to the reorganization contemplated under the Plan, they are only estimates and actual results may vary considerably from forecasts. Consequently, the inclusion of the forecast information herein should not be regarded as a representation by the Debtors, the Debtors' advisors or any other person that the forecast results will be achieved.

The Financial Projections were not prepared with a view toward general use, but rather for the limited purpose of providing information in conjunction with the Plan. The Financial Projections should be read in conjunction with Article X herein "PLAN-RELATED RISK FACTORS AND ALTERNATIVES TO CONFIRMING AND CONSUMMATING THE PLAN" for a discussion of the risks related to the Plan.

The Financial Projections assume an Effective Date of June 30, 2011. Any significant delay in the assumed Effective Date of the Plan may have a significant negative impact on the operations and financial performance of the Debtors including, without limitation, an increased risk of inability to meet sales forecasts and higher reorganization expenses. In addition and as required, the concepts of Fresh Start Accounting will be applied for periods after the effective date. These principles are contained in the American Institute of Certified Public Accountants Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code." Adoption of Fresh Start Accounting requires the determination of the reorganization value of the entity that emerges from bankruptcy. Reorganization value generally approximates fair value of the entity before considering liabilities. An enterprise valuation analysis was completed by Greenhill which estimated a reorganization value range between \$115 million and \$135 million with a midpoint of \$125 million.

The process of fair valuing assets as part of fresh start accounting may result in changes to the carrying value of assets and liabilities, including property, plant, and equipment or may result in the creation of new intangibles for such items as customer contracts. The current Financial Projections assume no such differences.

### **VIII. CONFIRMATION PROCEDURES**

#### **A. THE CONFIRMATION HEARING**

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold the Confirmation Hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to

Confirmation of the Plan. The Bankruptcy Court has scheduled a hearing (the “Confirmation Hearing”) to consider Confirmation of the Plan on [insert date] at [insert time] before the Honorable [insert], [insert address of court]. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any subsequent adjourned Confirmation Hearing.

**B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN**

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied. If so, the Bankruptcy Court shall enter the Confirmation Order. The Debtors believe that the Plan satisfies or will satisfy the applicable requirements, as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as Plan proponents, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (a) made before the Confirmation of the Plan is reasonable; or (b) is subject to the approval of the Bankruptcy Court as reasonable if it is to be fixed after the Confirmation of the Plan.
- The identity and affiliations of individuals proposed to serve as directors or officers of the Reorganized Debtors will be disclosed in the Plan Supplement.
- Either each Holder of an Impaired Claim or Equity Interest has accepted the Plan, or will receive or retain under the Plan on account of that Claim or Equity Interest, property of a value, as of the Effective Date of the Plan, that is not less than the amount that the Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code.
- Each Class of Claims or Equity Interests that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of each voting Class pursuant to section 1129(b) of the Bankruptcy Code.
- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims, Priority Tax Claims, Other Priority Claims, and Secured Tax Claims will be paid in full on the Effective Date, or as soon thereafter as practicable.
- At least one Class of Impaired Claims or Equity Interests will accept the Plan, determined without including any acceptance of the Plan by any insider holding a Claim of that Class.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan unless such a liquidation or reorganization is proposed in the Plan.
- All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.
- The Plan provides for the continuation of retiree benefits in accordance with Section 1129(a)(13).

The Debtors believe that: (a) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (b) they have complied or will have complied with all of the requirements of chapter 11; and (c) the Plan has been proposed in good faith.

### **1. Best Interests of Creditors Test/Liquidation Analysis**

Under the Bankruptcy Code, confirmation of a plan also requires a finding that the plan is in the “best interests” of creditors. Under the “best interests” test, the Bankruptcy Court must find (subject to certain exceptions) that the Plan provides, with respect to each Impaired Class, that each Holder of an Allowed Claim or Equity Interest in such Impaired Class has accepted the Plan, or will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated under chapter 7 of the Bankruptcy Code.

The analysis under the “best interests” test requires that the Bankruptcy Court determine what Holders of Allowed Claims and Equity Interests in each Impaired Class would receive if the Debtors’ Chapter 11 Cases were converted to liquidation cases under chapter 7 of the Bankruptcy Code, and the Bankruptcy Court appointed a chapter 7 trustee to liquidate all of the Debtors’ assets into Cash. The Debtors’ “liquidation value” would consist primarily of unencumbered and unrestricted Cash held by the Debtors at the time of the conversion to chapter 7, and the proceeds resulting from the chapter 7 trustee’s sale of the Debtors’ remaining unencumbered assets. The gross Cash available for distribution would be reduced by the costs and expenses incurred in effectuating the chapter 7 liquidation and any additional Administrative Claims incurred during the chapter 7 cases.

The Bankruptcy Court then must compare the value of the distributions from the proceeds of the hypothetical chapter 7 liquidation of the Debtors (after subtracting the chapter 7-specific claims and administrative costs) with the value to be distributed to the Holders of Allowed Claims and Equity Interests under the Plan. It is possible that in a chapter 7 liquidation, Claims and Equity Interests may not be classified in the same manner as set forth in the Plan. In a hypothetical chapter 7 liquidation of the Debtors’ assets, the rule of absolute priority of distribution would apply, i.e., no junior creditor would receive any distribution until payment in full of all senior creditors, and no Holder of an Equity Interest would receive any distribution until all creditors have been paid in full. Therefore, in a hypothetical chapter 7 liquidation, the Debtors’ available assets generally would be distributed to creditors and Interest Holders in the following order: DIP Facility Claims; Secured Credit Facility Claims; Secured Floating Rate Note Claims; Secured Tax Claims; Other Secured Claims; Administrative Claims; Other Priority Claims; General Unsecured Claims; Section 510(b) Claims; Intercompany Claims; and Equity Interests.

Of the foregoing groups of Claims, the DIP Facility Claims, Secured Credit Facility Claims, Secured Tax Claims, Other Secured Claims, Administrative Claims, and Other Priority Claims are either unclassified or “Unimpaired” under the Plan, meaning that the Plan generally leaves their legal, equitable, and contractual rights unaltered. As a result, Holders of such Claims are deemed to accept the Plan. Floating Rate Note Claims and General Unsecured Claims are considered Impaired under the Plan, and are entitled to vote on the Plan. The remainder of the Classes of Claims and Interests will receive no distribution under the Plan and therefore are deemed to reject the Plan. Because the Bankruptcy Code requires that impaired creditors either accept the Plan or receive at least as much under the Plan as they would in a hypothetical chapter 7 liquidation, the operative “best interests” inquiry in the context of the Plan is whether in a chapter 7 liquidation, after accounting for recoveries by Secured, Administrative, and Priority creditors, the impaired creditors and interest holders will receive more or less than under the Plan. If the probable distribution to impaired creditors and interest holders under a hypothetical chapter 7 liquidation is greater than the distributions to be received by such holders under the Plan, then the Plan is not in the best interests of impaired creditors and interest holders.

As described in more detail in the liquidation analysis set forth in Exhibit B hereto (the “Liquidation Analysis”), the Debtors believe that the value of any distributions in a chapter 7 case would be less than the value of distributions under the Plan. In particular, proceeds received in a chapter 7 liquidation are likely to be significantly discounted due to the distressed nature of the sale, and the fees and expenses of a chapter 7 trustee would likely further reduce Cash available for distribution. In addition, distributions in chapter 7 cases may not occur for a longer period of time than distributions under the Plan, thereby reducing the present value of such distributions. In this regard, it is possible that distribution of the proceeds of a liquidation could be delayed for a significant period while the chapter 7 trustee and its advisors become knowledgeable about, among other things, the Chapter 11 Cases

and the Claims against the Debtors. Thus, the Plan satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code with respect to such Classes.

## **2. Feasibility**

Section 1129(a)(11) of the Bankruptcy Code requires the Bankruptcy Court to find, as a condition to confirmation, that confirmation is not likely to be followed by the Debtors' liquidation or the need for further financial reorganization, unless that liquidation or reorganization is contemplated by the Plan. In general, as illustrated by the Financial Projections, the Debtors believe that with the significantly deleveraged capital structure provided under the Plan, the Reorganized Debtors should have sufficient cash flow and availability to pay and service their debt obligations and to fund operations. In addition, the Debtors have already secured a commitment for an Exit Facility (as defined below), and therefore sufficient funds will exist to make all payments required by the Plan. The Debtors believe that Confirmation and Consummation is, therefore, not likely to be followed by the liquidation or further reorganization of the Reorganized Debtors. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

## **3. Acceptance by Impaired Classes**

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each Class of Claims or Equity Interests that is impaired under the Plan accept the Plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such Class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or equity interest entitles the holder of that claim or equity interest; (b) cures any default and reinstates the original terms of the obligation; or (c) provides that, on the consummation date, the holder of the claim or equity interest receives cash equal to the allowed amount of that claim or, with respect to any interest, any fixed liquidation preference to which the equity interest holder is entitled or any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a class of equity interests has accepted the plan if holders of such equity interests holding at least two-thirds in amount actually voting have voted to accept the plan.

The Claims in Classes 1, 2, 3, and 4 are not Impaired under the Plan, and as a result the Holders of such Claims are deemed to have accepted the Plan.

Claims in Classes 5 and 6 are Impaired under the Plan and entitled to vote. These two voting Classes will have accepted the Plan if the Plan is accepted by at least two-thirds in amount and a majority in number of the Claims of each such Class (other than any Claims of Creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

Holders of Claims and Equity Interests in Classes 7, 8, 9, and 10 will not receive a distribution under the Plan, are deemed to reject the Plan, and are not entitled to vote on the Plan.

## **4. Confirmation Without Acceptance by All Impaired Classes**

Section 1129(b) of the Bankruptcy Code allows a Bankruptcy Court to confirm a plan, even if all Impaired Classes entitled to vote on the plan have not accepted it, *provided that* the plan has been accepted by at least one Impaired Class.

Section 1129(b) of the Bankruptcy Code states that, notwithstanding an Impaired Class's failure to accept a plan, the plan shall be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down,"

so long as the plan does not “discriminate unfairly” and is “fair and equitable” with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

In general, a plan does not discriminate unfairly if it treats a class substantially equivalent to the treatment of other classes of equal rank. Courts will take into account a number of factors in determining whether a plan discriminates unfairly, including whether the discrimination has a reasonable basis, whether the debtor can carry out a plan without such discrimination, whether such discrimination is proposed in good faith, and the treatment of the class discriminated against. Courts have also held that it is appropriate to classify unsecured creditors separately if the differences in classification are in the best interest of the creditors, foster reorganization efforts, do not violate the absolute priority rule, and do not needlessly increase the number of classes.

The condition that a plan be “fair and equitable” to a non-accepting class of secured claims may be satisfied if the requirements set forth in Section 1129(b)(2)(A) are met. Those requirements include that: (a) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by debtors or transferred to another entity under the plan; and (b) each holder of a secured claim in the class receives deferred cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant’s interest in the debtor’s property subject to the liens.

The condition that a plan be “fair and equitable” with respect to a non-accepting class of unsecured claims includes the requirement that either: (a) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) the holder of any claim or equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or equity interest any property.

The condition that a plan be “fair and equitable” to a non-accepting class of equity interests includes the requirements that either: (a) the plan provides that each holder of an equity interest in that class receives or retains under the plan, on account of that equity interest, property of a value, as of the effective date of the plan, equal to the greater of (i) the allowed amount of any fixed liquidation preference to which such Holder is entitled, (ii) any fixed redemption price to which such holder is entitled, or (iii) the value of such interest; or (b) if the class does not receive such an amount as required under (a) no class of equity interests junior to the non accepting class may receive a distribution under the plan.

The Plan provides that if any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the “cram down” provisions of section 1129(b) of the Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan or any exhibit or schedule to the Plan, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

The Debtors submit that if the Debtors “cram down” the Plan pursuant to section 1129(b) of the Bankruptcy Code, the Plan is structured such that it does not “discriminate unfairly” and satisfies the “fair and equitable” requirement.

### **C. RISK FACTORS**

Prior to deciding whether and how to vote on the Plan, each Holder of a Claim should consider carefully all of the information in this Disclosure Statement, and should particularly consider the Risk Factors described in Article X hereof, entitled “Plan-Related Risk Factors and Alternatives to Confirming and Consummating the Plan.”

**D. IDENTITY OF PERSONS TO CONTACT FOR MORE INFORMATION**

Any interested party desiring further information about the Plan should contact: Counsel for the Debtors: Andrew N. Goldman, Wilmer Cutler Pickering Hale and Dorr LLP, 399 Park Avenue, New York, New York 10022, via e-mail at [andrew.goldman@wilmerhale.com](mailto:andrew.goldman@wilmerhale.com) or by phone at (212) 230-8836.

**E. DISCLAIMER**

In formulating the Plan, the Debtors have relied on financial data derived from books and records. The Debtors therefore represent that everything stated in the Disclosure Statement is true to the best of their knowledge. The Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Moreover, the Bankruptcy Court has not yet determined whether the Plan is confirmable and, does not recommend whether you should accept or reject the Plan.

The discussion in the Disclosure Statement regarding the Debtors may contain “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as “may,” “expect,” “anticipate,” “estimate” or “continue” or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The liquidation analyses, distribution projections, and other information are estimates only, and the timing and amount of actual distributions to creditors may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate.

**NOTHING CONTAINED IN THIS DISCLOSURE STATEMENT IS, OR SHALL BE DEEMED TO BE, AN ADMISSION OR STATEMENT AGAINST INTEREST BY THE DEBTORS FOR PURPOSES OF ANY PENDING OR FUTURE LITIGATION MATTER OR PROCEEDING.**

**ALTHOUGH THE ATTORNEYS, ACCOUNTANTS, ADVISORS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS HAVE ASSISTED IN PREPARING THIS DISCLOSURE STATEMENT BASED UPON FACTUAL INFORMATION AND ASSUMPTIONS RESPECTING FINANCIAL, BUSINESS, AND ACCOUNTING DATA FOUND IN THE BOOKS AND RECORDS OF THE DEBTORS, THEY HAVE NOT INDEPENDENTLY VERIFIED SUCH INFORMATION AND MAKE NO REPRESENTATIONS AS TO THE ACCURACY THEREOF. THE ATTORNEYS, ACCOUNTANTS, ADVISORS AND OTHER PROFESSIONALS EMPLOYED BY THE DEBTORS SHALL HAVE NO LIABILITY FOR THE INFORMATION IN THE DISCLOSURE STATEMENT.**

**THE DEBTORS AND THEIR PROFESSIONALS ALSO HAVE MADE A DILIGENT EFFORT TO IDENTIFY IN THIS DISCLOSURE STATEMENT PENDING LITIGATION CLAIMS AND PROJECTED OBJECTIONS TO CLAIMS. HOWEVER, NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO CLAIM IS, OR IS NOT, IDENTIFIED IN THE DISCLOSURE STATEMENT.**

**IX. POSTPETITION GOVERNANCE OF REORGANIZED DEBTORS**

**A. REORGANIZED DEBTORS’ DIRECTORS AND OFFICERS**

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, on the Effective Date, (i) the members of the New Board of each of the Reorganized Debtors shall be determined in accordance with the Overage Securities Agreement and the Shareholder Agreement, and (ii) the officers of each Debtor immediately prior to the Effective Date shall be the initial officers of each Reorganized Debtor. All directors of the Debtors serving immediately prior to the Effective Date shall be deemed to have resigned as of the Effective Date. Pursuant to section 1129(a)(5), the Debtors will disclose to the extent known, on



or prior to the Confirmation Date, the identity and affiliations of any other person proposed to serve on the initial board of directors of the Reorganized Debtors or as an initial officer of each Reorganized Debtor, and, to the extent such person is an insider, the nature of any compensation for such person. The classification and composition of the board of directors shall be consistent with the New Certificates of Incorporation. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Certificate of Incorporation and New Bylaws of each Reorganized Debtor and the applicable corporation law of the state in which the applicable Reorganized Debtor is organized.

**B. MANAGEMENT INCENTIVE PLAN**

As soon as reasonably practicable after the Effective Date, the New Board of the Reorganized Debtors may determine to implement a management incentive plan.

**C. EXIT FINANCING**

The Debtors have received a commitment letter from Wells Fargo Capital Finance, LLC (“Wells Fargo”) pursuant to which Wells Fargo has agreed to provide exit financing to the Debtors to provide additional liquidity upon the Debtors’ emergence from bankruptcy. The financing facility to be provided by Wells Fargo is subject to the satisfaction of certain customary terms and conditions and is a senior secured revolving credit and letter of credit facility of up to \$60 million, with a sublimit of \$15 million available for letters of credit and a sublimit available for CUK. Actual available credit under the credit facility will fluctuate from time to time because it depends on inventory and accounts receivable values that fluctuate from time to time. The facility is guaranteed by each of the Debtors. On the Petition Date, the Debtors filed a motion requesting approval of the terms of the Wells Fargo commitment letter.

**X. PLAN-RELATED RISK FACTORS AND ALTERNATIVES  
TO CONFIRMING AND CONSUMMATING THE PLAN**

**PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL IMPAIRED HOLDERS OF CLAIMS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT.**

**A. GENERAL**

The following provides a summary of various important considerations and risk factors associated with the Plan. However, it is not exhaustive. In considering whether to vote for or against the Plan, Holders of Claims entitled to vote should read and carefully consider the factors set forth below, as well as all other information set forth or otherwise referenced or incorporated by reference in this Disclosure Statement, including the various risks and other factors described in Constar’s Form 10-K for the year ended December 31, 2009 and Form 10-Q for the period ended September 30, 2010, both of which are incorporated herein.

**B. CERTAIN BANKRUPTCY LAW CONSIDERATIONS**

**1. Parties-in-Interest May Object To Debtors’ Classification of Claims and Equity Interests**

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

## **2. The Debtors May Not Be Able to Obtain Confirmation or Consummation of the Plan**

The Debtors cannot ensure that they will receive the number and amount of acceptances required to confirm the Plan. Even if the Debtors receive the requisite acceptances, the Debtors cannot ensure that the Bankruptcy Court will confirm the Plan. A non-accepting creditor or Equity Interest Holder might challenge the adequacy of the Disclosure Statement or the Solicitation Procedures and results as not being in compliance with the Bankruptcy Code or Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement and the balloting procedures and results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had not been met. As discussed in further detail in Article VIII hereof, entitled "Confirmation Procedures," section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a plan of reorganization and requires, among other things: a finding by a bankruptcy court that the plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; confirmation is not likely to be followed by a liquidation or a need for further financial reorganization; and the value of distributions to non-accepting holders of claims and interests within a particular class under the plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code. While the Debtors believe that the Plan complies with section 1129 of the Bankruptcy Code, there can be no assurance that the Court will find that these requirements are satisfied. The Confirmation of the Plan is also subject to certain conditions as described in Article X thereof. If the Plan is not confirmed, it is unclear what distributions Holders of Claims or Equity Interests ultimately would receive with respect to their Claims or Equity Interests.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms of the Plan as necessary for Confirmation. Any such modification could result in a less favorable treatment of any non-accepting Class or Classes, as well as of any Classes junior to such non-accepting Classes, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property to the Class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

## **3. The Debtors May Object to the Amount or Classification of a Claim**

Except as otherwise provided in the Plan and the final DIP financing order, the Debtors reserve the right to object to the amount or classification of any Claim or Equity Interest deemed Allowed under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim may not receive its specified share of the estimated distributions described in this Disclosure Statement.

## **4. Risk of Non-Occurrence of the Effective Date**

Although the Debtors believe that the Effective Date will occur very quickly after the Confirmation Date, there can be no assurance as to such timing.

## **5. Contingencies Not to Affect Votes of Impaired Classes to Accept the Plan**

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether or not the Debtors are consolidated and whether the Bankruptcy Court orders certain Claims to be subordinated to other Claims. The occurrence of any and all such contingencies which could affect distributions available to Holders of Allowed Claims under the Plan, however, will not affect the validity of the vote taken by the Impaired Class to accept or reject the Plan or require any sort of revote by the Impaired Class.

## **C. RISKS RELATING TO RECOVERIES UNDER THE PLAN**

### **1. The Recovery to Holders of Allowed Claims Can Not be Stated With Absolute Certainty**

This Disclosure Statement contains various projections concerning the financial results of the Reorganized Debtors' operations, including the Financial Projections, that are, by their nature, forward looking, and which projections are necessarily based on certain assumptions and estimates regarding the anticipated future performance of the Reorganized Debtors, including, without limitation, their ability to maintain or increase revenue and gross margins, control future operating expenses or make necessary capital, as well as assumptions concerning general business and economic conditions and overall industry performance and trends, which the Debtors are unable to control. Should any or all of these assumptions or estimates ultimately prove to be incorrect or not materialize, the actual future experiences of the Reorganized Debtors may turn out to be different from the Financial Projections.

Due to the inherent uncertainties associated with projecting financial results generally, the projections contained in this Disclosure Statement will not be considered assurances or guarantees of the amount of funds or the amount of Claims that may be Allowed in the various Classes. While the Debtors believe that the Financial Projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized. Also, because the liquidation analysis, distribution projections and other information contained herein and attached hereto are estimates only, the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted.

The Claims estimates set forth herein are based on various assumptions. The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect. Such differences may adversely affect the percentage recovery to Holders of such Allowed Claims under the Plan. Moreover, the estimated recoveries set forth herein are necessarily based on numerous assumptions, the realization of many of which are beyond the Debtors' control, including, without limitation, (a) the successful reorganization of the Debtors, (b) an assumed date for the occurrence of the Effective Date, (c) the Debtors' ability to achieve the operating and financial results included in the Financial Projections, (d) the Debtors' ability to maintain adequate liquidity to fund operations and (e) the assumption that capital and equity markets remain consistent with current conditions.

The actual amounts of Allowed Claims may differ significantly from those estimates should one or more underlying assumption prove to be incorrect, which could affect the percentage recovery to Holders of such Allowed Claims under the Plan, in some instances adversely. Also, the estimated recoveries to Holders of Allowed Claims are not intended to represent the private sale values of the Reorganized Debtors' securities. The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders the subordination of any Allowed Claims to other Allowed Claims, whether the Debtors object to the amount or classification of any Claim, whether the Debtors satisfy the requisite conditions to enter into the Exit Facility or whether, subject to the terms and conditions of the Plan, the Debtors are required to modify certain terms or conditions of the Plan in order to Confirm the Plan. The occurrence of contingencies that could affect distributions available to Holders of Allowed Claims under the Plan, however, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

### **2. The Value of New Overage Securities and New Common Stock Can Not be Stated With Absolute Certainty.**

On the Effective Date, 100% of the New Overage Securities will be issued to the Holders of Secured Floating Rate Note Claims and 100% of the New Common Stock will be issued to the Holders of General Unsecured Claims on account of their respective Claims. If the New Board determines to implement a Management Incentive Plan and distributes equity interests, or warrants or options to acquire such equity interests, pursuant to the Management Incentive Plan, it is contemplated that such distributions will dilute the New Common Stock issued under the Plan and the ownership percentage represented by the New Common Stock distributed under the Plan.

Upon the Effective Date, the New Overage Securities and New Common Stock will not be listed for trading on any exchange. In addition, the New Overage Securities and the New Common Stock will be subject to

numerous restrictions and other provisions of, respectively, the New Overage Securities Agreement and the Shareholder Agreement.

The New Overage Securities and New Common Stock are new issues of securities with no established trading market or prior trading history. There can be no assurance regarding the future development of a market for the New Overage Securities or the New Common Stock, the ability of Holders thereof to sell their New Overage Securities or New Common Stock or the price for which such holders may be able to sell such Securities. If a market were to develop, the New Overage Securities and New Common Stock would trade at prices lower than the estimated value set forth in this Disclosure Statement. The trading prices of such Securities will depend on many factors, including factors beyond the Reorganized Debtors' control. Further, the liquidity of, and trading market for, the New Overage Securities or New Common Stock may be adversely affected by price declines and volatility in the market for similar securities, as well as by any changes in the Reorganized Debtors' financial conditions or results of operations.

#### **D. FINANCIAL INFORMATION, DISCLAIMER**

Although the Debtors have used their reasonable best efforts to ensure the accuracy of the financial information provided in this Disclosure Statement, some of the financial information contained in this Disclosure Statement has not been audited and is based upon an analysis of data available at the time of the preparation of the Plan and this Disclosure Statement. While the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the information contained herein and attached hereto is without inaccuracies.

#### **E. FACTORS AFFECTING THE DEBTORS**

##### **1. Litigation and governmental investigations as a result of Debtors' operations.**

The Debtors are subject to litigation and governmental investigations resulting from their operations. While the impact of any such litigation and investigations has been immaterial to their operations and financial condition, there can be no assurance that its impact will not be material in the future. The following is a summary of certain ongoing governmental investigations to which the Debtors or their affiliates are a party:

Constar has received requests for information or notifications of potential responsibility from the Environmental Protection Agency ("EPA"), and certain state environmental agencies for certain off-site locations. Constar has not incurred any significant costs relating to these matters. Constar has been identified by the Wisconsin Department of Natural Resources as a potentially responsible party at two adjacent sites in Wisconsin and agreed to share in the remediation costs with one other party. Remediation is ongoing at these sites. Constar has also been identified as a potentially responsible party at the Bush Valley Landfill site in Abingdon, Maryland and entered into a settlement agreement with the EPA in July 1997. The activities required under that agreement are ongoing. Constar's share of the remediation costs has been minimal thus far and no accrual has been recorded for future remediation at these sites.

There are no other accruals for environmental matters. Environmental exposures are difficult to assess for numerous reasons, including the identification of new sites, advances in technology, changes in environmental laws and regulations and their application, the scarcity of reliable data pertaining to identified sites, the difficulty in assessing the involvement and financial capability of other potentially responsible parties and the time periods over which site remediation occurs. It is possible that some of these matters, the outcomes of which are subject to various uncertainties, may be decided in a manner unfavorable to Constar.

##### **2. Other Risk Factors Relating to the Business Environment in which the Debtors Operate**

Economic Conditions and Other External Events. For the first nine months of 2010, approximately 69% of Constar's sales related to conventional PET containers which are primarily used for carbonated soft drinks and bottled water. These products typically generate lower variable profitability. Profitability is driven principally by volume and maintaining efficient manufacturing operations. In the past, the largest growth within conventional products came from bottled water. Profitability from water bottle sales has declined as economic factors have

forced some water bottlers into self-manufacturing of PET bottles and some smaller water bottlers out of business. The Debtors believe that the trend towards self-manufacturing of water bottles will continue. Growth in water bottles sales may also be impacted by environmental concerns. The Debtors believe that customers may also move towards self-manufacturing of certain carbonated soft drink packages where economics can be justified. In addition, the shift to healthier beverages is driving a decline for carbonated soft drinks. Pricing and volumes in the Debtors' markets are sensitive to production capacity utilization. The trend towards self-manufacturing of water bottles may result in increased industry capacity, which could increase price competition and affect profitability.

If the market for custom PET packaging does not grow as large or as quickly as the Debtors' anticipate, their growth and profitability may be lower than they currently expect. The Debtors' believe that one of the keys to their future success will be their ability to sell more custom PET products. Partly because of the more complex technologies required for certain custom PET applications, profitability is generally higher for custom PET products than for conventional PET products.

A significant portion of the Debtors' sales is concentrated with a small number of customers. During the first nine months of 2010, Constar's largest customer, Pepsi, accounted for approximately 32% of Constar's net sales, while the top ten customers accounted for an aggregate of approximately 73% of Constar's net sales. The loss or reduction of the Debtors' business with any of these significant customers could have a material adverse impact on their net sales, profitability, and cash flows. In addition, the Debtors believe that there is only a very small pool of large customers that would be available to replace the loss of one of its existing, large customers. A decrease in cash flows may cause the carrying value of the Debtors' assets to become unrecoverable and could cause a write-down of assets due to impairment.

The loss of the Debtors' intellectual property rights, for which they enjoy limited protection, would negatively impact their ability to compete in the PET industry. If they are unable to maintain the proprietary nature of their technologies, they may lose the ability to generate royalties in the future by licensing their patented technologies and their competitors may use their technologies to compete with them.

The Debtors' patents may not withstand challenge in litigation, and patents do not ensure that competitors will not develop competing products, design around their patents or infringe upon their patents. The costs of litigation to defend the Debtors' patents could be substantial and may outweigh the benefits of enforcing their rights under their patents. The Debtors market their products internationally and the patent laws of foreign countries may offer less protection than the patent laws of the United States. Not all of the Debtors' domestic patents have been registered in other countries. The Debtors also rely on trade secrets, know-how and other unpatented proprietary technology, and others may independently develop the same or similar technology or otherwise obtain access to their unpatented technology. To protect the Debtors' trade secrets, know-how and other proprietary information, they require employees, consultants, advisors and collaborators to enter into confidentiality agreements with them. These agreements may not provide meaningful protection for their trade secrets, know-how or other proprietary information in the event of any unauthorized use, misappropriation or disclosure of this information. In addition, the Debtors have from time to time received letters from third parties suggesting that Debtors may be infringing on their intellectual property rights, and third parties may bring infringement suits against Debtors. If the claims of these third parties are successful, the Debtors may be required to seek licenses from these third parties or refrain from using the claimed technology. In addition, other parties use oxygen barrier technologies, and to the extent the Debtors determine that any such technologies infringe upon their patents, they may have to bring infringement suits to enforce their patent rights. In any such infringement suit, a defendant would likely seek to invalidate the patents at issue.

The Debtors products and services may become obsolete. Significant technological changes could render the Debtors' existing technology or their products and services obsolete. The markets in which the Debtors operate are characterized by rapid technological change, frequent new product and service introductions and evolving industry standards. Their ability to compete may be weakened if their existing technologies are rendered obsolete. If the Debtors are unable to respond successfully to technological developments or do not respond in a cost-effective way, or if they do not develop new technologies, their net sales and profitability may decline. To be successful, the Debtors must adapt to rapidly changing markets by continually improving their products and services and by developing new products and services to meet the needs of their customers. The Debtors' ability to develop these products and services will depend, in part, on their ability to license leading technologies useful in their business and

develop new offerings and technology that address the needs of their customers. Similarly, the equipment that the Debtors use may be rendered obsolete by new technologies. A significant investment in new equipment may reduce their profitability.

Consolidation of the Debtors' customers may increase their negotiating leverage and reduce the Debtors' net sales and profitability. If one of their larger customers acquires one of their smaller customers, or if two of their customers merge, the combined customer's negotiating leverage with the Debtors may increase and their business with the combined customer may become less profitable. In addition, if one of the Debtors' customers is acquired by a company that has a relationship with one of the Debtors' competitors, Debtors may lose that customer's business. The consolidation of purchasing power through buyer cooperatives or similar organizations may also harm the Debtors' profitability. For example, Pepsi's acquisition of Pepsi Bottling Group and Pepsi Americas provides Pepsi with the opportunity to consolidate filling operations and potentially increase its self-manufacturing of bottles. This may reduce the Company's volume of business with Pepsi.

Competition. Competition from producers of other forms of packaging and the Debtors' competitors within the PET industry may cause their customers to purchase other types of packaging or to purchase PET containers from their competitors, which may reduce the Debtors' net sales and profitability. PET containers compete in the packaging market with other plastic containers, glass bottles, metal cans, paperboard cartons and other materials. Changes in the relative cost and quality of other packaging materials may reduce the market for PET containers. Some of the Debtors' competitors have greater financial, technical and marketing resources than the Debtors do. The Debtors' current or potential competitors may offer products at a lower cost or products that are superior to theirs. In addition, their competitors may be more effective and efficient in integrating new technologies. Many of the Debtors' contracts (and typically their most significant contracts) provide that their customers may purchase from an alternative source if the Debtors cannot provide products that are of similar quality at an equivalent price. If the Debtors lower prices in response to such provisions, or if they lose a significant amount of business from one or more customers, their net sales and profitability may decline.

In addition to competition with other independent suppliers of PET packaging, some of the Debtors' potential customers produce their own PET containers. Self-manufacturing by customers may have a material adverse impact on the Company's sales volumes and financial results. The Company believes that the majority of single serve water bottles are now being self-manufactured. Carbonated soft drink containers are also being self-manufactured, and the Company expects this transition to continue over time at locations where merchant suppliers' transportation costs are high, and where large volume, low complexity and available space to install blow-molding equipment exists. While customers may continue to purchase water and CSD preforms from merchant suppliers to support their in-house blow-molding operations, preform sales are typically less profitable than bottle sales. In addition, hot-fill custom containers could shift to self-manufacturing if a customer were to change the product formulation from hot-fill to coldfill or if the customer adopted an aseptic filling process.

The Debtors use large quantities of plastic resin in manufacturing their products and increases in the price of resin may increase their cost of products sold, reduce their profitability and reduce their prospects for growth. Resin is the principal raw material used in the manufacture of the Debtors' products. Resin is subject to substantial price fluctuations. Resin is a petrochemical product and resin prices may fluctuate with prices in the worldwide oil and gas markets. Political or economic events in oil or gas producing countries, such as those in the Middle East, may impact the price of resin. The Debtors are subject to the risk of fluctuations in the price of resin. Although substantially all of the Debtors' sales are made pursuant to mechanisms that permit them to pass changes in the price of resin through to their customers, market conditions may not permit them to fully pass through any future resin price increases or may force them to grant other concessions to customers. In addition, the arrangements that the Debtors make to limit their exposure to fixed or other resin pricing mechanisms may not operate as expected, including under circumstances where their resin suppliers are unable or unwilling to perform. Resin price increases against which the Debtors are not protected may have a material adverse impact on their business. Significant increases in resin prices, coupled with an inability to promptly pass such increases on to customers, may increase their cost of products sold and reduce their profitability. A sustained increase in the price of resin may slow the rate of conversion of alternative packaging materials, such as glass and metal, to PET, or may make these alternative packaging materials more attractive than PET. A sustained increase in the price of resin may also result in an increased price to consumers, which may affect consumer preference for PET packaging. If these factors reduce the demand for PET packaging, it may significantly reduce our prospects for growth.

Specific resins are often required for custom applications. Debtors' MonOxbar™, DiamondClear 100™ and DiamondClear 300™ oxygen barrier materials are only qualified with one resin vendor but with multiple resins that it produces. Testing is in process to identify other commercially available alternate resins for all barrier materials. The Debtors anticipate that additional resins will be qualified shortly but there can be no assurance that such qualifications will take place. In addition, DiamondClear 300™ requires special raw materials that are currently only available from limited sources in China, India, and Germany. These raw materials also require long lead times to obtain. Raw materials are processed into DiamondClear by a third party. In the event that the Debtors were unable to obtain DiamondClear raw materials, or in the event of any interruption of supply from the Debtors' current sole processor, the Debtors may be unable to sell products incorporating the DiamondClear technology. The only qualified resin needed for MonOxbar™ will be discontinued by the end of 2010. An alternate resin has been identified and is being pursued, however testing a substitute resin may require customer cooperation, may take several months, and may not result in the qualification of such resin. If the Debtors cannot obtain the resins that it requires on reasonable commercial terms, the Debtors' business may be materially adversely affected. Any failure to obtain resin on a timely basis at an affordable cost, or any significant delays or interruptions of supply, could prevent the Debtors from supplying its customers on a timely basis.

If the Debtors' suppliers are unable to meet their requirements for resin, it may prevent the Debtors from manufacturing their products. The Debtors' suppliers may not continue to provide resin to them at attractive prices, or at all, and they may not be able to obtain resin in the future from these or other suppliers on the scale and within the time frames the Debtors require. Any failure to obtain resin on a timely basis at an affordable cost, or any significant delays or interruptions of supply, could prevent the Debtors from supplying their customers on a timely basis.

In both the United States and Europe, the Debtors' purchasing portfolio for resin often includes a component of imported resin from Asia or other foreign markets. Greater shipping distances, government actions, political unrest, tariffs, local market conditions in the exporting region, and other issues may affect supplier reliability and cause greater risk of supply disruption for such imported resin.

The Debtors' business relies on specialized manufacturing equipment that is produced by a small number of suppliers. If any of these suppliers increases its prices significantly, goes out of business or is otherwise unable to meet the Debtors' requirements for necessary equipment, the Debtors may be unable to expand their operations. This may significantly reduce their prospects for growth.

Unseasonably cool weather during a summer could reduce the Debtors' sales and profitability. A significant portion of the Debtors' revenue is attributable to the sale of beverage containers. Demand for beverages tends to peak during the summer months. In the past, significant changes in summer weather conditions have affected the demand for beverages, which in turn affects the demand for beverage containers manufactured by the Debtors. As a result of the seasonal nature of the Debtors' business, cash flow requirements are the greatest in the first several months of each fiscal year because of the increased working capital required to build inventory for the warmer months and because of lower levels of profitability associated with softer sales during the first few months of each fiscal year. A cool summer may have a significant impact on cash flow because of lower profitability and the impact on working capital.

The Debtors are subject to foreign currency risk and other instabilities from their international operations. For the years ended December 31, 2009 and 2008, the Debtors derived approximately 20% of their revenue from sales in foreign currencies. In the Debtors' financial statements, they translate local currency financial results into United States dollars based on average exchange rates prevailing during a reporting period. The Debtors' most significant foreign currency exposures are to the British pound and the Euro. During times of a strengthening United States dollar, the Debtors' reported international revenue and earnings will be reduced because the local currency will translate into fewer United States dollars.

As a result of the Debtors' international operations, they are also subject to risks associated with operating in foreign countries, including changes in governmental policies and regulations, war, acts of terrorism and other sources of instability. The Debtors are also at risk for acts of terrorism in the United States. These risks may negatively impact the Debtors' financial condition and results of operations.

Higher energy costs or frequent or sustained power interruptions may increase Debtors' operating costs and limit the Debtors' ability to supply their customers. Electrical power is vital to the Debtors' operations and they rely on a continuous power supply to conduct their business. If energy costs substantially increase in the future, the Debtors could experience a significant increase in operating costs. In addition, the Debtors have experienced power interruptions at their manufacturing facilities, particularly during severe weather conditions. Frequent or sustained power interruptions, particularly at the Debtors' larger manufacturing facilities, may limit their ability to supply their customers and negatively impact their business.

Debtors' business is exposed to product liability risk and the risk of negative publicity if their products fail. In addition, Debtors are exposed to product liability risk and negative publicity affecting Debtors' customers and suppliers. Because many of Debtors' customers are food, beverage and other consumer products companies, with their own product liability risks, Debtors' sales may decline if any of Debtors' customers are sued on a product liability claim, or if they halt production or recall products voluntarily or involuntarily due to safety concerns. Debtors may also suffer a decline in sales from the negative publicity associated with such a lawsuit or with adverse public perceptions in general regarding Debtors' products or their customers' products that use Debtors' containers.

The Debtors' facilities and operations are subject to federal, state, local and foreign environmental and employee health and safety laws and regulations, including those regarding the use, storage, handling, generation, transportation, treatment, emission and disposal of certain substances and remediation of environmental impacts to soil and groundwater. The nature of the Debtors' operations exposes them to the risk of liabilities or claims with respect to environmental and worker health and safety matters.

#### **F. CERTAIN TAX MATTERS**

For a summary of certain federal income tax consequences of the Plan to certain Holders of Claims and to the Debtors, see Article XII below, entitled "Certain U.S. Federal Income Tax Consequences."

#### **G. RISK THAT THE INFORMATION IN THIS DISCLOSURE STATEMENT MAY BE INACCURATE**

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change since that date in the information set forth herein. The Debtors may subsequently update the information in this Disclosure Statement, but they have no duty to update this Disclosure Statement unless ordered to do so by the Court. Further, the pro forma and prospective financial information contained herein, unless otherwise expressly indicated, is unaudited. Finally, neither the SEC nor any other governmental authority has passed upon the accuracy or adequacy of this Disclosure Statement, the Plan, or any Exhibits thereto.

#### **H. LIQUIDATION UNDER CHAPTER 7**

If no plan can be confirmed, the Debtors' Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the assets of the Debtors for distribution in accordance with the priorities established by the Bankruptcy Code. A discussion of the effects that a chapter 7 liquidation would have on the recoveries of Holders of Claims and Equity Interests and the Debtors' liquidation analysis is set forth in Article VIII.B.1 above and Exhibit B.

**THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTORS, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, CURRENCY EXCHANGE RATE FLUCTUATIONS, TERRORIST ACTIONS OR ACTS OF WAR, OPERATING EFFICIENCIES, LABOR RELATIONS, ACTIONS OF GOVERNMENTAL BODIES, AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE CAUTIONED THAT THE FORWARD LOOKING STATEMENTS SPEAK**



**AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD LOOKING STATEMENTS AND THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY SUCH STATEMENTS.**

## **XI. SECURITIES LAW MATTERS**

The Plan provides for the Reorganized Debtors to issue the New Common Stock and the New Overage Securities (the “Plan Securities”).

The Debtors believe that all of the Plan Securities constitute “securities,” as defined in section 2(a)(1) of the Securities Act, Section 101 of the Bankruptcy Code, and applicable state securities laws. The Debtors further believe that the offer and sale of the Plan Securities pursuant to the Plan, and subsequent transfers of the Plan Securities by the Holders thereof that are not “underwriters,” as defined in section 2(a)(11) of the Securities Act and in the Bankruptcy Code, will be exempt from federal and state securities registration requirements under various provisions of the Securities Act, the Bankruptcy Code, and state securities laws.

### **A. ISSUANCE AND RESALE OF PLAN SECURITIES UNDER THE PLAN**

#### **1. Exemption from Registration**

Section 4(2) of the Securities Act provides that section 5 of the Securities Act and, by virtue of section 18 of the Securities Act, any state law requirements for the offer and sale of a security do not apply to transactions not involving any public offering. Section 1145 of the Bankruptcy Code provides that section 5 of the Securities Act and any state law requirements for the offer and sale of a security do not apply to the offer or sale of stock, options, warrants or other securities by a debtor if (a) the offer or sale occurs under a plan of reorganization, (b) the recipients of the securities hold a claim against, an interest in, or claim for administrative expense against, the debtor, and (c) the securities are issued in exchange for a claim against or interest in a debtor or are issued principally in such exchange and partly for cash and property. In reliance upon these exemptions, the offer and sale of the Plan Securities will not be registered under the Securities Act or any state securities laws. To the extent that the Plan Securities are covered by section 1145 of the Bankruptcy Code, the Plan Securities may be resold without registration under the Securities Act or other federal securities laws, unless the holder is an “underwriter” (as discussed below) with respect to such securities, as that term is defined in section 2(a)(11) of the Securities Act and in the Bankruptcy Code. In addition, the Plan Securities generally may be able to be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of those states; however, the availability of such exemptions cannot be known unless individual state securities laws are examined. Therefore, recipients of the Plan Securities are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability. If the Plan Securities are not covered by section 1145 of the Bankruptcy Code, the Plan Securities will be considered “restricted securities” as defined by Rule 144 promulgated under the Securities Act and may not be resold under the Securities Act and applicable state securities laws absent an effective registration statement under the Securities Act or pursuant to an applicable exemption from registration, including Rule 144 promulgated under the Securities Act. **Recipients of the Plan Securities are advised to consult with their own legal advisors as to the applicability of section 1145 to the Plan Securities and the availability of any exemption from registration under federal and state law in the event that section 1145 is not applicable to the Plan Securities.**

#### **2. Resales of Plan Securities; Definition of Underwriter**

Section 1145(b)(1) of the Bankruptcy Code defines an “underwriter” as one who, except with respect to “ordinary trading transactions” of an entity that is not an “issuer,” (a) purchases a claim against, interest in, or claim for an administrative expense in the case concerning, the debtor, if such purchase is with a view to distribution of any security received or to be received in exchange for such claim or interest, or (b) offers to sell securities offered or sold under a plan for the holders of such securities, or (c) offers to buy securities offered or sold under a plan from the holders of such securities, if such offer to buy is (i) with a view to distribution of such securities and (ii) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale

of securities under the plan, or (d) is an issuer of the securities within the meaning of Section 2(a)(11) of the Securities Act. In addition, a Person who receives a fee in exchange for purchasing an issuer's securities could also be considered an underwriter within the meaning of Section 2(a)(11) of the Securities Act. The definition of an "issuer" for purposes of whether a Person is an underwriter under Section 1145(b)(1)(D) of the Bankruptcy Code, by reference to Section 2(a)(11) of the Securities Act, includes as "statutory underwriters" all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by, or are under common control with, an issuer of securities. The reference to "issuer," as used in the definition of "underwriter" contained in Section 2(a)(11), is intended to cover "controlling persons" of the issuer of the securities. "Control," as defined in Rule 405 of the Securities Act, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "controlling Person" of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. Moreover, the legislative history of Section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of a class of securities of a reorganized debtor may be presumed to be a "controlling Person" and, therefore, an underwriter.

Resales of the Plan Securities by Persons deemed to be "underwriters" (which definition includes "controlling Persons") are not exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Under certain circumstances, holders of Plan Securities who are deemed to be "underwriters" may be entitled to resell their Plan Securities pursuant to the limited safe harbor resale provisions of Rule 144. Generally, Rule 144 would permit the public sale of securities received by such person if current information regarding the issuer is publicly available and if volume limitations, manner of sale requirements and certain other conditions are met. However, Reorganized Constar does not presently intend to make publicly available the requisite current information regarding Reorganized Constar, and as a result, Rule 144 will not be available for resales of Plan Securities by persons deemed to be underwriters. Whether any particular Person would be deemed to be an "underwriter" (including whether such Person is a "controlling Person") with respect to the Plan Securities would depend upon various facts and circumstances applicable to that Person. Accordingly, the Debtors express no view as to whether any Person would be deemed an "underwriter" with respect to the Plan Securities. In view of the complex nature of the question of whether a particular Person may be an "underwriter," the Debtors make no representations concerning the right of any Person to freely resell Plan Securities. **Accordingly, the Debtors recommend that potential recipients of Plan Securities consult their own counsel concerning their ability to freely trade such securities without compliance with the federal and state securities laws.**

## **XII. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES**

The following discussion summarizes certain U.S. federal income tax consequences of the implementation of the Plan to the Debtors and the Reorganized Debtors and certain Holders of Claims. The following summary is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury Regulations promulgated thereunder (the "Regulations"), judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the federal income tax consequences described below.

The federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested and will not request a ruling from the Internal Revenue Service or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to the interpretation that the Internal Revenue Service will adopt. In addition, this summary does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the federal income tax consequences of the Plan to Holders of Claims that are not "United States persons" (as such term is defined in the Tax Code) or that are otherwise subject to special treatment under United States federal income tax law (including, without limitation, Persons who are related to the Debtors within the meaning of the Tax Code, broker-dealers, banks, governmental authorities or agencies, mutual funds, insurance companies, financial institutions, small business investment companies, regulated investment companies, tax-exempt organizations, investors in pass-through entities and Holders of Claims who are themselves in bankruptcy). This discussion assumes that Holders of Claims hold only Claims in a single Class. Holders of Claims in more than one Class should consult their own tax advisors as to the effect such ownership may have on the federal income tax consequences described below.

This discussion assumes that the various debt and other arrangements to which the Debtors are a party will be respected for federal income tax purposes in accordance with their form.

**ACCORDINGLY, THE FOLLOWING SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF A CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.**

**INTERNAL REVENUE SERVICE CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE UNITED STATES INTERNAL REVENUE SERVICE, HOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE TAX CODE, (B) THE TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS INCLUDED HEREIN IN CONNECTION WITH THE MARKETING OR PROMOTION OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT, AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON THE HOLDER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.**

**A. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS AND THE REORGANIZED DEBTORS**

The Debtors expect to report consolidated net operating loss ("NOL") carryforwards for U.S. federal income tax purposes of approximately \$64 million as of December 31, 2010. As discussed below, the amount of the Debtors' NOL carryforwards may be significantly reduced or eliminated upon implementation of the Plan. In addition, the Debtors' tax basis in its assets may be significantly reduced. However, as described below, the restructuring consummated pursuant to the Plan may be structured as a taxable purchase of all of the Debtors' assets by one or more Reorganized Debtors (in this case, entities that will be specifically established for this purpose) (a "Taxable Asset Purchase"), in which case the Reorganized Debtors' tax basis in their assets should equal the fair market value of the assets.

**1. CANCELLATION OF DEBT AND REDUCTION OF TAX ATTRIBUTES**

The Tax Code provides that a debtor in a bankruptcy case must reduce certain of its tax attributes, such as NOL carryforwards, current year NOLs, tax credits and tax basis in assets, by the amount of any cancellation of indebtedness ("COD") realized upon consummation of the Plan. COD generally is the amount by which the indebtedness discharged (reduced by any unamortized discount) exceeds any consideration given in exchange therefor, subject to certain statutory or judicial exceptions that can apply to limit the amount of COD (such as where the payment of the cancelled debt would have given rise to a tax deduction).

As a result of consummation of the Plan, and in particular the exchange of Claims for New Common Stock, New Overage Securities, and/or Shareholder Notes, the Debtors expect to realize substantial COD. The extent of such COD and resulting tax attribute reduction will depend significantly on the value of the Shareholder Notes, New Overage Securities, and New Common Stock. Based on the estimated reorganization value of the Reorganized Debtors, it is anticipated that there will be material reductions in the consolidated NOL carryforwards and current year NOLs of the Reorganized Debtors. Indeed, it is likely that the amount of COD will exceed the amount of the NOLs thereby eliminating the NOLs. In addition, if the Plan is not consummated as a Taxable Asset Purchase as described below, but rather the Debtor is reorganized in a tax-free recapitalization (the "Tax-Free Debtor Restructuring"), it is anticipated that the Reorganized Debtors' tax basis in their assets will be significantly reduced.

## **2. TAXABLE ASSET PURCHASE**

As discussed above, upon the mutual consent of the Debtors and the Consenting Noteholders, the restructuring consummated pursuant to the Plan may be structured as a Taxable Asset Purchase. It is intended that such purchase would be treated as a taxable sale of the assets of the Debtors to the Reorganized Debtors for United States federal income tax purposes. In such case, the Reorganized Debtors should have a tax basis in the assets received from the Debtors equal to the fair market value of such assets, which generally should equal the sum of (i) the fair market value as of the Effective Date of the New Common Stock and the New Overage Securities, (ii) the Issue Price (as defined below) of the Shareholder Notes, (iii) the amount of the Exit Facility and the Roll-Over Facility and (iv) the amount of the Debtors' other liabilities assumed by the Reorganized Debtors.

In addition, the Debtors would recognize gain or loss upon the transfer of their assets to the Reorganized Debtors in an amount equal to the difference between the fair market value of their assets and their tax basis in such assets. The degree to which the transfer would result in any federal tax liability depends in part on the amount of any gain or loss on the transfer of assets as well as the amount of NOL carryforwards of the Debtors and losses generated by the Debtors in 2011 prior to the Effective Date. Because the reduction of NOLs occurs at the end of the taxable year in which the COD is realized, the NOLs (prior to their reduction) may be used to offset the gain recognized from the Taxable Asset Purchase. Prior to the Effective Date, the Debtors and the Consenting Noteholders will determine the potential federal tax liability of structuring the transaction as a Taxable Asset Purchase and agree as to whether the restructuring should be consummated as a Taxable Asset Purchase. It is anticipated that the restructuring will be structured as a Taxable Asset Purchase only if the NOL carryforwards and current year losses will be sufficient to offset most or all of any gain realized as a result of the transfer.

In the event of a Taxable Asset Purchase, the only tax attributes of the Debtors that will be subject to reduction will be the Debtors' NOLs and tax credits that remain after offsetting the gain from the asset transfer. The Debtors expect that any such remaining NOLs and tax credits will be reduced or eliminated. Any NOLs or tax credits of the Debtors remaining after offsetting the gain and attribute reduction will not carry over to the Reorganized Debtors, and none of the tax attributes of the Reorganized Debtors (in particular, asset basis) should be subject to attribute reduction.

Even if the restructuring is structured as a Taxable Asset Purchase, there is no assurance that the restructuring will be treated by the Internal Revenue Service as a taxable sale of assets by the Debtors to the Reorganized Debtors. Instead, the Internal Revenue Service may take the position that the restructuring constitutes a tax-free reorganization. If the Internal Revenue Service were to succeed in asserting that the restructuring qualifies as a tax-free reorganization, the Reorganized Debtors would not have a tax basis in their assets equal to the fair market value of such assets. The Reorganized Debtors' tax basis in their assets would equal the Debtors' tax basis in their assets after such basis has been reduced for COD realized in connection with the Plan as described above. Any NOLs or tax credits of the Debtors remaining after attribute reduction would also carryover to the Reorganized Debtors. However, as discussed above, it is likely that all of the NOLs and tax credits will be eliminated as a result of the COD.

## **3. LIMITATION ON NOL CARRYFORWARDS AND OTHER TAX ATTRIBUTES**

If the Plan is consummated as a Taxable Asset Purchase and respected as a taxable transaction for U.S. federal income tax purposes, the Reorganized Debtors will not succeed to the NOLs of the Debtors remaining after attribute reduction, but will not be subject to any special limitations on the use of amortization and depreciation deductions resulting from their increased tax basis for the assets.

If the Plan is consummated as a Tax-Free Debtor Restructuring, following the implementation of the Plan, the Debtors anticipate that any remaining NOL and tax credit carryforwards and, possibly, certain other tax attributes of the Reorganized Debtors allocable to periods prior to the Effective Date (collectively, "Pre-Change Losses") may be subject to limitation under section 382 of the Tax Code as a result of an "ownership change" of the Reorganized Debtors by reason of the transactions pursuant to the Plan.

Under section 382 of the Tax Code, if a corporation undergoes an "ownership change," the amount of its Pre-Change Losses that may be utilized to offset future taxable income generally is subject to an annual limitation.

As discussed more fully herein, although the Debtors have taken steps to ensure that an “ownership change” will not occur prior to the implementation of the Plan, the Debtors anticipate that, if the Plan is consummated as a Tax-Free Debtor Restructuring, the issuance of the New Overage Securities and New Common Stock pursuant to the Plan will result in an “ownership change” of the Reorganized Debtors for these purposes, and that the Debtors’ use of their NOL carryforwards, if any, will be subject to limitation unless an exception to the general rules of section 382 of the Tax Code applies.

In general, the amount of the annual limitation to which a corporation that undergoes an ownership change would be subject is equal to the product of (a) the fair market value of the stock of the loss corporation immediately before the ownership change (with certain adjustments) multiplied by (b) the “long-term tax-exempt rate” in effect for the month in which the ownership change occurs (currently, approximately 4%). There are certain exceptions to the general rules of Section 382 of the Tax Code that apply to companies in bankruptcy, like the Debtors, that may provide for a limitation that is larger in amount or no limitation. Regardless, because (i) the Debtors expect that substantially all of their Pre-Change Losses will be eliminated if the restructuring is consummated as a Tax-Free Debtor Restructuring and (ii) the Reorganized Debtors will not succeed to the Pre-Change Losses of the Debtors if the Plan is consummated as a Taxable Asset Purchase and respected as a taxable transaction for U.S. federal income tax purposes, it is not expected that the Section 382 limitation will materially adversely affect the Reorganized Debtors.

#### **4. PRE-CONFIRMATION MEASURES**

To ensure that no “ownership change” occurs prior to the Confirmation of the Plan, on the Petition Date the Debtors entered a motion requesting an order restricting trading in the equity securities of Constar by certain “substantial” shareholders who hold 4.75% or more of the value of such securities. [On \_\_\_\_\_, 2011, the Court entered that order.] These restrictions will become irrelevant once the Plan is confirmed and the Equity Interests are cancelled.

#### **B. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 1, CLASS 2, CLASS 3 AND CLASS 4 CLAIMS**

Pursuant to the Plan, Holders of Class 1 – Secured Credit Facility Claims, Class 2 – Secured Tax Claims, Class 3 – Other Secured Claims, and Class 4 – Other Priority Claims may receive Cash in full payment of their Claims. A Holder who receives Cash in exchange for its Claim pursuant to the Plan generally will recognize income, gain or loss for federal income tax purposes in an amount equal to the difference between (1) the amount of Cash received in exchange for its Claim (other than Cash received for accrued interest) and (2) the Holder’s adjusted tax basis in its Claim. See the discussion of accrued interest below for the tax consequences of Cash received for accrued interest.

#### **C. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 5 CLAIMS**

Pursuant to the Plan, in full satisfaction and discharge of their Claims, Holders of Class 5—Secured Floating Rate Note Claims will receive distributions of Shareholder Notes and New Overage Securities. The treatment of such Holders will depend on whether the Plan is consummated as a Taxable Asset Purchase.

##### **1. Taxable Asset Purchase**

In the event the restructuring is consummated as a Taxable Asset Purchase, a Holder of Class 5 Claims should be treated as exchanging its Claims for Shareholder Notes and New Overage Securities in a fully taxable transaction. In that case, the Holder generally will recognize income, gain or loss for federal income tax purposes in an amount equal to the difference between: (1) the sum of (a) the fair market value as of the Effective Date of the New Overage Securities and (b) the issue price of the Shareholder Notes (which, if neither such Class 5 Claims nor the Shareholder Notes are traded on an established market for purposes of the applicable Regulations, generally will equal the stated principal amount of the Shareholder Notes, or if either is traded on an established market, will equal the fair market value of the Shareholder Notes as of the Effective Date (the “Issue Price”)); except for any New

Overage Securities or Shareholder Notes received for accrued interest and (2) the Holder's adjusted tax basis in its Claim. A Holder's tax basis in the New Overage Securities should equal their fair market value as of the Effective Date. A Holder's tax basis in the Shareholder Notes should equal their Issue Price. A Holder's holding period for Shareholder Notes and New Overage Securities should begin on the day following the Effective Date. See the discussion of accrued interest below for the tax consequences relating to Shareholder Notes and New Overage Securities received for accrued interest.

As described above, the Internal Revenue Service may take the position that the Taxable Asset Purchase constitutes a tax-free reorganization, in which case the tax consequences to Holders may differ from the consequences described above.

## **2. Tax-Free Debtor Restructuring**

In the event the restructuring is consummated as a Tax-Free Debtor Restructuring, the U.S. federal income tax consequences of the Plan to Holders of Class 5 Claims will depend, in part, on whether the Claims surrendered and the Shareholder Notes received constitute "securities" for U.S. federal income tax purposes.

Whether a debt instrument constitutes a "security" is determined based on all the facts and circumstances, but most authorities have held that the length of the term of a debt instrument at initial issuance is an important factor in determining whether such instrument is a security for federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including the security for payment, the creditworthiness of the obligor, the subordination or lack thereof with respect to other creditors, the right to vote or otherwise participate in the management of the obligor, convertibility of the instrument into an equity interest of the obligor, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or accrued.

If the Class 5 Claims and the Shareholder Notes are both treated as securities, then the exchange of such Claims for New Overage Securities and Shareholder Notes should be treated as a recapitalization and therefore a tax-free reorganization under the Tax Code. In general, this means that a Holder will not recognize loss with respect to the exchange and will not recognize gain except with respect to accrued but unpaid interest on the Claims. A Holder should have an aggregate tax basis in the New Overage Securities and the Shareholder Notes received (other than Shareholder Notes or New Overage Securities received for accrued interest) equal to the adjusted tax basis of the Claims exchanged therefor, and a Holder should have a holding period in such New Overage Securities and Shareholder Notes that includes the holding period for the Claims. See discussion of accrued interest below for the tax consequences relating to Shareholder Notes and New Overage Securities received for accrued interest.

If the Class 5 Claims are treated as securities and the Shareholder Notes are not treated as securities, then the exchange of such Claims for New Overage Securities and Shareholder Notes should still be treated as a recapitalization and therefore a tax-free reorganization under the Tax Code. In general, this means that a Holder will not recognize any gain or loss with respect to the exchange, except that a holder should recognize any gain (but not loss) on the exchange to the extent of the lesser of (i) the amount of gain realized on the exchange (generally equal to the fair market value of the New Overage Securities plus the Issue Price of the Shareholder Notes received minus the Holder's adjusted tax basis, if any, in the Claims) and (ii) the Issue Price of the Shareholder Notes, in addition to any gain recognized with respect to New Overage Securities or Shareholder Notes received for accrued interest. Such Holder should obtain a tax basis in the New Overage Securities received (other than New Overage Securities received for accrued interest) equal to (1) the adjusted tax basis of the Claims surrendered, less (2) the Issue Price of any Shareholder Notes received, plus (3) gain recognized by the Holder on the exchange (if any), and such Holder should have a holding period for such New Overage Securities that includes the holding period of the Claims exchanged therefor. The tax basis of the Shareholder Notes should equal their Issue Price and their holding period should begin on the date following the Effective Date. See discussion of accrued interest below for the tax consequences relating to Shareholder Notes and New Overage Securities received for accrued interest.

If the Class 5 Claims are not treated as securities, a Holder should be treated as exchanging its Claims for New Overage Securities and Shareholder Notes in a fully taxable exchange, and the tax consequences should generally be the same as discussed above under Taxable Asset Purchase.

### **3. SHAREHOLDER NOTES MAY HAVE ORIGINAL ISSUE DISCOUNT**

The Shareholder Notes may have original issue discount for U.S. federal income tax purposes. In such case, a Holder of a Shareholder Note will have to report any original issue discount as gross income as it accrues (prior to the receipt of cash attributable thereto), based on a constant yield method and regardless of the U.S. Holder's regular method of accounting for U.S. federal income tax purposes. The amount of original issue discount on a Shareholder Note generally will equal the excess of the note's "stated redemption price at maturity" over its Issue Price. The stated redemption price at maturity of a Shareholder Note generally is the sum of all payments to be made on the note other than payments of interest that are unconditionally payable in cash or property (other than debt) at least annually at a single fixed rate. Holders of Class 5 Claims should consult their own tax advisors regarding the tax consequences of ownership of the Shareholder Notes.

### **D. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO THE HOLDERS OF CLASS 6 CLAIMS**

Pursuant to the Plan, in full satisfaction and discharge of their Claims, Holders of Class 6—General Unsecured Claims will receive distributions of New Common Stock. The treatment of such Holders will depend on whether the Plan is consummated as a Taxable Asset Purchase.

#### **1. Taxable Asset Purchase**

In the event the restructuring is consummated as a Taxable Asset Purchase, a Holder of Class 6 Claims should be treated as exchanging its Claims for New Common Stock in a fully taxable transaction. In that case, the Holder generally will recognize income, gain or loss for federal income tax purposes in an amount equal to the difference between (1) the fair market value as of the Effective Date of the New Common Stock (other than New Common Stock received for accrued interest) and (2) the Holder's adjusted tax basis in its Claim, if any. A Holder's tax basis in the New Common Stock should equal its fair market value as of the Effective Date, and its holding period for the New Common Stock should begin on the day following the Effective Date. See the discussion of accrued interest below for the tax consequences relating to the New Common Stock received for accrued interest.

As described above, the Internal Revenue Service may take the position that the Taxable Asset Purchase constitutes a tax-free reorganization, in which case the tax consequences to Holders may differ from the consequences described above.

#### **2. Tax-Free Debtor Restructuring**

In the event the restructuring is consummated as a Tax-Free Debtor Restructuring, the U.S. federal income tax consequences of the Plan to Holders of Class 6 Claims will depend, in part, on whether the Claims surrendered constitute "securities" for U.S. federal income tax purposes and whether the Claims are against Constar or one of the other Debtors.

If a Holder's Claims are treated as securities and the Holder's Claims are against Constar (as in the case of the Floating Rate Note Deficiency Claims), the exchange of such Claims for New Common Stock should be treated as a recapitalization and therefore a tax-free reorganization under the Tax Code. See the discussion above with respect to Class 5 Claims for a discussion of whether the Claims will be treated as securities. In general, this means that a Holder will not recognize loss with respect to the exchange and will not recognize gain except with respect to accrued but unpaid interest on the Claims. A Holder should have a tax basis in the New Common Stock received (other than New Common Stock received for accrued interest) equal to the tax basis of the Claims exchanged therefor, and a Holder should have a holding period for such New Common Stock that includes the holding period for the Claims. See discussion of accrued interest below for the tax consequences relating to New Common Stock received for accrued interest.

If a Holder's Claims are not treated as securities or the Holder's Claims are not against Constar (but another Reorganized Debtor), a Holder should be treated as exchanging its Claims for New Common Stock in a fully taxable exchange, and the tax consequences to the Holder should generally be the same as discussed above under Taxable Asset Purchase. If a Holder's Claims are not against Constar (but another Reorganized Debtor), it is possible that the Holder could be treated as exchanging its Claims for New Common Stock in a tax-free reorganization, in which case the tax consequences to Holders may differ from the tax consequences described in the preceding sentence. Such Holders should consult their own tax advisors regarding the tax consequences of the exchange to them.

### **3. DISTRIBUTIONS OF NEW COMMON STOCK AFTER THE EFFECTIVE DATE**

Because shares of the New Common Stock may be distributed, at various times after the Effective Date, to Holders of previously Allowed Class 6 Claims if and to the extent any Disputed Claim is disallowed after the Effective Date, Holders of Allowed Class 6 Claims entitled to receive New Common Stock may be required to treat a portion of the shares of New Common Stock received after the Effective Date as imputed interest. Holders of Allowed Class 6 Claims entitled to receive New Common Stock should consult their tax advisors regarding the effect of distributions of New Common Stock after the Effective Date on the timing, character, and amount of income, gain, or loss recognized by such Holders.

#### **E. CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES TO EQUITY HOLDERS IN REORGANIZED DEBTORS IN THE EVENT THAT REORGANIZED DEBTORS ARE TAXED AS A PARTNERSHIP**

In the event of a Taxable Asset Purchase, the Debtors and Consenting Noteholders may organize Reorganized Debtor as a partnership for federal income tax purposes. Accordingly, Holders of Claims that receive New Common Stock or New Overage Securities may be treated as partners in the Reorganized Debtor. As partners, such Holders will be allocated their respective shares of items of income, gain, loss, and deduction derived from the Partnership's operations, and such allocations could result in the incurrence of federal income tax, regardless of whether actual cash distributions are made from the Reorganized Debtor. The tax treatment of holding interests in a partnership is complex, and Holders receiving New Common Stock or New Overage Securities in the Reorganized Debtors are strongly urged to consult their own tax advisors for the tax consequences of holding New Common Stock or New Overage Securities to them.

#### **F. CHARACTER OF INCOME, GAIN OR LOSS**

The character of any income, gain or loss recognized by a Holder as capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, the nature of the Claim in such Holder's hands, whether the Claim constitutes a capital asset in the hands of the Holder, whether the Claim was purchased at a discount and whether and to what extent the Holder has previously claimed a bad debt deduction with respect to its Claim. See discussions of accrued interest and market discount below. Holders should consult their own tax advisors regarding the character of the income, gain or loss they recognize as a result of the Plan.

#### **G. ACCRUED INTEREST**

To the extent that any amount received by a Holder of a Claim is attributable to accrued interest, such amount should be taxable to the Holder as interest income if such accrued interest has not been previously included in the Holder's gross income for United States federal income tax purposes. Conversely, a Holder of a Claim may be able to recognize a deductible loss (or, possibly, a write-off against a reserve for worthless debts) to the extent that any accrued interest on the Claims was previously included in the Holder's gross income but was not paid in full by the Debtors. Such loss may be ordinary, but the tax law is unclear on this point.

The tax basis of any share of Shareholder Notes, New Overage Securities, or New Common Stock treated as received in satisfaction of accrued interest should equal the amount of such accrued interest, and the holding



period for any such Shareholder Notes, New Overage Securities, or New Common Stock should begin on the day following the Effective Date.

The extent to which the consideration received by the Holder of a Claim will be attributable to accrued interest is unclear. Pursuant to the Plan, the consideration shall be allocated to the principal amount (as determined for federal income tax purposes) of the Claim first, and then to accrued but unpaid interest. The Debtors intend to report interest in its information filings to the Holders and to the Internal Revenue Service in a manner consistent with the above allocations. The Internal Revenue Service, however, could challenge those allocations and contend that some other allocation is required.

## **H. MARKET DISCOUNT**

Under the “market discount” provisions of sections 1276 through 1278 of the Tax Code, some or all of the gain realized by a Holder of a Claim on the Effective Date may be treated as ordinary income (instead of capital gain), to the extent of the amount of “market discount” on the Claim. In general, a debt instrument (other than an obligation with a fixed maturity date not exceeding 1 year from the date of issue) is considered to have been acquired with “market discount” if its holder’s adjusted tax basis in the debt instrument is less than (1) the sum of all remaining payments to be made on the debt instrument, excluding “qualified stated interest” or (2) in the case of a debt instrument issued with original issue discount, its adjusted issue price, by at least a de minimis amount (equal to 0.25% of the sum of all remaining payments to be made on the Claim, excluding qualified stated interest, multiplied by the number of remaining whole years to maturity).

Any gain recognized by a Holder on the taxable disposition of Claims that had been acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while such Claims were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that the surrendered Claims that had been acquired with market discount are deemed to be exchanged in a tax-free reorganization, any market discount that accrued on such debts but was not recognized by the Holder may cause any gain recognized on the subsequent sale, exchange, redemption or other disposition of the consideration received for the Claims to be treated as ordinary income to the extent of the accrued but unrecognized market discount with respect to the exchanged Claims.

## **I. INFORMATION REPORTING AND BACKUP WITHHOLDING**

In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a Holder of a Claim may be subject to backup withholding (currently at a rate of 28%) with respect to distributions or payments made pursuant to the Plan unless that Holder: (a) falls within certain exempt categories (which generally include corporations and foreign Holders) and, when required, demonstrates that fact; or (b) timely provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; provided that the required information is timely provided to the Internal Revenue Service.

The Debtors will, through the Exchange Agent, withhold all amounts required by law to be withheld from payments of interest. The Debtors will comply with all applicable reporting requirements of the Internal Revenue Service.

**THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER IN LIGHT OF SUCH HOLDER’S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS OR EQUITY INTERESTS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE PLAN, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.**

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

The Debtors believe the Plan is in the best interests of all creditors and urge the Holders of Claims entitled to vote to accept the Plan and to evidence such acceptance by returning their Ballots so they will be received by the Debtors' Voting Agent no later than \_\_\_\_\_, **2011**.

Dated January 11, 2011

Respectfully submitted,

Constar International Inc., et al.

By: /s/ J. Mark Borseth  
Its: Chief Financial Officer

Prepared by:

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# **EXHIBIT A**

## **Joint Plan of Reorganization**

**UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF DELAWARE**

In re:	)	Chapter 11
CONSTAR INTERNATIONAL INC., <u>et al.</u> , <sup>1</sup>	)	Case No. 11-10109 (CSS)
Debtors.	)	Jointly Administered

**DEBTORS' JOINT PLAN OF REORGANIZATION PURSUANT TO CHAPTER 11 OF  
THE UNITED STATES BANKRUPTCY CODE**

**INTRODUCTION**

Constar International Inc. and the other Debtors in the above-captioned chapter 11 cases (collectively, the “Debtors”) hereby respectfully propose the following joint plan of reorganization (the “Plan”) for the resolution of outstanding creditor claims against, and interests in, the Debtors pursuant to title 11 of the United States Code, 11 U.S.C. §§ 101-1532. Capitalized terms used in the Plan and not otherwise defined shall have the meanings ascribed to such terms in Article I.A. Reference is made to the Disclosure Statement, for a discussion of the Debtors’ history, businesses, assets, results of operations, and projections of future operations, as well as a summary and description of the Plan and certain related matters. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. The material terms of the Plan have been agreed to by the Consenting Noteholders pursuant to the Restructuring Support Agreement.

ALL HOLDERS OF CLAIMS AND INTERESTS, TO THE EXTENT APPLICABLE, ARE ENCOURAGED TO READ THE PLAN AND THE DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

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Dated: January 11, 2011

<sup>1</sup> The Debtors and, where applicable, the last four digits of their respective tax identification numbers are: Constar International Inc. (XX-XXX9304), BFF Inc. (XX-XXX1229), DT, Inc. (XX-XXX7693), Constar, Inc. (XX-XXX0950), Constar Foreign Holdings, Inc. (XX-XXX8591) and Constar International UK Limited. The address of Constar International Inc., BFF Inc., DT, Inc., Constar, Inc. and Constar Foreign Holdings, Inc. is One Crown Way, Philadelphia, Pennsylvania 19154. The address of Constar International UK Limited is Motor Lane Trading Estate, Sherburn in Elmet, Nr Leeds, North Yorkshire LS25 6ES, UK.

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## ARTICLE I

### DEFINED TERMS, RULES OF INTERPRETATION, COMPUTATION OF TIME, AND GOVERNING LAW

#### A. Defined Terms

The following terms used herein shall have the respective meanings set forth below:

1. **“Accrued Professional Compensation”** means, at any given moment, all accrued fees and expenses (including success fees) for services rendered by all Professionals through and including the Effective Date, to the extent such fees and expenses have not been paid and regardless of whether a fee application has been Filed for such fees and expenses. To the extent there is a Final Order denying some or all of a Professional’s fees or expenses, such denied amounts shall no longer be considered Accrued Professional Compensation.
2. **“Administrative Claim”** means a Claim for costs and expenses of administration of the Chapter 11 Cases pursuant to sections 503(b), 507(a)(2), or 1114(e)(2) of the Bankruptcy Code, including, but not limited to: (a) the actual and necessary costs and expenses incurred after the Petition Date and through the Effective Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries, or commissions for services, and payments for goods and other services and leased premises); (b) compensation for legal, financial advisory, accounting, and other services and reimbursement of expenses Allowed pursuant to sections 328, 330(a), or 331 of the Bankruptcy Code or otherwise for the period commencing on the Petition Date and ending on the Effective Date; (c) all fees and costs assessed against the Estates pursuant to chapter 123 of the Judicial Code; (d) all requests for compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code; and (e) all Consenting Noteholders Fees and Expenses.
3. **“Affiliate”** has the meaning set forth in section 101(2) of the Bankruptcy Code.
4. **“Allowed”** means with reference to any Claim or Equity Interest: (a) any Claim or Equity Interest against any Debtor that has been listed by such Debtor in its Schedules (as such Schedules may be amended by the Debtors from time to time in accordance with Bankruptcy Rule 1009) as liquidated in amount and not disputed or contingent and for which no contrary proof of Claim or Equity Interest has been filed or no timely objection for allowance or request for estimation has been interposed, (b) any timely filed proof of Claim or Equity Interest as to which no timely objection for allowance or request for estimation has been or is interposed or as to which any objection has been determined by a Final Order to the extent such objection is determined in favor of the respective Holder of such Claim or Equity Interest, (c) any Claim or Equity Interest expressly allowed by a Final Order or under the Plan, (d) any Claim or Equity

Interest that is compromised, settled or otherwise resolved pursuant to the authority granted to the Reorganized Debtors under a Final Order of the Bankruptcy Court or under Article VII.A of the Plan; provided, however, that Claims allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed Claims.” Unless otherwise specified in the Plan or by order of the Bankruptcy Court, “Allowed Administrative Claim” or “Allowed Claim” shall not, for any purpose under the Plan, include interest on such Claim from and after the Petition Date.

5. “**Ballot**” means the ballots or master ballots upon which Holders of Impaired Claims or Equity Interests entitled to vote shall cast their vote to accept or reject the Plan.
6. “**Bankruptcy Code**” means title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as applicable to the Chapter 11 Cases.
7. “**Bankruptcy Court**” means the United States Bankruptcy Court for the District of Delaware or any other court of the United States having jurisdiction over the Debtors’ Chapter 11 Cases.
8. “**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure as applicable to the Chapter 11 Cases, promulgated under section 2075 of the Judicial Code and the general, local, and chambers rules of the Bankruptcy Court.
9. “**Bar Date**” means the date established by an order of the Bankruptcy Court as the last day for filing a proof of claim in these Chapter 11 Cases.
10. “**BFF**” means BFF Inc., a Delaware corporation.
11. “**Business Day**” means any day, other than a Saturday, Sunday, or “legal holiday” (as defined in Bankruptcy Rule 9006(a)).
12. “**Cash**” means the legal tender of the United States of America or the equivalent thereof.
13. “**Causes of Action**” means any claim, cause of action, cross claim, counterclaim, controversy, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, recoupment, power, privilege, license, and franchise of any kind or character whatsoever, known, unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on or after the Petition Date, in contract or in tort, in law or in equity, or pursuant to any other theory of law. Cause of Action also includes, without limitation: (a) any right of setoff, counterclaim, or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity; (b) the right to object to Claims or Equity Interests; (c) any claim pursuant to sections 362, 502, 510, 542, 543, 544,

545, 547 through 553 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress, and usury and any other defenses set forth in section 558 of the Bankruptcy Code; (e) any state law fraudulent transfer claim; (f) any claim or cause of action of any kind against any Released Party or Exculpated Party based in whole or in part upon acts or omissions occurring prior to or after the Petition Date; and (g) any claim listed in the Plan Supplement.

14. **“Certificate”** means any instrument evidencing a Claim or an Equity Interest.
15. **“CFH”** means Constar Foreign Holdings, Inc., a Delaware corporation.
16. **“Chapter 11 Cases”** means (a) when used with reference to a particular Debtor, the chapter 11 case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court and (b) when used with reference to all Debtors, the procedurally consolidated chapter 11 cases pending for the Debtors in the Bankruptcy Court.
17. **“CP”** means Constar, Inc., a Pennsylvania corporation.
18. **“Claim”** means a “claim,” as defined in section 101(5) of the Bankruptcy Code, and as supplemented by section 102(2) of the Bankruptcy Code, against one or more of the Debtors or property of one or more of the Debtors, whether or not asserted, whether known or unknown, contingent or non-contingent, whether arising before, on or after the Petition Date.
19. **“Class”** means a category of Holders of Claims or Equity Interests as set forth in Article III hereof pursuant to section 1122(a) of the Bankruptcy Code.
20. **“Committee”** or **“Committees”** means the official committee of unsecured creditors (and any and all subcommittees thereof) appointed in the Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code.
21. **“Confirmation”** means the entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions specified in Article X.A hereof having been satisfied or waived pursuant to Article X.C hereof.
22. **“Confirmation Date”** means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.
23. **“Confirmation Order”** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code, which Confirmation Order shall be in form and substance acceptable to the Consenting Noteholders.
24. **“Consenting Noteholders”** means, collectively, those certain Holders of Floating Rate Notes party to the Restructuring Support Agreement and represented by Kirkland & Ellis LLP, each in their capacities as such. ***For purposes of this Plan, any acceptance, action, or consent by the Consenting Noteholders means an***

***action or consent by Consenting Noteholders holding at least 66 2/3 percent of the principal amount of all Floating Rate Note Claims.***

25. ***“Consenting Noteholders Fees and Expenses”*** means all fees and out-of-pocket expenses of (a) the Consenting Noteholders’ professionals, including, but not limited to, the professional fees and expenses of Kirkland & Ellis LLP, in its capacity as legal advisor to the Consenting Noteholders, and any financial advisor retained by the Consenting Noteholders, whether or not the Plan is ultimately consummated, and (b) the Floating Rate Note Indenture Trustee.
26. ***“Consolidated Constar Entities”*** means BFF, DT, CI, CFH, and CUK.
27. ***“Constar”*** means Constar International Inc., a Delaware corporation.
28. ***“Constar Consolidated Subsidiary Stock Interests”*** means the Subsidiary Stock in BFF, DT, CI, CFH, and CUK.
29. ***“Consummation”*** means the occurrence of the Effective Date.
30. ***“CUK”*** means Constar International UK Limited, a company incorporated under the laws of England and Wales.
31. ***“Cure Claim”*** means a Claim based upon the Debtors’ defaults on an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtors pursuant to section 365 of the Bankruptcy Code.
32. ***“D&O Liability Insurance Policies”*** means all insurance policies for directors’ and officers’ liability maintained by the Debtors as of the Petition Date.
33. ***“Debtor”*** means one of the Debtors, in its capacity as a debtor in these Chapter 11 Cases.
34. ***“Debtor Releasees”*** means collectively, the Debtors and all current and former affiliates, subsidiaries, managed accounts or funds, officers, directors, partners, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies and officers, directors, partners, principals, employees and agents thereof, fund advisors and other professionals of the Debtors, in each case in their capacity as such; provided, however, that the Debtor Releasees shall not include officers, directors, or employees of the Debtors or their Affiliates who were no longer acting in such capacity on or after the Petition Date, or existing or former shareholders of the Debtors who are not otherwise entitled to a release under the Plan.
35. ***“Debtors”*** means, collectively: Constar International Inc., BFF, DT, CI, CFH, and CUK.

36. **“Debtors in Possession”** means, collectively, the Debtors, as debtors in possession in these Chapter 11 Cases, pursuant to sections 1107 and 1108 of the Bankruptcy Code.
37. **“DIP Agent”** means Black Diamond Commercial Finance, L.L.C., as administrative agent under the DIP Note Purchase Agreement, or any successor agent appointed in accordance with such agreement.
38. **“DIP Note Purchase Agreement”** means that certain debtor-in-possession note purchase agreement, dated as of the Petition Date, by and among the Debtors, the DIP Agent, and certain other purchasers named therein, as the same may have been subsequently modified, amended, or supplemented, together with all instruments and agreements related thereto, which DIP Note Purchase Agreement shall be in form and substance acceptable to the Consenting Noteholders.
39. **“DIP Facility”** means that certain debtor-in-possession senior, secured, super-priority note purchase facility entered into pursuant to the DIP Note Purchase Agreement.
40. **“DIP Facility Claim”** means any Claim against one or more of the Debtors arising under or related to the DIP Facility.
41. **“DIP Facility Effective Date Repayment Amount”** means an amount equal to all DIP Facility Claims, including but not limited to all Obligations (as defined in the DIP Note Purchase Agreement) and other required payments, including, without limitation, all interest, fees, costs, and expenses due and owing under the DIP Facility, excluding the DIP Facility Roll-Over Amount.
42. **“DIP Facility Providers”** means the DIP Agent and the banks, financial institutions, and other holders or purchaser parties (as the case may be) to the DIP Note Purchase Agreement from time to time.
43. **“DIP Facility Roll-Over Amount”** means, at the election of the DIP Agent and the DIP Facility Providers holding at least two thirds of the aggregate DIP Facility Claims, an amount of the DIP Facility Claims to be determined, but in no event more than \$15,000,000; provided that any portion of such DIP Facility Roll-Over Amount may be paid in full, in Cash with the proceeds of any other financing available to the Debtors with the consent of the DIP Agent.
44. **“Disbursing Agent”** means the Reorganized Debtors, or the Entity or Entities chosen by the Reorganized Debtors to make or facilitate distributions pursuant to Article VI B of the Plan.
45. **“Disclosure Statement”** means the Disclosure Statement for the Debtors’ Joint Plan of Reorganization Pursuant to Chapter 11 of the United States Bankruptcy Code, dated \_\_\_\_\_, 2011, as amended, supplemented, or modified from time to time, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy

Code, the Bankruptcy Rules, and any other applicable law, which Disclosure Statement shall be in form and substance acceptable to the Consenting Noteholders in their reasonable discretion.

46. **“Disputed”** means, with reference to any Claim, any such Claim (a) to the extent neither Allowed nor disallowed under the Plan or a Final Order nor deemed Allowed under section 502, 503 or 1111 of the Bankruptcy Code, (b) which has been or hereafter is listed by the Debtor on its Schedules as unliquidated, disputed or contingent and which has not been resolved by written agreement of the parties or a Final Order or (c) as to which the Debtors or any other party in interest has interposed a timely objection and/or request for estimation in accordance with the Bankruptcy Code and the Bankruptcy Rules, which objection or request for estimation has not been withdrawn or determined by a Final Order. Prior to the earlier of the time an objection has been timely filed and the expiration of the time within which to object to such Claim set forth herein or otherwise established by order of the Bankruptcy Court, a Claim shall be considered Disputed to the extent that amount of the Claim specified in a proof of Claim exceeds the amount of the Claim scheduled by the Debtor as not disputed, contingent or unliquidated.
47. **“Distribution Record Date”** means 5:00 p.m. on the Business Day that is five (5) Business Days prior to the Confirmation Date.
48. **“DT”** means DT, Inc., a Delaware corporation.
49. **“DTC”** means the Depository Trust Company, and its successors and assigns.
50. **“Effective Date”** means the date selected by the Debtors that is a Business Day after the entry of the Confirmation Order on which all conditions precedent to the Consummation of the Plan of Reorganization set forth in Article X.B shall have been satisfied or waived pursuant to Article X.C hereof and which shall be on or before twenty (20) calendar days after the Confirmation Date.
51. **“Entity”** means an entity as defined in section 101(15) of the Bankruptcy Code.
52. **“Equity Interest”** means any equity interest in Constar or any other Debtor, including but not limited to: (a) all common stock, limited liability company interests, and any other equity, ownership or profits interest, including options, warrants, or other agreements to acquire the same, whether or not arising under or in connection with any employment agreement; and (b) any claim subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to any of the foregoing. Equity Interests do not include any Equity Interests issued and distributed under this Plan.
53. **“Estate”** means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

54. **“Exchange Act”** means the Securities Exchange Act of 1934, 15 U.S.C. §§ 78a–78oo, as now in effect and hereafter amended, the rules and regulations promulgated thereunder, and any similar federal, state or local law.
55. **“Exchange Agent”** means such exchange agent as may be selected by the Debtors.
56. **“Exculpated Claim”** means any Claim related to any act or omission in connection with, relating to, or arising out of the Debtors’ in or out of court restructuring, the Debtors’ Chapter 11 Cases, formulation, preparation, dissemination, negotiation, or filing of the Disclosure Statement or the Plan or any contract, instrument, release, or other agreement or document created or entered into in connection with the Disclosure Statement or the Plan, the filing of the Chapter 11 Cases, the pursuit of Confirmation, the pursuit of Consummation, the administration and implementation of the Plan, or the distribution of property under the Plan or any other agreement. For the avoidance of doubt, no Claim, obligation, or liability arising under the Plan or the Plan Supplement, including the Exit Facility Agreement, constitutes an Exculpated Claim.
57. **“Exculpated Party”** means each of: (a) the Debtors; (b) the Reorganized Debtors; (c) the Debtor Releasees; (d) Third Party Releasees; and (e) all of the current and former affiliates, subsidiaries, managed accounts or funds, officers, directors, partners, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies and officers, directors, partners, principals, employees and agents thereof, fund advisors and other professionals of each of the foregoing Entities (whether current or former, in each case in their capacity as such); provided, however, that clause (e) shall not include officers, directors, or employees of the Debtors or their Affiliates who were no longer acting in such capacity on or after the Petition Date.
58. **“Executory Contract”** means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code; provided, however, that any and all agreements relating to the issuance of Equity Interests (including restricted stock award agreements, restricted stock agreements, stock unit agreements and stock option agreements) shall not be treated as executory contracts but shall instead be treated as Equity Interests.
59. **“Exit Facility”** means that certain senior secured, revolving credit facility in an amount sufficient to provide operational liquidity to the Debtors, secured by a perfected first priority lien on, and security interest in, the Exit Facility Collateral (or as otherwise set forth in the Exit Facility Documents), subject to the New Intercreditor Agreement, on terms acceptable to (a) the Consenting Noteholders and (b) in the event any DIP Facility Roll-Over Amount exists, the DIP Agent and DIP Facility Providers holding at least 66 2/3 percent of the DIP Facility Claims.

60. **“Exit Facility Agent”** means Wells Fargo Capital Finance, LLC as administrative agent under the Exit Facility Credit Agreement, or any successor agent appointed in accordance with such agreement.
61. **“Exit Facility Collateral”** means all of the current assets (which shall include, without limitation, cash, receivables and inventory) of each Reorganized Debtor (including Reorganized CUK) or as otherwise set forth in the Exit Facility Documents.
62. **“Exit Facility Credit Agreement”** means a secured revolving credit agreement on terms and conditions acceptable to (a) the Consenting Noteholders and (b) in the event any DIP Facility Roll-Over Amount exists, the DIP Agent and DIP Facility Providers holding at least 66 2/3 percent of the DIP Facility Claims.
63. **“Exit Facility Documents”** means the Exit Facility Credit Agreement and all other related agreements, documents or instruments related to the Exit Facility to be executed and delivered in connection therewith, each of which Exit Facility Documents shall be on terms and conditions acceptable to (a) the Consenting Noteholders and (b) in the event any DIP Facility Roll-Over Amount exists, the DIP Agent and DIP Facility Providers holding at least 66 2/3 percent of the DIP Facility Claims.
64. **“Exit Facility Lenders”** means the lenders from time to time under the Exit Facility Credit Agreement.
65. **“Federal Judgment Rate”** means the federal judgment rate, which was in effect as of the Petition Date.
66. **“File”** or **“Filed”** means file, filed, or filing with the Bankruptcy Court or its authorized designee in these Chapter 11 Cases.
67. **“Final Order”** means an order of the Bankruptcy Court or any other court of competent jurisdiction as to which the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or as to which any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtors or, on and after the Effective Date, the Reorganized Debtors, or, in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such order of the Bankruptcy Court or other court of competent jurisdiction shall have been determined by the highest court to which such order was appealed, or certiorari, reargument or rehearing shall have been denied and the time to take any further appeal, petition for certiorari or move for reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or applicable state court rules of civil



procedure, may be filed with respect to such order shall not cause such order not to be a Final Order.

68. ***“Floating Rate Note Claims”*** means, collectively, all claims against one or more of the Debtors arising from or relating to the Floating Rate Notes or the Floating Rate Note Indenture, including but not limited to fees, expenses, principal, and accrued but unpaid interest as of the commencement of the Chapter 11 Cases.
69. ***“Floating Rate Note Deficiency Claims”*** means, collectively, all Floating Rate Note Claims, less Secured Floating Rate Note Claims.
70. ***“Floating Rate Note Indenture”*** means that certain indenture, dated as of February 11, 2005 (as amended, modified, supplemented, or amended and restated from time to time) by and between Constar International Inc., as issuer, those guarantors party thereto, and the Floating Rate Note Indenture Trustee.
71. ***“Floating Rate Note Indenture Trustee”*** means The Bank of New York, as trustee under the Floating Rate Note Indenture.
72. ***“Floating Rate Notes”*** means those certain secured floating rate notes due February 15, 2012, issued pursuant to the Floating Rate Note Indenture.
73. ***“General Unsecured Claim”*** means an unsecured Claim for which any of Constar or any of the Consolidated Constar Entities or their assets are liable that is not: (a) an Administrative Claim; (b) a Priority Tax Claim; (c) an Other Priority Claim; (d) an Intercompany Claim; or (e) a Section 510(b) Claim. For the avoidance of doubt, Floating Rate Note Deficiency Claims are General Unsecured Claims.
74. ***“Governmental Unit”*** means a governmental unit as defined in section 101(27) of the Bankruptcy Code.
75. ***“Holder”*** means an Entity holding a Claim or an Equity Interest.
76. ***“Impaired”*** means, with respect to a Class of Claims or Equity Interests, a Claim or an Equity Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.
77. ***“Intercompany Claim”*** means any Claim held by a Debtor or an Affiliate of a Debtor as of the Petition Date against another Debtor.
78. ***“Interim Compensation Order”*** means that certain order of the Bankruptcy Court allowing Estate Professionals to seek interim compensation in accordance with the compensation procedures approved therein, as may have been modified by a Bankruptcy Court order approving the retention of the Professionals.
79. ***“Judicial Code”*** means title 28 of the United States Code, 28 U.S.C. §§ 1–4001.

80. **“LIBOR”** means, with respect to each calendar month, the higher of: (a) one percent (1.00%) per annum; and (b) the offered rate per annum for deposits of Dollars for such calendar month that appears on Reuters Screen LIBOR 01 Page as of 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such calendar month; provided, if no such offered rate exists or a LIBOR Termination Event (as defined in the DIP Note Purchase Agreement) shall have occurred, such rate will be the higher of (x) the rate of interest per annum, as determined by the DIP Agent at which deposits of Dollars in immediately available funds are offered at 11:00 A.M. (London, England time) two (2) Business Days prior to the first day in such calendar month by major financial institutions reasonably satisfactory to the DIP Agent in the London interbank market for such calendar month for the applicable principal amount on such date of determination and (y) the Base Rate (as defined in the DIP Note Purchase Agreement).
81. **“Lien”** means a lien as defined in section 101(37) of the Bankruptcy Code.
82. **“Management Incentive Plan”** means that certain post-Effective Date management incentive plan, if any, as determined and implemented by the New Board as soon as reasonably practicable after the Effective Date.
83. **“New Board”** means each board of directors appointed pursuant to Article IV.L.2 of the Plan.
84. **“New ByLaws”** means the form of new or restated bylaws or operating agreement, as appropriate, to be adopted by each of the Reorganized Debtors on the Effective Date, substantially in the form included in the Plan Supplement.
85. **“New Certificates of Incorporation”** means the form of new or restated certificate of incorporation or formation, as applicable, to be adopted by each of the Reorganized Debtors on the Effective Date, substantially in the form included in the Plan Supplement.
86. **“New Common Stock”** means the shares of common equity of Reorganized Constar, par value \$\_\_ per share, to be issued pursuant to the Plan on the Effective Date.
87. **“New Employee Agreements”** means the employment agreements, in form and substance acceptable to the Consenting Noteholders, to be executed on the Effective Date by Reorganized Constar and the counterparties identified therein, and substantially in the forms contained in the Plan Supplement.
88. **“New Intercreditor Agreement”** means that certain Intercreditor Agreement with respect to the Exit Facility, the Roll-Over Facility (if any) and the Shareholder Notes, which agreement shall be in form and substance acceptable to (a) the Consenting Noteholders and (b) in the event any DIP Facility Roll-Over Amount exists, the DIP Agent and DIP Facility Providers holding at least 66 2/3 percent of the DIP Facility Claims.

89. **“New Organizational Documents”** means each New Certificate of Incorporation, New ByLaws and other organizational document for each of the Reorganized Debtors, each of which New Organizational Documents shall be in form and substance acceptable to the Consenting Noteholders.
90. **“New Overage Securities”** means the preferred equity to be issued by Reorganized Constar on the Effective Date, having the rights and terms set forth in the New Certificate of Incorporation for Reorganized Constar, which may, subject to certain conditions, be convertible into New Common Stock, the face amount of which shall equal the positive difference, if any, between (a) the amount of Secured Floating Rate Note Claims and (b) the principal amount of the Shareholder Notes and which New Overage Securities shall be in form and substance acceptable to the Consenting Noteholders.
91. **“Old Constar Equity Interests”** means any and all rights and interests with respect to, on account of, or arising from or in connection with any Equity Interest of Constar outstanding or otherwise existing as of the Confirmation Date.
92. **“Old Employee Agreements”** means any and all employment agreements by and among the Debtors and/or any of their Affiliates and the counterparties identified therein existing as of the Petition Date.
93. **“Other Priority Claim”** means a Claim against one or more of the Debtors entitled to priority in right of payment pursuant to section 507(a) of the Bankruptcy Code, other than: (a) an Administrative Claim; or (b) a Priority Tax Claim.
94. **“Other Secured Claim”** means a Secured Claim against one or more of the Debtors, other than: (a) a DIP Facility Claim; (b) a Secured Credit Facility Claim; (c) a Secured Tax Claim; or (d) a Secured Floating Rate Note Claim.
95. **“Overage Securities Agreement”** means the agreement with respect to the New Overage Securities, to be entered into on the Effective Date, which agreement shall be in substantially the form contained in the Plan Supplement and in form and substance acceptable to the Consenting Noteholders.
96. **“Petition Date”** means the date on which each of the Debtors Filed their petitions for relief commencing the Chapter 11 Cases.
97. **“Plan”** or **“Plan of Reorganization”** means this Debtors’ Joint Plan of Reorganization, Pursuant to Chapter 11 of the United States Bankruptcy Code, as amended, supplemented, or modified from time to time in accordance with the provisions of the Bankruptcy Code and the terms hereof, including, without limitation, the Plan Supplement, which is incorporated herein by reference, in form and substance acceptable to the Consenting Noteholders.
98. **“Plan Supplement”** means the supplement to the Plan containing documents relevant to the implementation of the Plan, including but not limited to (a) the

terms of the Overage Securities Agreement; (b) the New Organizational Documents; (c) the New Employee Agreements, (d) to the extent known, the identity of the members of the New Board and the nature and compensation for any member of the New Board who is an “insider” under the Bankruptcy Code; (e) a schedule of Cure Claims with respect to Executory Contracts and Unexpired Leases to be assumed; (f) a list of Executory Contracts and Unexpired Leases to be rejected; (g) a list of Causes of Action; (h) the terms of the Shareholder Agreement; (i) the Exit Facility Credit Agreement; (j) the Roll-Over Facility Agreement (if any); (k) the Shareholder Notes Indenture; and (l) the Purchase Agreement (if any). The Plan Supplement and the documents contained therein will be Filed with the Clerk of the Bankruptcy Court no later than five (5) days prior to the Voting Deadline or such later date as may be approved by the Bankruptcy Court on notice to parties in interest; provided that the documents included therein may thereafter be amended and supplemented prior to execution as provided herein and therein. All documents contained in the Plan Supplement shall be in form and substance acceptable to the Consenting Noteholders.

99. **“Priority Tax Claim”** means any Claim against one or more of the Debtors of the kind specified in section 507(a)(8) of the Bankruptcy Code.
100. **“Pro Rata”** means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan.
101. **“Professional”** means an Entity: (a) employed pursuant to a Bankruptcy Court order in accordance with sections 327, 363, or 1103 of the Bankruptcy Code and to be compensated for services rendered prior to or on the Confirmation Date, pursuant to sections 328, 329, 330, 331, and 363 of the Bankruptcy Code or (b) awarded compensation and reimbursement by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.
102. **“Professional Fee Escrow Account”** means an interest-bearing account in an amount equal to the Professional Fee Reserve Amount funded and maintained by the Reorganized Debtors on and after the Effective Date solely for the purpose of paying all Allowed and unpaid fees and expenses of Professionals in the Chapter 11 Cases.
103. **“Professional Fee Reserve Amount”** means Accrued Professional Compensation through the Effective Date as estimated by the Professionals in accordance with Article IX.E.
104. **“Proof of Claim”** means a proof of claim Filed against any of the Debtors in the Chapter 11 Cases.

105. **“Purchase Agreement”** means that certain purchase agreement executed or entered into in connection with a sale and purchase of all assets of the Debtors (if any) pursuant to this Plan, which Purchase Agreement shall be in form and substance acceptable to the Consenting Noteholders.
106. **“Purchase Documents”** means the Purchase Agreement and all other agreements, documents, instruments, or contracts executed or entered into in connection with a sale and purchase of all assets of the Debtors (if any) pursuant to this Plan, which Purchase Documents shall be in form and substance acceptable to the Consenting Noteholders.
107. **“Purchaser”** means each corporation or limited liability company to be formed or caused to be formed by the Debtors and the holders of the Floating Rate Note Claims (if any) that purchases and is vested with all of the assets of any of the Debtors pursuant to this Plan.
108. **“Releasing Parties”** means, collectively: (a) the DIP Agent; (b) the DIP Facility Providers; (c) the Holders of Floating Rate Note Claims; (d) the Floating Rate Note Indenture Trustee; (e) the Secured Credit Facility Agent; (f) the Secured Credit Facility Lenders; (g) any and all other Holders of Claims or Equity Interests except Holders of any Claims or Equity Interests: (i) who vote to reject the Plan; or (ii) who are in a Class that is deemed to reject the Plan; and (h) with respect to each of the foregoing entities in clauses (a) through (f), and in clause (g) to the fullest extent permitted by law, such entity’s current and former affiliates, subsidiaries, managed accounts or funds, officers, directors, partners, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies and officers, directors, partners, principals, employees and agents thereof, fund advisors and other professionals, in each case in their respective capacities as such.
109. **“Reorganized Constar”** means Constar International Inc., as reorganized under and pursuant to the Plan, any successor thereto, by merger, consolidation, or otherwise, or the applicable Purchaser (if any), in each case on or after the Effective Date.
110. **“Reorganized Debtors”** means the Debtors, as reorganized debtors, any respective successor thereto, by merger, consolidation, or otherwise, or the applicable respective Purchaser (if any), in each case on and after the Effective Date.
111. **“Restructuring Support Agreement”** means that certain Restructuring and Lock-Up Agreement, dated as of January 10, 2011, by and among the Debtors and certain Holders of Floating Rate Note Claims, as may be amended from time to time in accordance with terms thereof.

112. **“Roll-Over Collateral”** means all assets of each Reorganized Debtor (including Reorganized CUK) other than Exit Facility Collateral, or as otherwise set forth in the Exit Facility Documents.
113. **“Roll-Over Facility”** means that certain senior secured note purchase and term loan facility in the aggregate amount of the DIP Facility Roll-Over Amount (at the election of DIP Agent and the DIP Facility Providers holding at least two thirds of the aggregate DIP Facility Claims), with a term of four (4) years, at an interest rate of LIBOR plus eight percent (8%), paid in cash monthly in arrears, to be subject to mandatory repayment with 50 percent of the Reorganized Debtors’ excess cash flow, secured by (a) a perfected first-priority lien on and security interest in the Roll-Over Collateral and (b) a perfected second-priority lien on and security interest in the Exit Facility Collateral, the representations, warranties, and covenants (other than financial covenants) under which shall be no more restrictive than those representations, warranties, and covenants under the Exit Facility, which Roll-Over Facility shall be substantially in the form contained in the Plan Supplement or as otherwise acceptable to the Consenting Noteholders, the DIP Agent and DIP Facility Providers holding at least 66 2/3 percent of the DIP Facility Claims.
114. **“Roll-Over Facility Agreement”** means that certain senior secured note purchase and term loan agreement establishing the Roll-Over Facility on terms and conditions acceptable to the Consenting Noteholders, the DIP Agent and DIP Facility Providers holding at least 66 2/3 percent of the DIP Facility Claims.
115. **“Roll-Over Notes”** means secured notes and term loans in the aggregate amount of the DIP Facility Roll-Over Amount (at the election of DIP Agent and the DIP Facility Providers holding at least two thirds of the aggregate DIP Facility Claims) to be issued on the Effective Date by the borrowers or issuers, as the case may be, under the Roll-Over Facility to the DIP Facility Providers, which Roll-Over Notes shall be substantially in the form contained in the Plan Supplement or as otherwise acceptable to the Consenting Noteholders, the DIP Agent and DIP Facility Providers holding at least 66 2/3 percent of the DIP Facility Claims.
116. **“Schedules”** means, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases and statements of financial affairs filed by the Debtors under section 521 of the Bankruptcy Code, Bankruptcy Rule 1007 and the Official Bankruptcy Forms in the Chapter 11 Cases, as may be amended or supplemented through the Confirmation Date pursuant to Bankruptcy Rule 1007.
117. **“Section 510(b) Claim”** means any Claim subject to subordination pursuant to section 510(b) of the Bankruptcy Code; provided however, that Section 510(b) Claims shall not include any Claim subject to subordination pursuant to section 510(b) of the Bankruptcy Code arising from or related to an Equity Interest.

118. **“Secured”** means when referring to a Claim: (a) a Claim that is secured by a Lien on property in which the Estate has an interest, which Lien is valid, perfected, and enforceable pursuant to applicable law or by reason of a Bankruptcy Court order, or that is subject to setoff pursuant to section 553 of the Bankruptcy Code, to the extent of the value of the creditor’s interest in the Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or (b) a Claim that is Allowed pursuant to the Plan as a Secured Claim.
119. **“Secured Credit Facility”** means that \$75,000,000 credit facility provided under that certain Credit Agreement, dated as of February 11, 2010, by and among CI, CUK, other Debtors as parties thereto, General Electric Capital Corporation for itself as lender and swingline lender, and in its capacity as agent for all lenders, and various other lenders party thereto from time to time, each in their capacities as such (as amended pursuant to that certain Amendment to Credit Agreement, dated as of August 12, 2010, and otherwise amended, modified, supplemented, or amended and restated from time to time).
120. **“Secured Credit Facility Agent”** means General Electric Capital Corporation, as agent under the Secured Credit Facility.
121. **“Secured Credit Facility Claims”** means collectively, all claims against one or more of the Debtors arising under or related to the Secured Credit Facility, including fees, expenses, letter of credit obligations, accrued but unpaid interest, and principal.
122. **“Secured Credit Facility Lenders”** means the lenders from time to time under the Secured Credit Facility.
123. **“Secured Floating Rate Note Claims”** means, all Floating Rate Note Claims that constitute Secured Claims.
124. **“Secured Tax Claim”** means a Secured Claim against one or more of the Debtors that, absent its secured status, would be entitled to priority in right of payment pursuant to section 507(a)(8) of the Bankruptcy Code (determined irrespective of time limitations), including any related secured claim for penalties.
125. **“Securities Act”** means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, as now in effect and hereafter amended, the rules and regulations promulgated thereunder, and any similar federal, state or local law.
126. **“Security”** means a security as defined in section 2(a)(1) of the Securities Act.
127. **“Shareholder Agreement”** means the shareholder agreement with respect to the New Common Stock, to be entered into on the Effective Date, which agreement shall be in substantially the form contained in the Plan Supplement, on terms and conditions acceptable to the Consenting Noteholders.

128. **“Shareholder Notes”** means the secured notes and term loans of Reorganized Constar in the aggregate amount of \$70,000,000 to be issued on the Effective Date by Reorganized Constar pursuant to the Shareholder Notes Indenture, with a maturity date of December 31, 2017, at an interest rate of eleven percent (11%), which interest may be paid ninety percent (90%) as paid-in-kind (“PIK”) interest and the remainder of which shall be paid in cash, secured by (a) in the event any DIP Facility Roll-Over Amount exists, (i) a perfected second-priority lien on and security interest in the Roll-Over Collateral and (ii) a perfected third-priority lien on and security interest in the Exit Facility Collateral or (b) in the event no DIP Facility Roll-Over Amount exists, (i) a perfected first-priority lien on and security interest in the Roll-Over Collateral and (ii) a perfected second-priority lien on and security interest in the Exit Facility Collateral, which Shareholder Notes shall be in form and substance acceptable to the Consenting Noteholders.
129. **“Shareholder Notes Indenture”** means the Indenture and term loan agreement to be entered into among Reorganized Constar, a financial institution selected by the Debtors as trustee, with the consent of the Consenting Noteholders, and the other holders or lender parties (as the case may be) thereto, pursuant to which the Shareholder Notes will be issued and to be substantially in the form contained in the Plan Supplement, which Shareholder Notes Indenture shall be in form and substance acceptable to the Consenting Noteholders.
130. **“Shareholder Notes Indenture Documents”** means the Shareholder Notes Indenture and all other related agreements, documents, instruments, or contracts, which Shareholder Notes Indenture Documents shall be in form and substance acceptable to the Consenting Noteholders.
131. **“Subsidiary Stock”** means all Equity Interests held by Constar in any Debtor or by any Debtor in any other Debtor.
132. **“Third Party Releasees”** means, collectively, (a) the DIP Agent; (b) the DIP Facility Providers; (c) the Holders of Floating Rate Note Claims; (d) the Floating Rate Note Indenture Trustee; (e) the Secured Credit Facility Agent; (f) the Secured Credit Facility Lenders; and (g) with respect to each of the foregoing entities in clauses (a) through (f), such entity’s current and former affiliates, subsidiaries, managed accounts or funds, officers, directors, partners, principals, employees, agents, financial advisors, attorneys, accountants, investment bankers, consultants, representatives, management companies and officers, directors, partners, principals, employees and agents thereof, fund advisors and other professionals, in each case in their capacity as such.
133. **“Unexpired Lease”** means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under section 365 of the Bankruptcy Code.



134. **“Unimpaired”** means, with respect to a Class of Claims or Equity Interests, a Claim or an Equity Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.
135. **“Voting Deadline”** means the date established by the Bankruptcy Court and set forth in the order approving the Disclosure Statement for the submission of Ballots for voting to accept or reject the Plan.

## **B. Rules of Interpretation**

For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or the plural, shall include both the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and the neuter gender; (b) any reference herein to a contract, lease, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, modified, or supplemented; (d) unless otherwise specified, all references herein to “Articles” are references to Articles hereof or hereto; (e) unless otherwise stated, the words “herein,” “hereof,” and “hereto” refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

## **C. Computation of Time**

In computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

## **D. Governing Law**

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) or unless otherwise specifically stated, the laws of the State of Delaware, without giving effect to the principles of conflict of laws, shall govern the rights, obligations, construction, and implementation of the Plan, any agreements, documents, instruments, or contracts executed or entered into in connection with the Plan (except as otherwise set forth in those agreements, in which case the governing law of such agreement shall control), and corporate governance matters; provided, however, that corporate governance matters relating to the Debtors or the Reorganized Debtors, as applicable, not incorporated in Delaware shall be governed by the laws of the state of incorporation of the applicable Debtor or Reorganized Debtor, as applicable.

**E. Reference to Monetary Figures**

All references in the Plan to monetary figures shall refer to currency of the United States of America, unless otherwise expressly provided.

**F. Reference to the Debtors or the Reorganized Debtors**

Except as otherwise specifically provided in the Plan to the contrary, references in the Plan to the Debtors or to the Reorganized Debtors shall mean the Debtors and the Reorganized Debtors, as applicable, to the extent the context requires.

**ARTICLE II**

**ADMINISTRATIVE CLAIMS AND PRIORITY TAX CLAIMS**

In accordance with section 1123(a)(1) of the Bankruptcy Code, DIP Facility Claims, Administrative Claims, and Priority Tax Claims have not been classified and thus are excluded from the Classes of Claims and Equity Interests set forth in Article III. All such Claims are instead treated separately in accordance with this Article II and in accordance with the requirements set forth in section 1129(a) of the Bankruptcy Code.

**A. DIP Facility Claims**

The DIP Facility Claims shall be Allowed in the amount provided under the DIP Note Purchase Agreement. On the Effective Date, subject to the terms of the DIP Note Purchase Agreement, each Holder of a DIP Facility Claim shall receive, in full and final satisfaction, settlement, release and discharge of its DIP Facility Claim, its Pro Rata share of (i) Cash in an amount equal to the DIP Facility Effective Date Repayment Amount and (ii) (at each such Holder's election) the Roll-Over Notes or the loans under the Roll-Over Facility (if any). All distributions to Holders of DIP Facility Claims under this provision on account of DIP Facility Claims shall be made by the Debtors to the DIP Agent for delivery by the DIP Agent to individual Holders of such Claims in accordance with the provisions of the DIP Note Purchase Agreement, or as otherwise agreed between the DIP Agent and any Holder of an Allowed DIP Facility Claim.

**B. Administrative Claims**

Subject to Article IX hereof and the provisions of sections 328, 330(a), and 331 of the Bankruptcy Code, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Administrative Claim, each Holder of such Allowed Administrative Claim, including, without limitation, claims of the type described in section 503(b) or 507(b) of the Bankruptcy Code, to the extent such claim has not already been paid during the Chapter 11 Cases, shall be paid in full, in Cash, the unpaid portion of such Allowed Administrative Claim on the Effective Date, or as soon thereafter as reasonably practicable (or, if payment is not then due, such allowed Administrative Claim shall be paid in accordance with its terms) or pursuant to such other terms as may be agreed to by the Holder of such Administrative Claim and the Reorganized Debtors; provided, however, that Allowed Administrative Claims representing liabilities incurred in the ordinary course of business by the Debtors shall be paid in full and

performed by the Debtors or Reorganized Debtors, as the case may be, in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions or, in the case of Allowed Administrative Claims arising in the ordinary course that represent tax obligations, in accordance with applicable tax law.

**C. Priority Tax Claims**

Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release, and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of such Allowed Priority Tax Claim shall be paid in full in Cash pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. All Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business as such obligations become due.

**ARTICLE III**

**CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS**

**A. Classification of Claims and Equity Interests**

All Claims and Equity Interests, except DIP Facility Claims, Administrative Claims, and Priority Tax Claims, are classified in the Classes set forth in this Article III. A Claim or Equity Interest is classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and is classified in other Classes to the extent that any portion of the Claim or Equity Interest qualifies within the description of such other Classes. A Claim or Equity Interest is also classified in a particular Class for the purpose of receiving distributions pursuant to the Plan only to the extent that such Claim or Equity Interest is an Allowed Claim or Allowed Equity Interest in that Class and has not been paid, released, or otherwise satisfied prior to the Effective Date.

1. Class Identification

The classification of Claims and Equity Interests against the Debtors pursuant to the Plan is as follows:

<b>Class</b>	<b>Claims and Equity Interests</b>	<b>Status</b>	<b>Voting Rights</b>
1	Secured Credit Facility Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
2	Secured Tax Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
3	Other Secured Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
4	Other Priority Claims	Unimpaired	Not Entitled to Vote (Deemed to Accept)
5	Secured Floating Rate Note Claims	Impaired	Entitled to Vote

6	General Unsecured Claims	Impaired	Entitled to Vote
7	Section 510(b) Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
8	Intercompany Claims	Impaired	Not Entitled to Vote (Deemed to Reject)
9	Old Constar Equity Interests	Impaired	Not Entitled to Vote (Deemed to Reject)
10	Constar Consolidated Subsidiary Stock Interests	Impaired	Not Entitled to Vote (Deemed to Reject)

## B. Treatment of Claims and Equity Interests

To the extent a Class contains Allowed Claims or Allowed Equity Interests with respect to a particular Debtor, the treatment provided to each Class for distribution purposes is specified below:

### 1. Class 1—Secured Credit Facility Claims

- (a) *Classification:* Class 1 consists of all Secured Credit Facility Claims.
- (b) *Treatment:* Except to the extent that a Holder of a Class 1—Secured Credit Facility Claim agrees to less favorable treatment of its Secured Credit Facility Claim, each Holder of a Secured Credit Facility Claim shall, in full and final satisfaction, settlement, release and discharge of its Secured Credit Facility Claim, be (i) paid in full in Cash pursuant to the terms of the DIP Facility or (ii) to the extent not rolled up or refinanced by the DIP Facility prior to the Effective Date, paid in full in Cash on the Effective Date or as soon thereafter as reasonably practicable. [The Secured Credit Facility Claims are hereby Allowed in the amount of \$           .]
- (c) *Voting:* Class 1 is Unimpaired by the Plan. Each Holder of a Class 1 Secured Credit Facility Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 1—Secured Credit Facility Claims are not entitled to vote to accept or reject the Plan.

### 2. Class 2—Secured Tax Claims

- (a) *Classification:* Class 2 consists of all Secured Tax Claims.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed Class 2—Secured Tax Claim agrees to less favorable treatment of its Allowed Secured Tax Claim, each Holder of an Allowed Secured Tax Claim shall, in full and final satisfaction, settlement, release and discharge of its Allowed Secured Tax Claim, at the Reorganized Debtors' election, receive

the treatment afforded such claims pursuant to section 1129(a)(9)(D) of the Bankruptcy Code.

- (c) *Voting:* Class 2 is Unimpaired by the Plan. Each Holder of a Class 2—Secured Tax Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 2—Secured Tax Claims are not entitled to vote to accept or reject the Plan.

3. Class 3—Other Secured Claims

- (a) *Classification:* Class 3 consists of all Other Secured Claims.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed Class 3—Other Secured Claim agrees to less favorable treatment of its Allowed Other Secured Claim, each Holder of an Allowed Other Secured Claim shall, in full and final satisfaction, settlement, release, and discharge of its Allowed Other Secured Claim, at the Reorganized Debtors' election, receive one of the following treatments: (a) the collateral securing such allowed claim; (b) payment in Cash of the unpaid portion of its Allowed Other Secured Claim on the Effective Date or as soon thereafter as reasonably practicable or, if payment is not then due, such claim shall be paid in accordance with its terms; (c) pursuant to such other terms as may be agreed to by the Holder of such Other Secured Claim and the Reorganized Debtors; (d) the Reorganized Debtors shall otherwise treat any Allowed Other Secured Claim in any other manner such that the Claim shall be rendered Unimpaired.
- (c) *Voting:* Class 3 is Unimpaired by the Plan. Each Holder of a Class 3—Other Secured Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 3—Other Secured Claims are not entitled to vote to accept or reject the Plan.

4. Class 4—Other Priority Claims

- (a) *Classification:* Class 4 consists of all Other Priority Claims.
- (b) *Treatment:* Except to the extent that a Holder of an Allowed Class 4—Other Priority Claim agrees to less favorable treatment of its Allowed Other Priority Claim, each Holder of an Allowed Class 4—Other Priority Claim shall, in full and final satisfaction, settlement, release, and discharge of its Allowed Other Priority Claim, receive payment in full, in Cash, of the unpaid portion of its allowed Other Priority Claim on the Effective Date or as soon thereafter as reasonably practicable or, if payment is not then due, shall be paid in accordance with its terms or pursuant to such other terms as may be agreed to by the Holder of such Other Priority Claim and the Reorganized Debtors.

- (c) *Voting:* Class 4 is Unimpaired by the Plan. Each Holder of a Class 4—Other Priority Claim is conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 4—Other Priority Claims are not entitled to vote to accept or reject the Plan.

5. Class 5—Secured Floating Rate Note Claims

- (a) *Classification:* Class 5 consists of all Secured Floating Rate Note Claims.
- (b) *Treatment:* In full and final satisfaction, settlement, release, and discharge of its Secured Floating Rate Note Claims, each Holder of a Class 5—Secured Floating Rate Note Claim shall receive his Pro Rata share of:
  - (a) the Shareholder Notes (at each such Holder’s election, comprised of either notes or term loans, in each case pursuant to the Shareholder Notes Indenture); and
  - (b) the New Overage Securities. The Secured Floating Rate Note Claims are hereby Allowed in an amount equal to \$[100,000,000].
- (c) *Voting:* Class 5 is Impaired under the Plan. Each Holder of a Class 5—Secured Floating Rate Note Claim is entitled to vote to accept or reject the Plan.

6. Class 6—General Unsecured Claims

- (a) *Classification:* Class 6 consists of all General Unsecured Claims.
- (b) *Treatment:* On the Effective Date, or as soon thereafter as reasonably practicable, except to the extent that a Holder of an Allowed Class 6—General Unsecured Claim agrees to less favorable treatment of its Allowed General Unsecured Claim, in exchange for full and final satisfaction, settlement, release, and discharge of each Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of 100 percent of the New Common Stock. [The Floating Rate Note Deficiency Claims are hereby Allowed in an amount equal to \$\_\_\_\_\_.]
- (c) *Voting:* Class 6 is Impaired by the Plan. Each Holder of a Class 6—General Unsecured Claim is entitled to vote to accept or reject the Plan.

7. Class 7—Section 510(b) Claims

- (a) *Classification:* Class 7 consists of all Section 510(b) Claims.
- (b) *Treatment:* On the Effective Date, all Class 7—Section 510(b) Claims shall be settled, canceled, released, compromised, discharged, and extinguished, and no distributions shall be made on account of Class 7 Claims.

- (c) *Voting:* Class 7 is Impaired by the Plan. Each Holder of a Class 7—Section 510(b) Claim is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 7—Section 510(b) Claims are not entitled to vote to accept or reject the Plan.

8. Class 8—Intercompany Claims

- (a) *Classification:* Class 8 consists of all Intercompany Claims.
- (b) *Treatment:* On the Effective Date all Intercompany Claims shall be offset, contributed and/or distributed to the applicable Debtor. Holders of Class 8—Intercompany Claims shall receive no distribution on account of such claims; provided that that Debtors reserve the right to reinstate any Intercompany Claim in accordance with section 1124 of the Bankruptcy Code with the consent of the Consenting Noteholders.
- (c) *Voting:* Class 8 is Impaired by the Plan. Each Holder of a Class 8—Intercompany Claim is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 8—Intercompany Claims are not entitled to vote to accept or reject the Plan.

9. Class 9—Old Constar Equity Interests

- (a) *Classification:* Class 9 consists of all Old Constar Equity Interests.
- (b) *Treatment:* On the Effective Date, all Old Constar Equity Interests shall be deemed settled, canceled, released, compromised, discharged and extinguished, and there shall be no distribution to the Holders of Class 9—Old Constar Equity Interests.
- (c) *Voting:* Class 9 is Impaired by the Plan. Each Holder of a Class 9—Old Constar Equity Interest is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 9—Old Constar Equity Interests are not entitled to vote to accept or reject the Plan.

10. Class 10—Constar Consolidated Subsidiary Stock Interests

- (a) *Classification:* Class 10 consists of all Constar Consolidated Subsidiary Stock Interests.
- (b) *Treatment:* As a result of the substantive consolidation of Constar and the Consolidated Constar Entities provided for in Article IV.B of the Plan, no distributions shall be made to the Holders of Constar Consolidated Subsidiary Stock Interests. On the Effective Date, the Constar Consolidated Subsidiary Stock Interests for each of the Consolidated

Constar Entities, which Entities shall retain their separate legal existence, shall remain outstanding.

- (c) *Voting*: Class 10 is Impaired by the Plan. Each Holder of a Class 10—Constar Consolidated Subsidiary Stock Interest is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Therefore, Holders of Class 10—Constar Consolidated Subsidiary Stock Interests are not entitled to vote to accept or reject the Plan.

**C. Special Provision Governing Unimpaired Claims**

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including, without limitation, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

**D. Acceptance or Rejection of the Plan**

1. Voting Classes

Classes 5 and 6 are Impaired under the Plan and are entitled to vote to accept or reject the Plan.

2. Presumed Acceptance of the Plan

Classes 1, 2, 3, and 4 are Unimpaired under the Plan. The Holders of Claims and Equity Interests in such Classes are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

3. Presumed Rejection of the Plan

Classes 7, 8, 9 and 10 are Impaired and shall receive no distribution under the Plan. The Holders of Claims and Equity Interests in such Classes are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

**E. Controversy Concerning Impairment**

If a controversy arises as to whether any Claims or Equity Interests, or any Class of Claims or Equity Interests, are Impaired, the Bankruptcy Court shall, after notice and a hearing, determine such controversy on or before the Confirmation Date.

**ARTICLE IV**

**MEANS FOR IMPLEMENTATION OF THE PLAN**

**A. Confirmation Without Acceptance by All Impaired Classes**

The Plan provides that if any Impaired Class rejects the Plan, the Debtors reserve the right to seek to confirm the Plan utilizing the “cram down” provisions of section 1129(b) of the



Bankruptcy Code. To the extent that any Impaired Class rejects the Plan or is deemed to have rejected the Plan, the Debtors will request Confirmation of the Plan, as it may be modified from time to time, under section 1129(b) of the Bankruptcy Code. The Debtors reserve the right to alter, amend, modify, revoke or withdraw the Plan or any exhibit or schedule to the Plan, including to amend or modify it to satisfy the requirements of section 1129(b) of the Bankruptcy Code, if necessary.

## **B. Substantive Consolidation**

Entry of the Confirmation Order shall constitute the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of Constar and the Consolidated Constar Entities for purposes of voting on, confirmation of, and distributions under the Plan; provided, however, Constar and each of the Consolidated Constar Entities shall retain its current legal form and the corporate structure of Constar and the Consolidated Constar Entities shall be the same after the Effective Date as before the Effective Date, in each case, except as otherwise provided or permitted herein. On and after the Effective Date, (i) no distributions shall be made under the Plan on account of Intercompany Claims among Constar and the Consolidated Constar Entities, (ii) all guaranties by Constar and the Consolidated Constar Entities of the obligations of Constar or any of the Consolidated Constar Entities shall be eliminated so that any Claim against Constar or any of the Consolidated Constar Entities and any guarantee thereof executed by Constar or any of the Consolidated Constar Entities and any joint or several liability of any of Constar or the Consolidated Constar Entities shall be deemed to be one obligation of Constar and the Consolidated Constar Entities, and (iii) each and every Claim filed or to be filed against Constar and the Consolidated Constar Entities shall be deemed filed against Constar and the Consolidated Constar Entities, and shall be deemed one Claim against and obligation of Constar and the Consolidated Constar Entities.

## **C. Taxable Purchase**

Upon the mutual consent of the Debtors and the Consenting Noteholders, the restructuring consummated pursuant to the Plan may be structured as a purchase of all of the Debtors' assets by one or more Purchasers, which purchase shall be structured as a taxable transaction for United States federal income tax purposes and shall be deemed consummated on the Effective Date. Pursuant to the Purchase Documents, the Purchaser or Purchasers, as the case may be, shall acquire all of the assets of the Debtors and, notwithstanding anything herein to the contrary, the Purchaser or Purchasers, as the case may be, shall explicitly assume all liability for the distributions or treatment provided on account of all claims against, obligations of, or interests in the Debtors as set forth in this Plan.

## **D. Exit Facility and Roll-Over Facility**

The Debtors and the Reorganized Debtors are authorized to execute and deliver all agreements, documents and instruments required to be executed and delivered in connection with the Exit Facility and the Roll-Over Facility and to perform their obligations thereunder including, without limitation, the payment or reimbursement of any fees, expenses, losses, damages or indemnities without the need for further corporate action and without any further Bankruptcy Court approval. Each Holder of a DIP Facility Claim shall elect to receive either the Roll-Over

Notes or the loans under the Roll-Over Facility (if any), in each case pursuant to the Roll-Over Facility Agreement (if any). The Exit Facility Documents and the Roll-Over Facility Agreement, Roll-Over Notes, and related documents shall constitute the legal, valid and binding obligations of the Reorganized Debtors parties thereto, enforceable in accordance with their respective terms.

The Debtors and the Reorganized Debtors, as applicable, and the other persons granting any liens and security interests to secure the obligations under the Exit Facility Documents and the Roll-Over Facility Agreement, Roll-Over Notes, and related documents are authorized to make all filings and recordings, and to obtain all governmental approvals and consents necessary or desirable to establish and further evidence perfection of such liens and security interests under the provisions of any applicable federal, state, provincial or other law (whether domestic or foreign) and will thereafter cooperate to make all other filings and recordings that otherwise would be necessary under applicable law to give notice of such liens and security interests to third parties, in each case in form and substance acceptable to the Consenting Noteholders.

#### **E. Section 1145 Exemption**

To the maximum extent provided by section 1145 of the Bankruptcy Code and applicable non-bankruptcy law, the offering, issuance, and distribution of any Securities contemplated by the Plan and any and all settlement agreements incorporated herein, including the New Common Stock and New Overage Securities, shall be exempt from, among other things, the registration requirements of section 5 of the Securities Act and any other applicable law requiring registration prior to the offering, issuance, distribution, or sale of Securities. In addition, under section 1145 of the Bankruptcy Code, any Securities contemplated by the Plan and any and all settlement agreements incorporated therein, including the New Common Stock and New Overage Securities, will be freely tradable by the recipients thereof, subject to (1) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such Securities or instruments; (2) the restrictions, if any, on the transferability of such Securities and instruments; and (3) applicable regulatory approval.

#### **F. Reorganized Debtors' Plan Securities**

##### **1. Shareholder Notes**

On the Effective Date, Reorganized Constar shall issue all of the Shareholder Notes pursuant to the Shareholder Notes Indenture. The Shareholder Notes shall be guaranteed by each of the Reorganized Debtors (other than Reorganized Constar). Each Holder of a Secured Floating Rate Note Claim shall elect to receive Shareholder Notes comprised of either notes or term loans, in each case pursuant to the Shareholder Notes Indenture. The issuance of the Shareholder Notes by Reorganized Constar and the guaranty of the Shareholder Notes by each of the Reorganized Debtors (other than Reorganized Constar) are authorized without the need for further corporate action.

## 2. New Common Stock and New Overage Securities

On the Effective Date or as soon thereafter as practicable, Reorganized Constar shall issue or reserve for issuance all of the New Common Stock and New Overage Securities. The New Common Stock and New Overage Securities shall represent all of the Equity Interests in Reorganized Debtor as of the Effective Date and shall be issued to Holders of Claims as provided in this Plan[, subject to dilution on account of the Management Incentive Plan (if any)]. The issuance of the New Common Stock and New Overage Securities by Reorganized Constar is authorized without the need for further corporate action and all of the shares of New Common Stock and New Overage Securities issued pursuant to the Plan shall be duly authorized, validly issued, fully paid and non-assessable. Distributions of New Common Stock and New Overage Securities will only be made through broker accounts via electronic issuance of the shares, and Reorganized Constar will not issue separate stock certificates.

### **G. Private Company**

On the Effective Date, the Reorganized Debtors shall each be a private company. As such, the Reorganized Debtors will not list the New Common Stock or New Overage Securities on a national securities exchange and shall not be required to (but may in its discretion) register with the United States Securities and Exchange Commission or other similar regulatory authority any class of equity securities of Reorganized Constar or to file periodic reports under Section 13 or 15(d) of the Exchange Act.

### **H. Corporate Existence**

Except as otherwise provided in the Plan, each Debtor shall continue to exist after the Effective Date as a separate corporate entity, with all the powers of a corporation, pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed.

### **I. Vesting of Assets in the Reorganized Debtors**

Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated therein, on the Effective Date, all property in each Estate, all Causes of Action, and any property acquired by any of the Debtors pursuant to the Plan shall vest in each respective Reorganized Debtor, free and clear of all Liens, Claims, charges, or other encumbrances (except for Liens, if any, granted to secure the Exit Facility and Claims pursuant to the DIP Facility that by their terms survive termination of the DIP Facility). On and after the Effective Date, except as otherwise provided in the Plan, each Reorganized Debtor may operate its business and may use, acquire, or dispose of property and compromise or settle any Claims, Equity Interests, or Causes of Action without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules.

### **J. Cancellation of Securities and Agreements**

On the Effective Date, except to the extent provided otherwise in the Plan, the Old Constar Equity Interests, the Floating Rate Note Indenture, the Floating Rate Notes, and the Secured Credit Facility, together with all related notes, Certificates, security agreements, mortgages, pledges, indemnities, collateral assignments, undertakings, guaranties, and other

instruments and documents, shall no longer be outstanding, shall be canceled, retired, and deemed terminated, and shall cease to exist, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code.

Notwithstanding the foregoing, the provisions of the Floating Rate Note Indenture governing the relationships of the Floating Rate Note Indenture Trustee and the holders of notes, including, without limitation, those provisions relating to distributions, the Floating Rate Note Indenture Trustee's rights to payment, liens on property to be distributed to holders of such notes, and the Floating Rate Note Indenture Trustee's rights of indemnity from the holders of the Floating Rate Notes, if any, shall not be affected by the Plan, Confirmation or the occurrence of the Effective Date.

Nothing herein affects the Floating Rate Note Indenture Trustee's rights pursuant to the Floating Rate Note Indenture and applicable non-bankruptcy law to assert liens on any distributions hereunder to the holders of the notes issued pursuant to such Floating Rate Note Indenture, to secure payment of its fees and expenses. If the Floating Rate Note Indenture Trustee does not serve as disbursing agent with respect to distributions to its respective holders, then the funds distributed to any such disbursing agent shall be subject to the lien of the Floating Rate Note Indenture Trustee under the Floating Rate Note Indenture.

#### **K. Restructuring Transactions**

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors may take all actions as may be necessary or appropriate to effect any transaction described in, approved by, contemplated by, or necessary to effectuate the Plan, including: (1) the execution and delivery of appropriate agreements or other documents of consolidation or reorganization containing terms that are consistent with the terms of the Plan and that satisfy the requirements of applicable law, which such agreements or documents shall be acceptable to the Consenting Noteholders; (2) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any property, right, liability, duty, or obligation on terms consistent with the terms of the Plan, which such instruments shall be acceptable to the Consenting Noteholders; (3) the filing of appropriate certificates of incorporation or consolidation with the appropriate governmental authorities pursuant to applicable law, which such certificates shall be acceptable to the Consenting Noteholders; and (4) all other actions that the Reorganized Debtors determine are necessary or appropriate, subject to the consent of the Consenting Noteholders.

#### **L. Corporate Action**

##### **1. Certificate of Incorporation and Bylaws**

On the Effective Date, the certificate of incorporation and bylaws of each Reorganized Debtor shall be the New Certificates of Incorporation and the New ByLaws. The New Certificates of Incorporation of each of the Reorganized Debtors will prohibit the issuance of nonvoting equity securities to the extent required by section 1123(a) of the Bankruptcy Code without any further actions by the stockholders or directors of the Debtors or the Reorganized

Debtors. After the Effective Date, each Reorganized Debtor may amend and restate its New Certificate of Incorporation as provided therein or by applicable law.

## 2. Reorganized Debtors

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, on the Effective Date, (i) the members of the New Board of each of the Reorganized Debtors shall be determined in accordance with the Overage Securities Agreement and the Shareholder Agreement, and (ii) the officers of each Debtor immediately prior to the Effective Date shall be the initial officers of each Reorganized Debtor. All directors of the Debtors serving immediately prior to the Effective Date shall be deemed to have resigned as of the Effective Date. Pursuant to section 1129(a)(5), the Debtors will disclose to the extent known, on or prior to the Confirmation Date, the identity and affiliations of any other person proposed to serve on the initial board of directors of the Reorganized Debtors or as an initial officer of each Reorganized Debtor, and, to the extent such person is an insider, the nature of any compensation for such person. The classification and composition of the board of directors shall be consistent with the New Certificates of Incorporation. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the New Certificate of Incorporation and New Bylaws of each Reorganized Debtor and the applicable corporation law of the state in which the applicable Reorganized Debtor is organized.

## 3. Corporate Action

On the Effective Date, and as provided in the Plan, the adoption of the New Certificates of Incorporation and the New Bylaws of each Debtor, the selection of directors and officers for each Reorganized Debtor, and all actions of each Debtor and Reorganized Debtor contemplated by the Plan shall be deemed, without further action of any kind or nature, to be authorized and approved in all respects (subject to the provisions of the Plan and the Confirmation Order). All matters provided for in the Plan involving the corporate structure of the Debtors and the Reorganized Debtors and any corporate action required by the Debtors and the Reorganized Debtors in connection with the Plan, shall be deemed to have timely occurred in accordance with applicable state law and shall be in effect, without any requirement of further action by the security holders or directors of the Debtors and the Reorganized Debtors. Notwithstanding the foregoing, on the Effective Date the appropriate officers and members of the board of directors of the Reorganized Debtors are and shall be authorized and directed to take or cause to be taken all such actions as may be necessary or appropriate to issue, execute and deliver the agreements, documents, certificates, securities and instruments contemplated by the Plan in the name of and on behalf of the applicable Reorganized Debtor. All of the foregoing corporate actions set forth in this Article IV.L.3 shall be acceptable to the Requisite Consenting Noteholders in their reasonable discretion.

## 4. New Employee Agreements

On the Effective Date, Reorganized Constar shall either enter into the New Employee Agreements or amend an Old Employee Agreement, which, in either case, shall be in form and substance acceptable to the Consenting Noteholders.

#### **M. Effectuating Documents; Further Transactions**

On and after the Effective Date, the members of the boards of directors of each Reorganized Debtor, are authorized to and may direct an officer to, issue, execute, deliver, file, or record such contracts, Securities, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and the Securities issued pursuant to the Plan in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorization, or consents except for those expressly required pursuant to the Plan.

#### **N. Exemption from Certain Taxes and Fees**

Pursuant to section 1146(a) of the Bankruptcy Code, any transfer from a Debtor to a Reorganized Debtor or to any Entity pursuant to, in contemplation of, or in connection with the Plan or pursuant to: (1) the issuance, distribution, transfer, or exchange of any debt, equity security, or other interest in the Debtors or the Reorganized Debtors; (2) the creation, modification, consolidation, or recording of any mortgage, deed of trust, or other security interest, or the securing of additional indebtedness by such or other means; (3) the making, assignment, or recording of any lease or sublease; or (4) the making, delivery, or recording of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, the New Common Stock, the New Overage Securities, the Exit Facility, any deeds, bills of sale, assignments, or other instrument of transfer executed in connection with any transaction arising out of, contemplated by, or in any way related to the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles, or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee, FERC filing or recording fee, or other similar tax or governmental assessment, and the appropriate state or local governmental officials or agents shall forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

#### **O. Sources of Consideration for Plan Distributions**

All consideration necessary for the Reorganized Debtors to make payments or distributions pursuant hereto shall be obtained from the Exit Facility, the issuance of the Shareholder Notes, New Overage Securities, and New Common Stock, or other Cash from the Debtors, including Cash from operations.

#### **P. Preservation of Rights of Action**

In accordance with section 1123(b) of the Bankruptcy Code, but subject to Article VIII hereof, the Reorganized Debtors shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including any actions specifically enumerated in the Plan Supplement, and the Reorganized Debtors' rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Reorganized Debtors may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Reorganized

Debtors. **No Entity may rely on the absence of a specific reference in the Plan, the Plan Supplement or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or Reorganized Debtors, as applicable, will not pursue any and all available Causes of Action against them.** The Debtors or Reorganized Debtors, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Reorganized Debtors expressly reserve all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. In accordance with section 1123(b)(3) of the Bankruptcy Code, any Causes of Action that a Debtor may hold against any Entity shall vest in the Reorganized Debtors, as the case may be. The applicable Reorganized Debtor, through its authorized agents or representatives, shall retain and may exclusively enforce any and all such Causes of Action. The Reorganized Debtors shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any such Causes of Action and to decline to do any of the foregoing without the consent or approval of any third party or further notice to or action, order, or approval of the Bankruptcy Court.

**Q. Shareholder Agreement**

On the Effective Date, Reorganized Constar shall enter into and deliver the Shareholder Agreement, in substantially the form included in the Plan Supplement and in form and substance acceptable to the Consenting Noteholders, to each entity or person that is intended to be a party thereto and such agreement shall be deemed to be valid, binding and enforceable in accordance with its respective terms. On and after the Effective Date, each person or entity that holds or receives New Common Stock shall be deemed to be bound by the Shareholder Agreement.

**R. Overage Securities Agreement**

On the Effective Date, Reorganized Constar shall enter into and deliver the Overage Securities Agreement, in substantially the form included in the Plan Supplement and in form and substance acceptable to the Consenting Noteholders, to each entity or person that is intended to be a party thereto and such agreement shall be deemed to be valid, binding and enforceable in accordance with its respective terms. On and after the Effective Date, each person or entity that holds or receives New Overage Securities shall be deemed to be bound by the New Overage Securities Agreement.

## ARTICLE V

### **TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

#### **A. Assumption of Executory Contracts and Unexpired Leases**

Except as otherwise provided herein, or in any contract, instrument, release, indenture, or other agreement or document entered into in connection with the Plan with the reasonable consent of the Consenting Noteholders, or by prior order of the Bankruptcy Court, each Debtor shall be deemed to have assumed each Executory Contract and Unexpired Lease to which it is a party except any contract or lease as of the Effective Date that: (1) was assumed or rejected previously by the Debtors pursuant to an order of the Bankruptcy court entered prior to the Effective Date; (2) previously expired or terminated pursuant to its own terms; (3) is the subject of a motion to reject filed on or before the Confirmation Date; or (4) is set forth in a schedule, with the reasonable consent of the Consenting Noteholders, as an Executory Contract or Unexpired Lease to be rejected, filed as part of the Plan Supplement; provided, however, that the Debtors reserve the right on or prior to the Confirmation Date, with the reasonable consent of the Consenting Noteholders, to amend the schedules contained in the Plan Supplement to delete any Executory Contract or Unexpired Lease therefrom or add any Executory Contract or Unexpired Lease thereto, in which event such Executory Contract(s) or Unexpired Lease(s) shall be deemed to be, respectively, either rejected or assumed as of the Effective Date. The Debtors shall provide notice of any such amendments to the parties to the Executory Contracts and Unexpired Leases affected thereby.

Notwithstanding the foregoing paragraph, after the Effective Date, the Reorganized Debtors shall have the right to terminate, amend, or modify any intercompany contracts, leases, or other agreements without approval of the Bankruptcy Court.

Entry of the Confirmation Order shall, subject to and upon the occurrence of the Effective Date, constitute (a) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption of the Executory Contracts and Unexpired Leases assumed pursuant to the Plan, (b) the extension of time, pursuant to section 365(d)(4) of the Bankruptcy Code, within which the Debtors may assume, assign or reject the Executory Contracts and Unexpired Leases through the date of entry of the Confirmation Order, and (c) the approval, pursuant to sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the rejection of the Executory Contracts and Unexpired Leases rejected pursuant to the Plan Supplement.

#### **B. Payments Related to Assumption of Executory Contracts and Unexpired Leases**

With respect to any Executory Contract or Unexpired Lease, to be assumed pursuant to the Plan, all Cure Claims will be satisfied by payment of the Cure Claims in Cash on the Effective Date or as soon as reasonably practicable thereafter as set forth in the Plan or on such other terms as the parties to each such Executory Contract or Unexpired Lease may otherwise agree without any further notice to or action, order or approval of the Bankruptcy Court. With respect to each such Executory Contract and Unexpired Lease to be assumed pursuant to the Plan, the Debtors will have designated a proposed amount of the Cure Claim to be included in



the Plan Supplement, and the assumption of such Executory Contract and Unexpired Lease may be conditioned upon the disposition of all issues with respect to such Cure Claim.

Requests for payment of Cure Claims with respect to any Executory Contract or Unexpired Lease to be assumed pursuant to the Plan in an amount different than specified on the Plan Supplement must be Filed and served on the Debtors no later than ten (10) days after the filing of the relevant Plan Supplement.  **Holders of Cure Claims with respect to any Executory Contract or Unexpired Lease that do not File and serve such a request by such date will be forever barred, estopped and enjoined from asserting such Cure Claims against the Debtors, the Reorganized Debtors or their respective property, and such Cure Claims will be deemed discharged as of the Effective Date.**

With respect to any Executory Contract or Unexpired Lease, in the event of a dispute regarding: (1) the amount of any Allowed Cure Claim; (2) the ability of the Reorganized Debtors to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code), if applicable, under the Executory Contract or the Unexpired Lease to be assumed; or (3) any other matter pertaining to assumption, the Cure Claims shall be paid following the entry of a Final Order resolving the dispute and approving the assumption of such Executory Contracts or Unexpired Leases; provided, however, that the Debtors or the Reorganized Debtors may settle any dispute regarding the amount of any Cure Claim without any further notice to or action, order, or approval of the Bankruptcy Court.

**C. Preexisting Obligations to the Debtors Under Executory Contracts and Unexpired Leases**

Rejection or repudiation of any Executory Contract or Unexpired Lease pursuant to the Plan or otherwise shall not constitute a termination of pre-existing obligations owed to the Debtors under such contracts or leases. In particular, notwithstanding any nonbankruptcy law to the contrary, the Reorganized Debtors expressly reserve and do not waive any right to receive, or any continuing obligation of a counterparty to provide, warranties or continued maintenance obligations on goods previously purchased by the contracting Debtors or Reorganized Debtors, as applicable, from counterparties to rejected or repudiated Executory Contracts or Unexpired Leases.

**D. Insurance Policies**

Notwithstanding anything contained in the Plan to the contrary, unless specifically rejected by order of the Bankruptcy Court, all of the Debtors’ insurance policies and any agreements, documents or instruments relating thereto, are continued pursuant to the Confirmation Order. Nothing contained in this Article V.D shall constitute or be deemed a waiver of any cause of action that the Debtors may hold against any entity, including, without limitation, the insurer, under any of the Debtors’ policies of insurance.

**E. D&O Tail Coverage Policies**

On the Effective Date, the Debtors shall assume the D&O Liability Insurance Policies, which provide tail coverage to the Debtors’ officers and directors. In addition, as of the Effective Date, the Debtors shall either assume such other directors and officers liability

insurance policies (if procured prior thereto), or enter into such other new directors and officers liability policies as the Debtors shall determine, in each case as acceptable to the Consenting Noteholders. Entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of insurance policies. Notwithstanding anything to the contrary contained herein, Confirmation of the Plan shall not discharge, impair, or otherwise modify any indemnity obligations assumed by the assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors under the Plan as to which no Proof of Claim need be Filed.

#### **F. Retiree Benefits**

Payments, if any, due to any person for the purpose of providing or reimbursing payments for retired employees and their spouses and dependents for medical, surgical, or hospital care benefits, or benefits in the event of sickness, accident, disability, or death under any plan, fund, or program (through the purchase of insurance otherwise) maintained or established in whole or in part by the Debtors prior to the Petition Date shall be continued for the duration of the period the Debtors have obligated themselves to provide such benefits. Nothing in the Plan will be construed as discharging, releasing, or relieving Constar, or its successor, including Reorganized Constar, or any party, in any capacity, from any liability for the minimum funding requirements or statutory premiums under Title IV of the Employee Retirement Income Security Act of 1974, as amended, ("ERISA") (29 U.S.C. section 1301 et seq.) or the Internal Revenue Code, 26 U.S.C. §§ 412 and 430 with respect to the CI Pension Plan (the "Pension Plan") or the Pension Benefit Guaranty Corporation ("PBGC"). The PBGC and Pension Plan will not be enjoined or precluded from seeking to enforce such liability as a result of any provision of the Plan or the Confirmation Order.

#### **G. Intercompany Contracts, Contracts, and Leases Entered Into After the Petition Date**

Intercompany contracts, contracts, and leases entered into after the Petition Date by any Debtor, and any Executory Contracts and Unexpired Leases assumed by any Debtor, may be performed by the applicable Reorganized Debtor in the ordinary course of business.

#### **H. Modifications, Amendments, Supplements, Restatements, or Other Agreements**

Unless otherwise provided in the Plan, each Executory Contract or Unexpired Lease that is assumed shall include all modifications, amendments, supplements, restatements, or other agreements that in any manner affect such Executory Contract or Unexpired Lease, and all Executory Contracts and Unexpired Leases related thereto, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, and any other interests, unless any of the foregoing agreements has been previously rejected or repudiated or is rejected or repudiated under the Plan.

Modifications, amendments, supplements, and restatements to prepetition Executory Contracts and Unexpired Leases that have been executed by the Debtors during the Chapter 11

Cases shall not be deemed to alter the prepetition nature of the Executory Contract or Unexpired Lease, or the validity, priority, or amount of any Claims that may arise in connection therewith.

**I. Reservation of Rights**

Neither the exclusion nor inclusion of any contract or lease in the Plan Supplement, nor anything contained in the Plan, shall constitute an admission by the Debtors that any such contract or lease is in fact an Executory Contract or Unexpired Lease or that any Reorganized Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Debtors or the Reorganized Debtors, as applicable, shall have thirty (30) days following entry of a Final Order resolving such dispute to alter their treatment of such contract or lease.

**J. Nonoccurrence of Effective Date**

In the event that the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction with respect to any request to extend the deadline for assuming or rejecting Unexpired Leases pursuant to section 365(d)(4) of the Bankruptcy Code.

**ARTICLE VI**

**PROVISIONS GOVERNING DISTRIBUTIONS**

**A. Timing of Distribution; Disputed Claims and Equity Interests**

Except as otherwise provided herein or by order of the Bankruptcy Court, distributions to be made on the Effective Date on account of Claims that are Allowed as of the Effective Date and are entitled to receive distributions under the Plan shall be made on the Effective Date or as promptly thereafter as practicable. For purposes of calculating a Pro Rata share, the amount of the total Allowed Claims in each Class shall be calculated as if all unresolved Disputed Claims, as applicable, in each Class were Allowed in the full amount thereof.

**B. Distributions of Shareholder Notes, New Overage Securities and New Common Stock**

1. Distributions from Reorganized Constar of the Shareholder Notes, New Overage Securities, and New Common Stock

All distributions provided for in the Plan of Shareholder Notes, New Overage Securities, and New Common Stock to Holders of Allowed Secured Floating Rate Note Claims or Allowed Floating Rate Note Deficiency Claims, as applicable, shall be made by the Debtors to the Exchange Agent for delivery by the Exchange Agent to (i) the Floating Rate Note Indenture Trustee or (ii) with the prior written consent of the Floating Rate Note Indenture Trustee through the facilities of DTC for the benefit of the Holders of such Claims. Notwithstanding the provisions of Article IV.J above regarding the cancellation of the Floating Rate Note Indenture, the distribution provisions of the Floating Rate Note Indenture shall continue in effect solely to the extent necessary to authorize the distribution of the Shareholder Notes, New Overage Securities, and New Common Stock to Holders of Allowed Secured Floating Rate Note Claims

and Allowed Floating Rate Note Deficiency Claims, as applicable, pursuant to the Plan on account of Secured Floating Rate Note Claims and Floating Rate Note Deficiency Claims, as applicable. The Reorganized Debtors shall have no liability for any act or omission of the Exchange Agent, the Floating Rate Note Indenture Trustee or DTC.

2. Distributions from Exchange Agent to Holders of Allowed Floating Rate Note Claims

As soon as practicable after the Effective Date, Reorganized Constar shall cause the Exchange Agent to send a letter of transmittal to each Holder of an Allowed Floating Rate Note Claim advising such Holder of the effectiveness of the Plan and the instructions for delivering to the Floating Rate Note Indenture Trustee any Floating Rate Notes in exchange for the Shareholder Notes, New Overage Securities and New Common Stock, as applicable, issuable or distributable pursuant to the Plan. Such letter of transmittal shall specify that delivery of any Floating Rate Notes shall be affected, and that risk of loss and title thereto shall pass, only upon delivery of such Floating Rate Notes to the Floating Rate Note Indenture Trustee in accordance with the terms and conditions of such letter of transmittal. Such letter of transmittal shall be in such form and have such other provisions as Debtors or Floating Rate Note Indenture Trustee may reasonably require. Except to the extent the Floating Rate Notes are evidenced by electronic book entry in the facilities of DTC or as otherwise agreed to in writing by the Floating Rate Note Indenture Trustee, it shall be a condition to receipt of any distribution of Shareholder Notes, New Overage Securities or New Common Stock that the Holder of Floating Rate Notes surrender or be deemed to have surrendered, in accordance with Article VI.B.4, the Floating Rate Notes.

3. Distributions from Reorganized Constar of the New Common Stock to Holders of General Unsecured Claims (other than Holders of Floating Rate Note Deficiency Claims)

All distributions provided for in the Plan of New Common Stock to Holders of General Unsecured Claims (other than Holders of Floating Rate Note Deficiency Claims) shall be made by the Disbursing Agent or the Reorganized Debtor to the Exchange Agent for delivery by the Exchange Agent to the individual Holders of such General Unsecured Claims entitled to such distributions under this Plan. Distributions of New Common Stock to Holders of Floating Rate Note Deficiency Claims shall be made in accordance with Articles VI.B.1 and VI.B.2 above.

4. Lost or Stolen Floating Rate Notes

In addition to any requirements under the Indenture, or any related agreement, in the event any Floating Rate Notes that are not evidenced by electronic book entry in the facilities of DTC shall have been lost, stolen or destroyed, then upon the delivery to the Exchange Agent of an affidavit attesting to the fact by the Holder of the Floating Rate Note Claim relating to such Floating Rate Note, and the posting by such Holder of a Floating Rate Note or the giving by such Holder of an indemnity as may be reasonably required by the Reorganized Debtors as indemnity against any claim that may be made against either of them with respect to such Floating Rate Note, the Exchange Agent shall distribute the Shareholder Notes, New Overage Securities, and/or New Common Stock, as applicable, and any interest payments or dividends and other

distributions with respect thereto, issuable or payable in exchange for such lost, stolen or destroyed Floating Rate Note, pursuant to the provisions of this Plan. Upon compliance with this Article VI.B.4 by a Holder of an Allowed Claim evidenced by a Floating Rate Note, such Holder shall, for all purposes under the Plan, be deemed to have surrendered such Floating Rate Note.

5. Failure to Surrender Canceled Floating Rate Notes

Any Holder of a Floating Rate Note Claim that fails to surrender or is deemed to have failed to surrender any Floating Rate Notes required to be delivered hereunder, or fails to comply with the provisions of Article VI.B.4 hereof, shall (i) within 180 days after the Effective Date, be entitled to look only to the Reorganized Debtors for its distributions under the Plan, or (ii) within one (1) year after the Effective Date, have its Claim for a distribution pursuant to the Plan on account of such Floating Rate Note discharged and be forever barred from asserting any such Claim against the Reorganized Debtors or their property. In the event a Claim for a distribution pursuant to the Plan on account of such Floating Rate Note is discharged, such distribution shall be distributed on a Pro Rata basis to all other Holders of Floating Rate Note Claims. Any Holder of a Floating Rate Note Claim for which no physical certificate was issued to the Holder but which instead is held in electronic book entry pursuant to a global security held by DTC shall be deemed to have surrendered its Floating Rate Note upon the surrender of such global security by DTC.

6. Distribution Record Date

As of the close of business on the Distribution Record Date, the transfer registers for each of the Floating Rate Notes as maintained by DTC, the Debtors or their respective agents or participants, shall be deemed closed, and there shall be no further changes in the record Holders of any of the Floating Rate Notes. The Reorganized Debtors, the Exchange Agent, and the Floating Rate Note Indenture Trustee and their respective agents shall have no obligation to recognize the transfer of any Floating Rate Notes occurring after the Distribution Record Date, and shall be entitled for all purposes herein to recognize and deal only with those Holders of record as of the close of business on the Distribution Record Date.

7. Floating Rate Notes Issued in Different Name

If any Shareholder Note is to be issued or distributed in a name other than that in which the Floating Rate Notes surrendered in exchange therefor is registered, it shall be a condition of such exchange that (i) the Floating Rate Note so surrendered shall be transferable, and shall be properly assigned and endorsed, (ii) such transfer shall otherwise be proper and (iii) the Holder requesting such transfer shall pay all transfer or other taxes payable by reason of the foregoing and establish to the satisfaction of the Exchange Agent that such taxes have been paid.

8. Fractional Shares

No fractional shares of New Common Stock or New Overage Securities, or Cash in lieu thereof, shall be distributed under the Plan. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of a number of shares of New Common Stock or New Overage Securities that is not a whole number, the actual distribution of shares of New Common Stock or New Overage Securities, as applicable, shall be

rounded as follows: (i) fractions of 1/2 or greater shall be rounded to the next higher whole number; and (ii) fractions of less than 1/2 shall be rounded to the next lower whole number. The total number of shares of New Common Stock and New Overage Securities, as applicable, to be distributed to Holders of Allowed Claims shall be adjusted as necessary to account for the rounding provided in this Article.

9. Fractional Notes

No fractional Shareholder Notes, or Cash in lieu thereof, shall be distributed under the Plan. When any distribution pursuant to the Plan on account of an Allowed Claim would otherwise result in the issuance of Shareholder Notes that is not in a denomination of \$1,000, the actual distribution of Shareholder Notes shall be rounded as follows: (i) fractions of 1/2 or greater shall be rounded to the next higher \$1,000 denomination; and (ii) fractions of less than 1/2 shall be rounded to the next lower \$1,000 denomination. The total amount of Shareholder Notes to be distributed to Holders of Allowed Claims shall be adjusted as necessary to account for the rounding provided in this Article.

10. Manner of Distributions

Subject to Article VI.B.3 above, in the sole discretion of the Debtors with respect to distributions to Holders of General Unsecured Claims other than the Holders of Floating Rate Note Deficiency Claims or in the sole discretion of the Floating Rate Note Indenture Trustee with respect to Holders of Secured Floating Rate Note Claims and Floating Rate Note Deficiency Claims, any distribution of the New Common Stock, New Overage Securities or the Shareholder Notes, as applicable, under this Plan may be made by means of the book entry transfer facilities of DTC as an alternative to delivery of physical certificates or instruments representing New Common Stock, New Overage Securities or Shareholder Notes, as applicable. Any distribution made pursuant to the immediately preceding sentence shall be made to the account of the Holder of the Allowed Claim entitled to receive such distributions hereunder or to the account of an agent authorized to receive securities on behalf of such Holder.

**C. Reserves and Distribution Thereof**

On the Effective Date, if any New Common Stock is distributable to Holders of General Unsecured Claims under the Plan, the Debtor shall reserve from distribution a number of shares of New Common Stock equal to the number of shares of New Common Stock that would be distributed to Holders of Disputed General Unsecured Claims if such Claims were Allowed Claims (collectively, the “Reserved Shares”). The Reserved Shares will be distributed to the Holders of Disputed Claims to the extent such Claims become Allowed Claims in accordance with the provisions of Article VI.D and to the extent such Disputed Claims are Allowed for in an amount less than the amount for which New Common Stock was reserved, to the other Holders of Allowed General Unsecured Claims, as applicable, at the times provided for in Article VI.D.

## **D. Undeliverable and Unclaimed Distributions**

### **1. Delivery of Distributions**

All property under the Plan to be distributed by mail shall be sent to the latest mailing address filed with the Bankruptcy Court for the party entitled thereto, or, if no such mailing address has been so filed, the mailing address reflected in the Debtor's books and records or the mailing address of the corresponding nominee or participant of the DTC for such party.

### **2. Undeliverable Distributions**

If any distribution to the Holder of an Allowed Claim is returned as undeliverable, no further distributions shall be made to such Holder unless and until the Reorganized Debtors are notified in writing of such Holder's then-current address. Undeliverable distributions made by the Reorganized Debtors or the Exchange Agent shall be returned to the Reorganized Debtors and shall remain in the possession of the Reorganized Debtors pursuant to this Article until such time as a distribution becomes deliverable. The Reorganized Debtors shall have no obligation to attempt to locate any Holder with regard to whom a distribution has been returned as undeliverable, forwarding time expired or similar indication. Undeliverable distributions shall not be entitled to any interest, dividends or other accruals of any kind.

### **3. Distributions After the Effective Date**

Subject to Articles VI.A and VI.B hereof, within twenty (20) days after the end of each six month anniversary following the Effective Date, the Reorganized Debtors shall make all distributions, as provided herein or in the Confirmation Order, that become deliverable during the preceding six months, including payments to (a) Holders of Allowed Claims who become entitled to additional distributions as a result of the disallowance or reduction of a Disputed Claim, and (b) Holders of Disputed Claims that become Allowed Claims, provided however, if less than 10,000 shares of New Common Stock are available for distribution, the Reorganized Debtor shall not be required to make a subsequent distribution unless such distribution will be the final distribution.

## **E. Failure to Claim Undeliverable Distributions**

Any Holder of an Allowed Claim that does not assert a Claim pursuant to the Plan for an undeliverable distribution within one year after the Effective Date for distributions made on or about the Effective Date and with respect to distributions to be made after the Effective Date, one year after the date of such a subsequent distribution, shall have its Claim for such undeliverable distribution discharged and shall be forever barred from asserting any such Claim against the Reorganized Debtor or its property. In such cases: (i) any Cash held for distribution on account of such Claims shall be property of the Reorganized Debtor, free of any restrictions thereon; and (ii) any Shareholder Notes, New Overage Securities and New Common Stock held for distribution on account of such Claims shall be canceled and of no further force or effect. Nothing contained in the Plan or Confirmation Order shall require the Reorganized Debtors, the Exchange Agent, the Floating Rate Note Indenture Trustees or the Disbursing Agent to attempt to locate any Holder of an Allowed Claim or Allowed Equity interest.

## **F. Compliance with Tax Requirements/Allocations**

In connection with the Plan, to the extent applicable, each Reorganized Debtor shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Disbursing Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including reserving sufficient cash or taking necessary draws under the DIP Facility to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens and encumbrances. For tax purposes, distributions in full or partial satisfaction of Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

## **G. Compensation and Reimbursement to Exchange Agent**

The Exchange Agent providing services related to distributions pursuant to the Plan shall receive from the Reorganized Debtors, without further Bankruptcy Court approval, reasonable compensation for such services and reimbursement of reasonable out-of-pocket expenses incurred in connection with such services. These payments shall be made on terms agreed to with the Reorganized Debtor.

## **H. Setoffs**

Except with respect to Secured Credit Facility Claims and Floating Rate Note Claims, the Reorganized Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant to the Plan on account of such Claim (before any distribution is made on account of such Claim), the claims, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of such Allowed Claim; provided that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claims, rights and Causes of Action that the Debtors or the Reorganized Debtors may possess against such Holder.

## **I. Claims Paid or Payable by Third Parties**

### **1. Claims Paid by Third Parties**

The Debtors or the Reorganized Debtors, as applicable, shall reduce in full a Claim, and such Claim shall be disallowed without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the Holder of such Claim receives payment in full on account of to the extent a Holder of a Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or Reorganized Debtor on account of such Claim, such Holder shall, within two weeks of receipt thereof, repay or return the distribution to the Reorganized Debtors, to the extent the



Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. If the Debtors become aware of the payment by a third party, the Debtors or Reorganized Debtors, as applicable, will send a notice of wrongful payment to such party requesting return of any excess payments and advising the recipient of the provisions of the Plan requiring turnover of excess estate funds. The failure of such Holder to timely repay or return such distribution shall result in the Holder owing the Reorganized Debtors annualized interest at the Federal Judgment Rate on such amount owed for each Business Day after the two-week grace period specified above until the amount is repaid.

2. Claims Payable by Third Parties

No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant to one of the Debtors' insurance policies until the Holder of such Allowed Claim has exhausted all remedies with respect to such insurance policy. To the extent that one or more of the Debtors' insurers agrees to satisfy in full or in part a Claim (if and to the extent adjudicated by a court of competent jurisdiction), then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claims objection having to be filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3. Applicability of Insurance Policies

Except as otherwise provided in the Plan, distributions to Holders of Allowed Claims shall be in accordance with the provisions of any applicable insurance policy. Nothing contained in the Plan shall constitute or be deemed a waiver of any Cause of Action that the Debtors or any person or entity may hold against any other entity, including insurers, under any policies of insurance, nor shall anything contained herein constitute or be deemed a waiver by such insurers of any defenses, including coverage defenses, held by such insurers.

**J. Allocation of Distributions Between Principal and Interest**

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

**ARTICLE VII**

**PROCEDURES FOR RESOLVING CONTINGENT,  
UNLIQUIDATED, AND DISPUTED CLAIMS**

**A. Prosecution of Objections to Claims**

The Debtors or the Reorganized Debtors, as applicable, shall have the exclusive authority to File, settle, compromise, withdraw, or litigate to judgment any objections to Claims as permitted under the Plan. From and after the Effective Date, the Reorganized Debtors may settle or compromise any Disputed Claim without approval of the Bankruptcy Court. The Debtors also

reserve the right to resolve any Disputed Claim outside the Bankruptcy Court under applicable governing law.

## **B. Procedures Regarding Disputed Claims**

Except as otherwise provided in the Plan or by other order of the Bankruptcy Court, Holders of Claims shall be required to File proofs of claim by the Bar Date. After the Bar Date, the Debtors and the Reorganized Debtors, as applicable, will review all the Claims, and reserve the right to object to any Claim that is entitled, or deemed to be entitled, to a distribution under the Plan or is rendered Unimpaired under the Plan. All such objections will be litigated to Final Order; provided, however, that the Debtors may compromise, settle, withdraw, or resolve by any other method approved by the Bankruptcy Court any objections to Claims.

Any Debtor or Reorganized Debtor, as applicable, may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether such Debtor has previously objected to such Claim or whether the Bankruptcy Court has ruled on any objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal related to any such objection. In the event the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtors or the Reorganized Debtors, as applicable, may elect to pursue any supplemental proceedings to object to any ultimate payment on such Claim. All of the aforementioned objection, estimation, and resolution procedures are cumulative and are not necessarily exclusive of one another. Claims may be estimated and thereafter resolved by any mechanism approved by the Bankruptcy Court.

## **C. Allowance of Claims**

Except as expressly provided herein or any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), no Claim shall be deemed Allowed unless and until such Claim is deemed Allowed under the Bankruptcy Code, under the Plan, or the Bankruptcy Court enters a Final Order in the Chapter 11 Cases allowing such Claim under section 502 of the Bankruptcy Code. Except as expressly provided in any order entered in the Chapter 11 Cases prior to the Effective Date (including the Confirmation Order), the Reorganized Debtors after Confirmation will have and retain any and all rights and defenses the Debtors had with respect to any Claim as of the Petition Date. All Claims of any Entity that owes money to the Debtors shall be disallowed unless and until such Entity pays, in full, the amount it owes the Debtors.

## **D. No Distributions Pending Allowance**

Notwithstanding any other provision hereof, if any portion of a Claim is a Disputed Claim, no payment or distribution provided under the Plan shall be made on account of such Claim unless and until such Disputed Claim becomes an Allowed Claim.

**E. Distributions After Allowance**

To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan.

**F. Controversy Concerning Impairment**

If a controversy arises as to whether any Claim, or a Class of Claims, are Impaired Classes under the Plan, the Bankruptcy Court shall, after notice and a hearing, determine such controversy before the Effective Date.

**ARTICLE VIII**

**SETTLEMENT, RELEASE, INJUNCTION, AND RELATED PROVISIONS**

**A. Discharge**

Upon the Effective Date, in consideration of the distributions to be made under the Plan and except as otherwise expressly provided in the Plan (including, (a) that any of the Debtors' obligations under the DIP Facility that are not paid in Cash in full on or prior to the Effective Date as required under the Plan are not discharged and (b) that any of the Debtors' obligations under the Executory Contracts and Unexpired Leases that are assumed pursuant to Article V of the Plan (other than Cure Claims determined and paid pursuant to Article V) are not discharged), each Holder (as well as any trustees and agents on behalf of each Holder) of a Claim or Equity Interest, and any Affiliate of such Holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Equity Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against or terminated Equity Interest in the Debtors.

**B. Subordinated Claims**

The allowance, classification, and treatment of all Allowed Claims and Equity Interests and the respective distributions and treatments under the Plan take into account and conform to the relative priority and rights of the Claims and Equity Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510(b) of the Bankruptcy Code, and including, but not limited to, the Section 510(b) Claims, or otherwise. Pursuant to section 510 of the Bankruptcy Code, the Reorganized Debtors reserve the right to re-classify any Allowed Claim or Equity Interest in accordance with any contractual, legal, or equitable subordination relating thereto.

**C. Compromise and Settlement of Claims and Controversies**

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided pursuant to the Plan, the

provisions of the Plan shall constitute a good faith compromise of all Claims, Equity Interests, and controversies relating to the contractual, legal, and subordination rights that a Holder of a Claim may have with respect to any Allowed Claim or Equity Interest, or any distribution to be made on account of such an Allowed Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and Holders of Claims and Equity Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Reorganized Debtors may compromise and settle Claims against them and Causes of Action against other Entities.

#### **D. Binding Effect**

Subject to Article X.B and notwithstanding Bankruptcy Rules 3020(e), 6004(g), or 7062 or otherwise, on and after the Confirmation Date but subject to the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and bind the Debtors, the Reorganized Debtors, and any and all Holders of a Claim against, or Equity Interest in, the Debtors and such Holder's respective successors and assigns, whether or not the Claim or Equity Interests of such Holder is impaired under the Plan, whether or not such Holder has accepted the Plan and whether or not such Holder is entitled to a distribution under the Plan, and all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtors.

#### **E. Releases by the Debtors**

PURSUANT TO SECTION 1123(B) OF THE BANKRUPTCY CODE, NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY EACH OF THE DEBTOR RELEASEES AND THE THIRD PARTY RELEASEES, INCLUDING: (1) THE DISCHARGE OF DEBT AND ALL OTHER GOOD AND VALUABLE CONSIDERATION PAID PURSUANT HERETO; AND (2) THE SERVICES OF THE DEBTORS' PRESENT AND FORMER OFFICERS, DIRECTORS AND ADVISORS IN FACILITATING THE EXPEDITIOUS IMPLEMENTATION OF THE RESTRUCTURING CONTEMPLATED HEREBY, EACH OF THE DEBTORS DISCHARGE AND RELEASE AND SHALL BE DEEMED TO HAVE PROVIDED A FULL DISCHARGE AND RELEASE TO EACH DEBTOR RELEASEE AND TO EACH THIRD PARTY RELEASEE (AND EACH SUCH DEBTOR RELEASEE AND THIRD PARTY RELEASEE SO RELEASED SHALL BE DEEMED FULLY RELEASED AND DISCHARGED BY THE DEBTORS) AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT,

VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING THOSE THAT ANY OF THE DEBTORS OR THE TRUSTS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR THAT ANY HOLDER OF A CLAIM OR AN EQUITY INTEREST OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT ON BEHALF OF ANY OF THE DEBTORS OR ANY OF THEIR ESTATES, INCLUDING CAUSES OF ACTION ARISING UNDER CHAPTER 5 OF THE BANKRUPTCY CODE; PROVIDED, HOWEVER, THAT THE FOREGOING “DEBTOR RELEASE” SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION OF ANY DEBTOR: (1) AGAINST A DEBTOR RELEASEE OR A THIRD PARTY RELEASEE (OTHER THAN THE DIP AGENT, THE DIP FACILITY PROVIDERS, THE HOLDERS OF FLOATING RATE NOTE CLAIMS, THE FLOATING RATE NOTE INDENTURE TRUSTEE, THE SECURED CREDIT FACILITY AGENT, AND THE SECURED CREDIT FACILITY LENDERS, IN THEIR RESPECTIVE CAPACITIES AS SUCH) ARISING FROM ANY CONTRACTUAL OBLIGATIONS OWED TO THE DEBTORS; OR (2) EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT’S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE FOREGOING “DEBTOR RELEASE,” WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT’S FINDING THAT THE DEBTOR RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE DEBTOR RELEASEES AND THE THIRD PARTY RELEASEES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS; (4) FAIR, EQUITABLE AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE DEBTORS OR THE TRUSTS ASSERTING ANY CLAIM OR CAUSE OF ACTION RELEASED PURSUANT TO THE DEBTOR RELEASE.

#### **F. Exculpation**

Except as otherwise specifically provided in the Plan or Plan Supplement, as of the Effective Date, no Exculpated Party shall have or incur, and each Exculpated Party is hereby released and exculpated from any Claim, obligation, Cause of Action, or liability for any Exculpated Claim, except for gross negligence or willful misconduct, but in all respects such Entities shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities pursuant to the Plan. The Debtors and the Reorganized Debtors (and each of their respective Affiliates, agents, directors, officers, employees, advisors, and attorneys) have, and upon Confirmation of the Plan shall be deemed to have, participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code with regard to the distributions of the Securities pursuant to the Plan, and, therefore, are not, and on account of such distributions shall not be, liable at any time for the violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of the Plan or such distributions

made pursuant to the Plan. Nothing in this paragraph shall impair the police or regulatory powers of the United States of America or any Governmental Unit thereof. Nothing in this paragraph shall apply in any action brought by the Securities and Exchange Commission in exercise of its police and regulatory powers.

#### **G. Releases by Holders of Claims**

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE RELEASING PARTIES (REGARDLESS OF WHETHER A RELEASING PARTY IS A THIRD PARTY RELEASEE) SHALL PROVIDE A FULL DISCHARGE AND RELEASE (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED BY THE RELEASING PARTIES) TO THE THIRD PARTY RELEASEES AND THE DEBTOR RELEASEES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASES OR THE PLAN; PROVIDED, HOWEVER, THAT THE FOREGOING “THIRD PARTY RELEASE” SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION OF ANY RELEASING PARTY: (1) AGAINST A DEBTOR RELEASEE OR A THIRD PARTY RELEASEE ARISING FROM ANY CONTRACTUAL OBLIGATIONS OWED TO THE RELEASING PARTY; OR (2) EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT’S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE FOREGOING “THIRD PARTY RELEASE,” WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND, FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT’S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE DEBTOR RELEASEES AND THE THIRD PARTY RELEASEES; (2) A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (3) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS; (4) FAIR, EQUITABLE AND REASONABLE; (5) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (6) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED PURSUANT TO THE THIRD PARTY RELEASE.

#### **H. Injunction**

Except as otherwise expressly provided in the Plan or for obligations issued pursuant to the Plan, all Entities who have held, hold, or may hold Claims or Equity Interests that have been released pursuant to Article VIII.E or Article VIII.G, discharged pursuant to Article VIII.A, or

are subject to exculpation pursuant to Article VIII.F are permanently enjoined, from and after the Effective Date, from taking any of the following actions against the Debtors or the Reorganized Debtors: (1) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests; (2) enforcing, attaching, collecting, or recovering by any manner or means any judgment, award, decree or order against such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (3) creating, perfecting, or enforcing any encumbrance of any kind against such Entities or the property or estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests; (4) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due from such Entities or against the property or Estates of such Entities on account of or in connection with or with respect to any such Claims or Equity Interests unless such Holder has Filed a motion requesting the right to perform such setoff on or before the Confirmation Date, and notwithstanding an indication in a proof of claim or interest or otherwise that such Holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise; and (5) commencing or continuing in any manner any action or other proceeding of any kind on account of or in connection with or with respect to any such Claims or Equity Interests released or settled pursuant to the Plan. Nothing in the Plan or Confirmation Order shall preclude any Entity from pursuing an action against one or more of the Debtors in a nominal capacity to recover insurance proceeds so long as the Debtors or Reorganized Debtors, as applicable, and any such Entity agree in writing that such Entity will: (1) waive all Claims against the Debtors, the Reorganized Debtors, and the Estates related to such action and (2) enforce any judgment on account of such Claim solely against applicable insurance proceeds, if any.

#### **I. Terms of Injunction or Stay**

Unless otherwise provided in the Confirmation Order, all injunctions or stays arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code, or otherwise, that are in existence on the Confirmation Date shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

### **ARTICLE IX**

#### **ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS**

##### **A. Retention of Professionals After the Effective Date**

After the Effective Date, no Professional employed pursuant to sections 327, 331, 363 and 1103 of the Bankruptcy Code shall be entitled to any compensation for services rendered after the Effective Date without the express authority of the Reorganized Debtors. Upon the Effective Date, and unless otherwise agreed to by the Reorganized Debtors, the retention of all such Professionals shall be terminated automatically without further order of the Bankruptcy Court, except for the limited purpose of filing any remaining applications for reimbursement of reasonable fees and expenses.

**B. Professional Compensation and Reimbursement Claims**

Except as otherwise provided herein, all final requests for payment of Claims of a Professional for services rendered or reimbursement of expenses incurred through and including the Effective Date under sections 330, 331, 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code shall be Filed no later than thirty (30) days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior Bankruptcy Court orders, the Allowed amounts of such Professional Claims shall be determined by the Bankruptcy Court, and paid in Cash in full under the Plan within thirty (30) days after the date on which the order approving such Professional Claims becomes a Final Order.

**C. Payment of Interim Amounts**

Except as otherwise provided in the Plan and subject to Article IX.A, Professionals shall be paid pursuant to the Interim Compensation Order.

**D. Professional Fee Escrow Account**

In accordance with Article IX.D, on the Effective Date, the Reorganized Debtors shall fund the Professional Fee Escrow Account with Cash equal to the aggregate Professional Fee Reserve Amount for all Professionals. The Professional Fee Escrow Account shall be maintained in trust for the Professionals with respect to whom fees or expenses have been held back pursuant to the Interim Compensation Order. Such funds shall not be considered property of the Reorganized Debtors. The remaining amount of Claims owing to the Professionals shall be paid in Cash to such Professionals by the Reorganized Debtors from the Professional Fee Escrow Account when such Claims are Allowed by a Bankruptcy Court order and in accordance with the treatment afforded to Class 1 Claims under the Plan. When all Claims of Professionals have been paid in full, amounts remaining in the Professional Fee Escrow Account, if any, shall be paid to the Reorganized Debtors.

**E. Professional Fee Reserve Amount**

To receive payment for unbilled fees and expenses incurred through the Effective Date, on or before the Effective Date, the Professionals shall estimate their Accrued Professional Compensation prior to and as of the Effective Date and shall deliver such estimate to the Debtors. If a Professional does not provide an estimate, the Reorganized Debtors may estimate the unbilled fees and expenses of such Professional; provided, however, that such estimate shall not be considered an admission with respect to the fees and expenses of such Professional. The total amount so estimated as of the Effective Date shall comprise the Professional Fee Reserve Amount.

**F. Post-Effective Date Fees and Expenses**

Except as otherwise specifically provided in the Plan, from and after the Effective Date, the Reorganized Debtors shall, in the ordinary course of business and without any further notice to or action, order, or approval of the Bankruptcy Court, pay in Cash the reasonable legal, professional, or other fees and expenses related to implementation and Consummation of the



Plan incurred by the Reorganized Debtors. Upon the Effective Date, any requirement that Professionals comply with sections 327 through 331 and 1103 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate, and the Reorganized Debtors may employ and pay any Professional in the ordinary course of business without any further notice to or action, order, or approval of the Bankruptcy Court.

## **ARTICLE X**

### **CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

#### **A. Conditions Precedent to Confirmation**

It shall be a condition to Confirmation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article X.C hereof:

1. The Bankruptcy Court or any other court of competent jurisdiction shall not have dismissed or abstained from hearing any of the Chapter 11 Cases.
2. The Bankruptcy Court shall have entered the Confirmation Order, in form and substance acceptable to the Consenting Noteholders.
3. The Plan Supplement, all of the schedules, documents, and exhibits contained therein, and any and all plan-related documents, agreements or instruments shall have been Filed, without prejudice to the Reorganized Debtors' rights under the Plan to alter, amend, or modify certain of the schedules, documents, and exhibits contained in the Plan Supplement, any of which alterations, amendments, or modifications shall be in form and substance acceptable to the Consenting Noteholders.

#### **B. Conditions Precedent to Consummation**

It shall be a condition to Consummation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article X.C hereof:

1. The Confirmation Order (a) shall have become a Final Order in form and substance acceptable to the Consenting Noteholders and (b) shall include a finding by the Bankruptcy Court that the New Common Stock will be authorized and exempt from registration under applicable securities laws pursuant to section 1145 of the Bankruptcy Code, and there shall have been no entry of any other court order prohibiting any transactions contemplated by the Plan from occurring.
2. Each of the Exit Facility Credit Agreement, the Roll-Over Facility Agreement (if any), the Shareholder Notes Indenture Documents, the Purchase Documents (if any), the Shareholder Agreement, and the Overage Securities Agreement shall be in form and substance acceptable to the Consenting Noteholders and shall have been executed and delivered by all of the respective parties thereto, and all

respective conditions precedent to the consummation thereof shall have been waived or satisfied in accordance with the terms thereof.

3. Funding pursuant to the Exit Facility shall have occurred or shall occur simultaneously with Consummation.
4. Payment of the DIP Facility Effective Date Repayment Amount shall have occurred or shall occur simultaneously with Consummation.
5. The Plan, including any amendments, modifications, or supplements thereto shall be in form and substance acceptable to the Consenting Noteholders.
6. The Plan Supplement, including any amendments, modifications, or supplements to the documents contained therein, shall be in form and substance acceptable to the Consenting Noteholders.
7. The Bankruptcy Court shall have entered an order or orders authorizing the rejection by the Debtors of Unexpired Leases and Executory Contracts, including those Unexpired Leases and Executory Contracts set forth in the Plan Supplement.
8. All conditions precedent in the Restructuring Support Agreement shall have been satisfied or waived in accordance with the terms thereof.
9. The Effective Date shall have occurred on or before the date that is twenty (20) days after the Confirmation Date.
10. All actions, documents, certificates, and agreements necessary to implement this Plan shall be in form and substance acceptable to the Consenting Noteholders and shall have been effected or executed and delivered to the required parties and, to the extent required, Filed with the Bankruptcy Court and/or filed with applicable Governmental Units in accordance with applicable laws.

### **C. Waiver of Conditions**

The conditions to Confirmation of the Plan and to Consummation of the Plan set forth in this Article X may be waived only by consent of the Debtors and the prior written consent of the Consenting Noteholders, without notice, leave or order of the Bankruptcy Court or any formal action other than proceeding to confirm or consummate the Plan.

### **D. Effective Date**

The Effective Date shall be no earlier than the first Business Day upon which all of the conditions specified in Article X.B hereof have been satisfied or waived. Notwithstanding the foregoing and any other provision of the Plan to the contrary, (1) the Debtors, with the prior written consent of the DIP Agent and the Consenting Noteholders, may defer the occurrence of the Effective Date beyond the date specified in the preceding sentence in their discretion and (2) any distribution of New Common Stock, Shareholder Notes, New Overage Securities or other

consideration required to be made on the Effective Date shall be made on such date, or on such later date as soon as reasonably practicable thereafter.

**E. Effect of Non-Occurrence of Conditions to Consummation**

Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other action. In the event that one or more conditions specified in Article X.B have not occurred or otherwise been waived pursuant to Article X.C of the Plan, (a) the Confirmation Order shall be vacated, (b) the Debtors and all Holders of Claims and Equity Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred and (c) the Debtors' obligations with respect to Claims and Equity Interests shall remain unchanged and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Equity Interests by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceeding involving the Debtors, and nothing contained herein shall constitute an admission of the Debtors with respect to the Allowance of any Claims.

## ARTICLE XI

### **MODIFICATION, REVOCATION, OR WITHDRAWAL OF THE PLAN**

#### **A. Modification and Amendments**

Except as otherwise specifically provided in the Plan, the Debtors reserve the right to modify the Plan as to material terms and seek Confirmation consistent with the Bankruptcy Code, provided, however, that any such modifications shall be in form and substance acceptable to the Consenting Noteholders. Each of the Debtors expressly reserves its respective rights to revoke or withdraw, or, to alter, amend, or modify materially the Plan with respect to such Debtor, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement, or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan, subject to (i) certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modifications set forth in the Plan and (ii) any such alteration, amendment or modification being acceptable to the Consenting Noteholders. A Holder of a Claim or Equity Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Equity Interest of such Holder. Any such modification or supplement shall be considered a modification of the Plan and shall be made in accordance with this Article XI. For the avoidance of doubt, the foregoing shall not effect a waiver of any rights that any party may have with respect to modification of the Plan under section 1127 of the Bankruptcy Code.

Upon its Filing, the Plan Supplement may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours, at the Bankruptcy Court's website at [[www.deb.uscourts.gov/](http://www.deb.uscourts.gov/)], and at the website of the Debtors' notice, claims, and balloting agent at [[www.kccllc.net/constar](http://www.kccllc.net/constar)]. The documents contained in the Plan Supplement are an integral part of the Plan and shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

#### **B. Effect of Confirmation on Modifications**

Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or resolicitation under Bankruptcy Rule 3019.

#### **C. Revocation or Withdrawal of the Plan**

The Debtors reserve the right to revoke or withdraw the Plan prior to the Effective Date and to file subsequent plans of reorganization, in each case, with the consent of the Consenting Noteholders. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any

Claim or Equity Interest or Class of Claims or Equity Interests), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims or Equity Interests by or against the Debtors or any other party in interest; (b) prejudice in any manner the rights of such Debtor or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by such Debtor or any other Entity.

## **ARTICLE XII**

### **RETENTION OF JURISDICTION**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Cases and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including jurisdiction to:

1. Allow, disallow, determine, liquidate, classify, estimate, or establish the priority, Secured or unsecured status, or amount of any Claim or Equity Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the Secured or unsecured status, priority, amount, or allowance of Claims or Equity Interests;
2. Decide and resolve all matters related to the granting and denying, in whole or in part, any applications for allowance of compensation or reimbursement of expenses to Professionals authorized pursuant to the Bankruptcy Code or the Plan;
3. Resolve any matters related to: (a) the assumption, assumption and assignment, or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor may be liable and to hear, determine, and, if necessary, liquidate, any Claims arising therefrom, including Cure Claims pursuant to section 365 of the Bankruptcy Code; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) the Reorganized Debtors amending, modifying, or supplementing, after the Effective Date, pursuant to Article V, any Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed or rejected or otherwise; and (d) any dispute regarding whether a contract or lease is or was executory or expired;
4. Ensure that distributions to Holders of Allowed Claims and Equity Interests are accomplished pursuant to the provisions of the Plan;
5. Adjudicate, decide, or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters, and grant or deny any applications involving a Debtor that may be pending on the Effective Date;

6. Adjudicate, decide, or resolve any and all matters related to retained Causes of Action;
7. Adjudicate, decide, or resolve any and all matters related to section 1141 of the Bankruptcy Code;
8. Enter and implement such orders as may be necessary or appropriate to execute, implement, or consummate the provisions of the Plan and all contracts, instruments, releases, indentures, and other agreements or documents created in connection with the Plan or the Disclosure Statement;
9. Enter and enforce any order for the sale of property pursuant to sections 363, 1123, or 1146(a) of the Bankruptcy Code;
10. Resolve any cases, controversies, suits, disputes, or Causes of Action that may arise in connection with the Consummation, interpretation, or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;
11. Issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;
12. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the releases, injunctions, and other provisions contained in Article VIII and enter such orders as may be necessary or appropriate to implement such releases, injunctions, and other provisions;
13. Resolve any cases, controversies, suits, disputes, or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the Holder of a Claim or Equity Interest for amounts not timely repaid pursuant to Article VII.1;
14. Enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated;
15. Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, indenture, or other agreement or document created in connection with the Plan or the Disclosure Statement (other than the Exit Facility Credit Agreement and any documents related thereto);
16. Enter an order or Final Decree concluding or closing the Chapter 11 Cases;
17. Adjudicate any and all disputes arising from or relating to distributions under the Plan;

18. Consider any modifications of the Plan, to cure any defect or omission, or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;
19. Determine requests for the payment of Claims and Equity Interests entitled to priority pursuant to section 507 of the Bankruptcy Code;
20. Hear and determine disputes arising in connection with the interpretation, implementation, or enforcement of the Plan, or the Confirmation Order, including disputes arising under agreements, documents, or instruments executed in connection with the Plan;
21. Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;
22. Hear and determine all disputes involving the existence, nature, or scope of the Debtors' discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date;
23. Enforce all orders previously entered by the Bankruptcy Court; and
24. Hear any other matter not inconsistent with the Bankruptcy Code.

### **ARTICLE XIII**

#### **MISCELLANEOUS PROVISIONS**

##### **A. Additional Documents**

On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents, in form and substance reasonably acceptable to the DIP Agent and acceptable to the Consenting Noteholders, as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or Reorganized Debtors, as applicable, and all Holders of Claims or Equity Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

##### **B. Payment of Statutory Fees**

All fees payable pursuant to section 1930(a) of the Judicial Code, as determined by the Bankruptcy Court at a hearing pursuant to section 1128 of the Bankruptcy Code, shall be paid for each quarter (including any fraction thereof) until the Chapter 11 Cases are converted, dismissed, or closed, whichever occurs first.

**C. Dissolution of Committees**

On the Effective Date, the Committee shall dissolve and members thereof shall be released and discharged from all rights and duties from or related to the Chapter 11 Cases.

**D. Substantial Consummation**

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

**E. Reservation of Rights**

Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by any Debtor with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any rights of any Debtor with respect to the Holders of Claims or Equity Interests prior to the Effective Date.

**F. Successors and Assigns**

The rights, benefits, and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiaries, or guardian, if any, of each Entity.

**G. Service of Documents**

After the Effective Date, any pleading, notice, or other document required by the Plan to be served on or delivered to the Reorganized Debtors shall be served by first class mail and email notice on:

Constar International Inc.  
One Crown Way  
Philadelphia, PA 19154  
Attn: Kenneth Giannantonio  
KGiannantonio@constar.net

Wilmer Cutler Pickering Hale and Dorr LLP  
399 Park Avenue  
New York, NY 10022  
Attn: Andrew Goldman, Esq.  
Andrew.Goldman@Wilmerhale.com

After the Effective Date, the Debtors have authority to send a notice to Entities that to continue to receive documents pursuant to Bankruptcy Rule 2002, they must file a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Debtors are authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.



## **H. Entire Agreement**

Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

## **I. Exhibits**

All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above or by downloading such exhibits and documents from the website of the Debtors' notice, claims, and balloting agent at [www.kccllc.net/constar] or the Bankruptcy Court's website at [www.deb.uscourts.gov/]. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

## **J. Nonseverability of Plan Provisions**

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) nonseverable and mutually dependent.

## **K. Votes Solicited in Good Faith**

Upon entry of the Confirmation Order, the Debtors will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and each of their respective Affiliates, agents, representatives, members, principals, shareholders, officers, directors, employees, advisors, and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale, and purchase of Securities offered and sold under the Plan, and, therefore, will have no liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of the Securities offered and sold under the Plan.

**L. Closing of Chapter 11 Cases**

The Reorganized Debtors shall, promptly after the full administration of the Chapter 11 Cases, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Cases.

**M. Waiver or Estoppel**

Each Holder of a Claim or an Equity Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Equity Interest should be Allowed in a certain amount, in a certain priority, secured or not subordinated by virtue of an agreement made with the Debtors or their counsel, the DIP Agent or its counsel, or any other Entity, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

**N. Conflicts**

Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, the Plan Supplement or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan shall govern and control.

Wilmington, Delaware

Dated: January 11, 2011

CONSTAR INTERNATIONAL INC.  
BFF INC.  
DT, INC.  
CONSTAR, INC.  
CONSTAR FOREIGN HOLDINGS, INC.  
CONSTAR INTERNATIONAL UK LIMITED  
Debtors and Debtors In Possession

By: /s/ J. Mark Borseth  
Name: J. Mark Borseth  
Title: Executive Vice President and Chief  
Financial Officer

**Exhibit B**  
Liquidation Analysis  
(To Be Provided)

**Exhibit C**

Financial Projections

Constar International Inc.  
Statement of Operations

In Millions	Projected Fiscal Year Ended December 31:					
	FY 2008	FY 2009	FY 2010(P)	FY 2011(P)	FY 2012(P)	FY 2013(P)
Net Revenues	\$ 857.9	\$ 638.4	\$ 557.6	\$ 489.8	\$ 548.7	\$ 467.3
Cost of Sales	789.9	564.2	504.0	442.2	488.4	396.3
Depreciation	32.8	42.9	36.4	24.9	19.5	18.8
Gross profit	35.2	31.3	17.2	22.7	40.8	52.2
Gross margin	4.1%	4.9%	3.1%	4.6%	7.4%	11.2%
SG&A expenses	31.3	28.0	26.5	27.1	27.0	26.8
Reorganization costs	9.2	(142.3)	3.2	(109.6)	-	-
Restructuring expenses	4.8	2.2	21.2	4.2	6.8	2.0
Operating Income	(10.1)	143.3	(33.7)	101.0	7.0	23.5
Non-operating expense / (income)	9.5	(0.8)	56.5	(3.3)	(1.4)	(0.4)
EBIT	(19.6)	144.1	(90.3)	104.3	8.4	23.9
Interest expense, net	38.7	28.8	36.5	5.9	10.2	11.1
Income tax provision / (benefit)	(0.4)	26.0	(17.3)	(3.8)	0.3	0.3
Net income / (loss) from disc ops	(0.1)	(0.2)	(0.1)	-	-	-
Net Income / (Loss)	\$ (57.8)	\$ 89.1	\$ (109.5)	\$ 102.2	\$ (2.2)	\$ 12.5
Adjusted EBITDA	\$ 40.3	\$ 47.1	\$ 24.8	\$ 22.6	\$ 36.5	\$ 47.4
Adjusted EBITDA margin	4.7%	7.4%	4.4%	4.6%	6.6%	10.1%

Constar International Inc.  
Balance Sheets

Projected Fiscal Year Ended December 31:

In Millions	FY 2008	FY 2009	FY 2010(P)	Q2 2011	PF Adj.	PF Q2 2011	FY 2011(P)	FY 2012(P)	FY 2013(P)
<b>ASSETS</b>									
Current Assets:									
Cash and cash equivalents	\$ 14.3	\$ 10.1	\$ 1.8	\$ 25.0	(23.5)	\$ 1.5	\$ 12.4	\$ 24.7	\$ 42.8
Receivables, net	45.8	39.1	34.1	50.9	-	50.9	37.2	41.9	39.0
Inventories, net	49.8	44.1	34.6	34.3	-	34.3	30.5	33.3	28.8
Prepaid expenses and other current assets	25.5	7.9	4.4	4.6	-	4.6	3.8	3.8	3.8
Total current assets	135.4	101.1	74.9	114.8	(23.5)	91.3	83.9	103.7	114.4
Property Plant & Equipment, Net	132.4	151.5	112.4	103.7	-	103.7	99.0	89.7	86.8
Goodwill and intangible assets, net	148.8	150.1	96.8	96.0	(53.2)	42.8	42.0	40.5	39.0
Other assets	1.6	3.6	4.9	7.7	-	7.7	7.2	6.4	5.7
Total Assets	\$ 418.2	\$ 406.3	\$ 288.9	\$ 322.2	\$ (76.8)	\$ 245.5	\$ 232.2	\$ 240.4	\$ 245.9
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>									
Current Liabilities:									
Revolver	\$ 20.0	\$ 5.0	\$ 18.3	-	\$ 16.5	\$ 16.5	\$ 2.5	\$ 4.2	\$ 4.2
DIP Facility	-	-	-	55.0	(55.0)	-	-	-	-
Accounts Payable	61.7	59.1	49.6	74.7	(10.0)	64.7	56.3	60.9	49.6
Accrued expenses and other current liabilities	33.8	26.5	2.0	1.3	-	1.3	1.5	1.8	2.1
Total current liabilities	\$ 115.6	\$ 90.6	\$ 69.8	\$ 131.0	\$ (48.5)	\$ 82.4	\$ 60.3	\$ 66.9	\$ 55.9
Senior Floating Debt	\$ 220.0	\$ 167.9	\$ 190.7	\$ 190.7	\$ (190.7)	\$ -	\$ -	\$ -	\$ -
Roll-Over Debt	-	-	-	-	15.0	15.0	15.0	15.0	15.0
New Notes	-	-	-	-	70.0	70.0	73.5	81.1	89.4
Pension & Post retirement liabilities	38.5	31.1	24.5	23.1	-	23.1	20.8	15.9	9.7
Deferred income taxes	0.9	23.5	4.1	2.1	-	2.1	-	-	-
Other liabilities	204.3	14.5	15.3	12.9	-	12.9	11.2	10.6	11.0
Total Liabilities	\$ 579.3	\$ 327.7	\$ 304.4	\$ 359.7	\$ (154.2)	\$ 205.5	\$ 180.8	\$ 189.4	\$ 181.0
Convertible Preferred Equity and Accrued Dividends	-	-	-	-	30.0	30.0	31.4	34.1	36.8
Common Equity	(161.1)	78.6	(15.5)	(37.4)	47.4	10.0	20.1	16.9	28.2
Total Stockholders' Equity	(161.1)	78.6	(15.5)	(37.4)	77.4	40.0	51.4	50.9	64.9
Total Liabilities and Stockholders' Equity	\$ 418.2	\$ 406.3	\$ 288.9	\$ 322.2	\$ (76.8)	\$ 245.5	\$ 232.2	\$ 240.4	\$ 245.9

**Constar International Inc.**  
**Statement of Cash Flows**

In Millions	Projected Fiscal Year Ended December 31:					
	FY 2008	FY 2009	FY 2010(P)	FY 2011(P)	FY 2012(P)	FY 2013(P)
Adjusted EBITDA	40.3	47.1	24.8	22.6	36.5	47.4
Cash reorganization costs	(5.3)	(12.0)	(3.2)	(11.1)	-	-
Cash restructuring charges	(4.8)	(2.2)	(0.6)	(4.1)	(2.2)	(2.0)
Cash income taxes	(0.7)	(3.4)	(2.1)	(0.3)	(0.3)	(0.3)
Changes in net working capital	13.5	2.5	(19.6)	7.9	(0.7)	(9.3)
Capital expenditures	(23.5)	(14.4)	(7.0)	(10.9)	(13.4)	(14.4)
Other	9.9	8.9	1.7	11.0	(6.5)	(0.6)
Free cash flow before interest	29.3	26.5	(6.1)	15.2	13.3	20.8
Cash interest payments	(38.7)	(15.2)	(13.7)	(2.4)	(2.7)	(2.7)
Free cash flow	\$ (9.3)	\$ 11.3	\$ (19.8)	\$ 12.9	\$ 10.7	\$ 18.1
<b>Operating Metrics</b>						
Days sales outstanding	19.5	22.3	22.3	27.7	27.9	30.4
Inventory supply (days)	32.6	33.3	29.2	26.3	26.8	28.2
A/P & accrued expenses (days)	42.4	51.5	34.8	45.1	45.0	45.5
Net \$ of Working Capital	\$ (0.0)	\$ (2.5)	\$ 17.1	\$ 9.3	\$ 10.0	\$ 19.3
% to net sales	0.0%	-0.4%	3.1%	1.9%	1.8%	4.1%

**Exhibit D**

Solicitation Procedures Order

(To Be Provided)