UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS
EASTERN DIVISION

In re:	)	
	)	**Chapter 11**
GPX INTERNATIONAL TIRE CORPORATION,	)	**Case No. 09-20170-JNF**
Debtor.	)	

AMENDED DISCLOSURE STATEMENT WITH RESPECT TO FIRST AMENDED PLAN OF LIQUIDATION OF GPX INTERNATIONAL TIRE CORPORATION, DEBTOR AND DEBTOR-IN-POSSESSION

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I. INTRODUCTION

Pursuant to Section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code"), GPX International Tire Corporation (the "Debtor") provides this disclosure statement (the "Disclosure Statement") to all of the Debtor's known creditors and parties in interest. The purpose of this Disclosure Statement is to provide the information deemed necessary for creditors to make an informed decision in exercising their rights to vote on the *First Amended Plan of Liquidation of GPX International Tire Corporation, Debtor And Debtor-in-Possession* (the "Plan") dated as of the date of this Disclosure Statement. The Debtor and the Official Committee of Unsecured Creditors (the "Committee") in the Debtor's bankruptcy case filed the Plan simultaneously with the filing of this Disclosure Statement. A summary of the Plan, the estimated claims against the Debtor, and the estimated dividend is set forth below.

The Debtor and the Committee recommend that you vote to accept the Plan. Each creditor should, however, review the Plan and this Disclosure Statement carefully in order to determine whether or not to accept or reject the Plan based upon that creditor's independent judgment and evaluation. The description of the Plan in this Disclosure Statement is in summary form and is qualified by reference to the actual terms and conditions of the Plan, which should be reviewed carefully before making a decision to accept or reject the Plan.

Capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to them in the Plan.

The information contained in this Disclosure Statement has been provided by the Debtor based upon the knowledge of its records, business and affairs. Except as otherwise expressly indicated, such information has not been subject to audit or independent review. Although great effort has been made to be accurate, neither the Debtor, the Committee, nor their respective professional advisors warrant the accuracy of the information contained in this Disclosure Statement.

No representations concerning the Debtor, including the value of its assets or the aggregate dollar amount of claims which may be allowed, are authorized other than as set forth in this Disclosure Statement. Any representations, warranties, or agreements made to secure acceptance or rejection of the Plan that differ from those contained in this Disclosure Statement should not be relied upon in voting on the Plan.

Any descriptions of legal principles contained in this Disclosure Statement do not constitute a legal opinion and may not be relied upon by any creditor or party in interest. Each creditor or party in interest should consult with their own legal advisors with respect to any legal principles described in this Disclosure Statement.

This Disclosure Statement has been prepared by the Debtor to provide creditors with adequate information so that they can make an informed judgment about the Plan. Each creditor should read this Disclosure Statement and the Plan in their entirety before voting on the Plan.

No solicitation of votes on the Plan may be made except pursuant to this Disclosure Statement, and no person has been authorized to utilize any information concerning the Debtor's business or assets other than the information contained in this Disclosure Statement.

The Debtor believes that the Plan provides the quickest recovery to creditors and will maximize the return to creditors on their Claims. **ACCORDINGLY, THE DEBTOR AND THE COMMITTEE URGE ALL CREDITORS TO VOTE IN FAVOR OF THE PLAN.**

II. BRIEF SUMMARY OF THE PLAN

The Plan contemplates the continued orderly liquidation of the Debtor's assets in accordance with the Bankruptcy Code and applicable non-bankruptcy law. The proceeds of the liquidation of the Debtor's assets, net of costs of collection, will be paid to the holders of Allowed Claims against the Debtor in the order or priority established by the Bankruptcy Code and applicable non-bankruptcy law, as that law may have been modified by an order of the Bankruptcy Court or by an agreement approved by an order of the Bankruptcy Court.

Prior to filing the Plan, the Debtor sold substantially all of its operating assets in three separate sale transactions (collectively, the "Sales") that were approved by the Bankruptcy Court. The Committee, the Debtor and the Prepetition Lenders, who asserted a first priority lien on substantially all of the Debtor's assets, subsequently reached agreement concerning the allocation and payment of sale proceeds. That agreement was approved by the Bankruptcy Court on March 30, 2010. The Estate's portion of the proceeds of the Sales, along with the Avoidance Actions, constitute the Plan Fund that will be distributed in accordance with the Plan. Upon confirmation of the Plan, Craig Jalbert will be appointed as the Liquidating Supervisor to continue the liquidation of the Assets and to make distributions to creditors in accordance with the Plan.

Except as described in the Plan or as otherwise agreed to in an agreement approved by the Bankruptcy Court, the holders of Allowed Secured claims will receive their collateral or the proceeds of their collateral. The Debtor and the Committee anticipate that the holders of Allowed Administrative Expenses and Allowed Priority Claims will be paid in full. The Debtor and the Committee also anticipate that sufficient funds will be available to make a substantial distribution to the holders of Allowed General Unsecured Claims. A summary of the Administrative, Priority and General Unsecured claims, and the estimated dividend to each type of claim, follow.[1]

[1] The estimates that follow are based on the gross amount of asserted claims and do not reflect any reductions to the claims that may occur as a result of the claims objection process and/or the process of approval by the Bankruptcy Court.

Type of claim	**Projected Amount of Claims**[2]	**Plan Treatment**	**Projected Recovery**[3]	**Voting Status**
Administrative Claims	$116,246.00[4]	Paid in full in cash	100%	N/A
Professional Fee Claims	$481,443.15[5]	Paid in full in cash	100%	N/A
Priority Tax Claims	$168,729.00	Paid in full in cash	100%	N/A
Class 1 – Secured Parties' Claims	$109,271,926.47[6]	Paid in accordance with Court approved settlement agreement	53.5%[7]	Impaired
Class 2 – Other Secured Claims	$216,618.00[8]	Payment in full or return of collateral	100%	Impaired
Class 3 – Other Priority Claims	$27,727.00	Paid in full in cash	100%	Unimpaired
Class 4(a) – General Unsecured Claims	$9,968,6.009	Paid pro-rata from Plan Fund	20.0% to 53.2% (est.)[9]	Impaired
Class 4(b) – Secured Parties' Deficiency Claim	$50,775,299.42[10]	Paid in accordance with Court approved agreement	No recovery[11]	Impaired
Class 5 – Equity Interests	N/A	Payment only if classes of senior claims paid in full	No recovery	Impaired

[2] The amounts shown are subject to the Claims objection, reconciliation, and resolution process.
[3] The projected recoveries under the Plan are based upon certain assumptions as discussed herein.
[4] This amount reflects approximately $54,000 in Section 503(b)(9) claims plus approximately $62,000 in tax claims.
[5] The amount shown in this category reflects accrued and invoiced, but unpaid professional fees through March 31, 2010, but does not include an estimate for amounts incurred after such date through the Effective Date of the Plan.
[6] The amount shown in this category reflects the Allowed amount of the Prepetition Lenders' Claims pursuant to the Court approved settlement agreement between the Debtor, Committee, and Prepetition Agent.
[7] In accordance with the Court approved settlement agreement, the Debtor is required to pay to the Prepetition Agent all of the cash in the Debtor's estate (including the net proceeds from the Alliance, Dynamic, and Solid Tire Sales and the proceeds of any other post-Petition Date sales) less certain sums necessary to fund the Plan. Pursuant to that agreement, the Debtor has already paid $58,496,627.05 to the Prepetition Agent and the projected recovery reflects this amount. Depending on certain post-Sale adjustments and other events, there may be additional collateral proceeds transferred to the Prepetition Agent, which would increase the projected recovery to the Prepetition Lenders. These additional collateral proceeds are included within the definition of Stipulation Proceeds as that term is used in the Plan.
[8] The amount shown in this category reflects secured claims filed against the Debtor. The Debtor and Committee believe, however, that after the claims objection process, only approximately $5,000 of this amount may remain.
[9] This projected range of recoveries is an estimate and is based on certain assumptions, including but not limited to that the total amount of claims in this class will be less than or equal to the amount shown and that the entire $2,600,000 allocated to the Plan Fund by the Prepetition Lender Settlement Stipulation will be available for distribution to creditors in this class.

The description of claims and the estimation of dividends set forth in this section of the Disclosure Statement does not constitute an admission that the claims are Allowed Claims or that they will receive the estimated dividend. The estimated dividend is a projection and the Debtor and the Committee reserve all of their rights, claims and defenses with respect to any and all claims.

III. INFORMATION ABOUT THE REORGANIZATION PROCESS

3.1 Purpose Of Disclosure Statement

This Disclosure Statement includes background information about the Debtor and also identifies the classes into which creditors have been placed by the Plan. The Disclosure Statement describes the proposed treatment of each of those classes if the Plan is confirmed. In addition, this Disclosure Statement contains information concerning the prospects for creditors in the event of confirmation or, in the alternative, the prospects if confirmation is denied or the proposed Plan does not become effective.

Upon approval by the Bankruptcy Court and in accordance with the provisions of the Bankruptcy Code, this Disclosure Statement and any exhibits will have been found to contain adequate information of a kind and in sufficient detail that would enable a reasonable, hypothetical investor typical of a holder of impaired claims or interests to make an informed judgment about the Plan. Approval of this Disclosure Statement by the Bankruptcy Court, however, does not constitute a recommendation by the Bankruptcy Court that creditors either vote for or against the Plan.

3.2 Voting Procedure

All creditors entitled to vote on the Plan may cast their votes for or against the Plan by completing, dating, signing and causing the Ballot Form accompanying this Disclosure Statement to be returned to the following address in the enclosed envelope:

Ethan Jeffery
Hanify & King, Professional Corporation
One Beacon Street
Boston, MA 02108

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[10] The amount shown represents an estimate of the Prepetition Lenders' Deficiency Claim, which was calculated as the difference between the amount of the Prepetition Lenders' Allowed Claim shown in Class 1-Secured Parties' Claims (i.e. $109,271,926.47) and the amount of collateral proceeds transferred to the Prepetition Agent as of the date hereof (i.e. $58,496,627.05). This estimate may fluctuate depending on certain contingencies, including but not limited to if the Prepetition Lenders recover additional collateral proceeds in accordance with the Prepetition Lender Settlement Stipulation. Any additional collateral proceeds received by the Prepetition Lenders are included within the definition of Stipulation Proceeds as that term is used in the Plan.

[11] This assumes that the distribution to Class 4(a) - General Unsecured Claims will not exceed 65% of the Allowed amount of such Claims, in which instance Class 4(b) would share pro rata in any distributions from the Plan Fund over this amount pursuant to the terms of the Court approved settlement agreement with the Prepetition Lenders.

Ballots must be received **on or before 4:30 P.M. (Eastern Daylight Savings Time) on July 12, 2010** to be counted. Ballots received after this time will not be counted unless the Bankruptcy Court so orders.

The Debtor and the Committee recommend a vote for "ACCEPTANCE" of the Plan.

3.3 Ballots

Accompanying this Disclosure Statement is a ballot for acceptance or rejection of the Plan (a "Ballot"). Each party in interest entitled to vote on the Plan will receive a Ballot. All Classes (other than Class 3 - Other Priority Claims) are impaired and may vote on the Plan. Each member of a voting Class will be asked to vote for acceptance or rejection of the Plan. A party who holds claims in more than one Class should complete a Ballot for each Class with respect to the applicable portion of its claim included in each Class.

3.4 The Confirmation Hearing

The Bankruptcy Court has scheduled a hearing on confirmation of the Plan to commence on **July 21, 2010 at 11:15 a.m.,** or as soon thereafter as the parties can be heard. The Confirmation Hearing will be held before the Honorable Joan N. Feeney, United States Bankruptcy Judge, Courtroom 1, 12th Floor, 5 Post Office Square, Boston, Massachusetts, 02109. At the hearing, the Bankruptcy Court will consider whether the Plan satisfies the various requirements of the Bankruptcy Code, including whether it is feasible and whether it is in the best interests of holders of claims and interests. The Bankruptcy Court will also receive and consider a Report of Plan Voting prepared by the Debtor and summarizing the votes for acceptance or rejection of the Plan by the parties entitled to vote.

3.5 Acceptances Necessary To Confirm Plan

At the Confirmation Hearing, the Bankruptcy Court must determine, among other things, whether each impaired Class has accepted the Plan. Under Section 1126 of the Bankruptcy Code, an impaired Class is deemed to have accepted the Plan if at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims of Class members submitting votes to accept or reject the Plan have voted to accept the Plan. Unless there is acceptance of the Plan by all members of an impaired Class, the Bankruptcy Court must also determine that Class members will receive under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Class members would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

3.6 Confirmation Of The Plan Without The Necessary Acceptances.

The Plan may be confirmed even if one or all of the impaired Classes does not accept the Plan if the Bankruptcy Court finds that the Plan does not discriminate unfairly against and is fair and equitable as to such Class or Classes. This provision is set forth in Section 1129(b) of the Bankruptcy Code and requires that, among other things, the claimants must either receive the full value of their claims or, if they receive less, no Class with junior liquidation priority may receive

anything. For example, if the holders of Allowed Priority Tax Claims are not paid in full, the holders of General Unsecured Claims are not permitted to receive anything on account of their claims. This is known as the "absolute priority rule."

The Debtor and the Committee may, at their option, choose to rely on Section 1129(b) to seek confirmation of the Plan if it is not accepted by all impaired Classes of Creditors.

IV. GENERAL INFORMATION

4.1 Description of the Debtor and Events Preceding the Debtor's Chapter 11 Filing.

A. Background

The Debtor was founded in 1922 as Gans Tire Salvage, originally focusing on the sale of salvaged and surplus tires. The Debtor was a leading independent manufacturer and marketer of highly engineered, top quality off the road ("OTR") pneumatic (air filled), solid and semi-solid tires for agricultural, industrial and construction equipment. The Debtor sold branded tires to original equipment manufacturers (OEMs), such as Bobcat, Caterpillar, Case New Holland and John Deere, and aftermarket distributors. The Debtor also provided contract manufacturing and sourcing of branded truck and passenger tires for leading tire companies.

The Debtor's facilities in the United States included a production facility for solid and semi-solid tires in Gorham, Maine, a network of distribution warehouses located throughout the U.S. and several retail stores. The Debtor's Chinese subsidiary, Hebei Starbright Tire Co., Ltd. ("Starbright"), owned and operated a production facility for solid, semi-solid and pneumatic OTR tires in Hebei Province, China. The Debtor also had administrative, sales and warehousing facilities in Brampton, Ontario, leased by its Canadian subsidiary, and a sales, marketing and distribution office in Rodenbach, Germany operated through its German subsidiary.

B. The Debtor's Financial Problems

On June 18, 2007, Titan Tire Corporation ("Titan") and the United Steel, Paper, Forestry, Rubber, Manufacturing, Energy, Allied Industrial and Service Workers International Union (collectively the "DOC Petitioners") filed a petition (the "DOC Petition") under the Tariff Act of 1930 (the "Tariff Act") with the Department of Commerce ("DOC") and the U.S. International Trade Commission ("ITC") requesting that the DOC and ITC investigate the importation into the United States of certain pneumatic OTR tires (the "Subject OTR Tires") manufactured in China. The investigations sought to determine whether the U.S. tire industry was injured or threatened with injury as a result of the import of the Subject OTR Tires.

At the time the DOC Petition was filed, the Debtor had operations in 12 countries and employed approximately 2,600 people worldwide including 460 in North America. The Debtor imported, among other things, Subject OTR Tires produced by Starbright. In August 2007, the ITC made a preliminary finding that there was a "reasonable indication" of injury to the domestic tire industry as a result of the import of Subject OTR Tires. The DOC then began an

examination of whether Chinese exporters were selling OTR tires at less than normal value through an anti-dumping investigation (an "AD Investigation") and whether any Chinese exporter was being unfairly subsidized by the Chinese government through a counter-vailing duty investigation (a "CVD Investigation").

In December 2007, the DOC imposed a preliminary subsidy margin against Starbright of 2.38%. In May 2008, the DOC increased the preliminary subsidy margin to 20.68%. In February 2008, the DOC imposed a preliminary dumping margin of 19.73% against Starbright. As the importer of record, the Debtor was liable for each of the subsidy margins imposed by the DOC.

Due to the financial pressures and uncertainty created by the CVD and AD investigations, the Debtor was forced to renegotiate its senior credit facility (the "Credit Agreement") with the Prepetition Lenders (as defined in Section 4.3(A), below) and on January 31, 2008 executed an amendment to the Credit Agreement (the "2008 Amendment"). Pursuant to the 2008 Amendment, the Debtor's indirect Canadian subsidiary, Dynamic Tire Corporation ("Dynamic") was added as an additional borrower under the Credit Agreement. In September 2008, the Debtor sold all of the stock of its Serbian subsidiary and remitted the net proceeds of the sale, which totaled approximately $28.76 million, to the Prepetition Lenders to reduce a portion of the outstanding loan balance.

In July 2008, the DOC made determinations in both the AD and CVD Investigations that were unfavorable to the Debtor. On September 4, 2008, the DOC issued orders (the "DOC Orders") requiring that the Debtor, for all imports of the Subject OTR Tires, make cash deposits equal to the estimated dumping average margin of 29.93% and the estimated countervailing duty margin of 14%, for a combined cash deposit rate of 43.93%. Because of the 43.93% duties imposed upon the Subject OTR Tires produced at Starbright, the import and sale of the Subject OTR Tires became uneconomical. Together with reduced demand for tires due to the global recession, the inability to profitably produce OTR tires at Starbright resulted in Starbright operating at significantly below capacity. On September 9, 2008, the Debtor filed three (3) complaints (collectively the "AD/CVD Actions") contesting the DOC Orders in the United States Court of International Trade (the "International Trade Court").

The crippling anti-dumping and counter-vailing duties imposed by the U.S. Government, coupled with the global recession, caused irreparable financial problems for the Debtor. In late July 2009, when it became apparent that the Debtor could not continue to sustain its operations, the Debtor determined that a sale of its business units as going concerns was in the best interest of its creditors and other stakeholders.

On September 18, 2009, approximately one year after challenging the DOC Orders, the International Trade Court issued a decision in the AD/CVD Actions in favor of the Debtor, finding, among other things, that: (1) the methodology used by the DOC in imposing the duties was unreasonable and unlawful; and (2) certain of the DOC's key findings underlying the DOC Orders were arbitrary and capricious. Although vindicated, the International Trade Court's decision was too late, and on October 26, 2009, the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

C. The Employee Programs

Prior to the Petition Date, it became apparent to the Debtor that a sale of its business units in one or more transactions was necessary. In conjunction with the decision to pursue the sale of its business units, the Debtor determined that it was necessary to develop programs to motivate essential employees to remain with the company through the sale process. In the absence of such programs, the Debtor faced the substantial risk that employees who were essential to the Debtor's continued operations and to the successful sale of its business units would leave.

In consultation with the Prepetition Lenders, the Debtor formulated (a) an incentive program (the "Incentive Program") for the its most senior executives, Craig A. Steinke, President and Chief Executive Officer, Bryan S. Ganz, Treasurer and Chairman of the Debtor's board of directors, and Jeffrey Lucas, Chief Financial Officer; and (b) a retention program (the "Retention Program") for other selected management employees.

Prior to the Petition Date, the Prepetition Lenders agreed to fund both the Incentive Program and the Retention Program. Following the Petition Date, the Debtor obtained Court approval for the Retention Program to be paid from the Estate's funds. The Incentive Program would continue to be funded exclusively by the Prepetition Lenders.

D. Prepetition Asset Purchase Agreements

Prior to the Petition Date, the Debtor engaged TM Capital Corp. ("TM Capital") to assist the Debtor in marketing its business units for sale. The Debtor and TM Capital solicited offers from various potential strategic purchasers and provided these potential purchasers with information and documents to permit them to conduct due diligence. After conducting negotiations with various offerors, the Debtor, in consultation with TM Capital and the Prepetition Lenders, executed asset purchase agreements with (1) Alliance Tire Co. (1992) USA Ltd. ("Alliance") with respect to the Debtor's off-highway tire business and truck tire business; and (2) 2220753 Ontario Inc. ("Ontario") with respect to the Debtor's interest in Dynamic to permit Ontario to operate Dynamic as a separate entity engaged in the sale and distribution in Canada of the *Galaxy* and *Primex* brand off-the-road tires, the sale and distribution of medium radial truck and passenger car tires, and private label sourcing. The sales contemplated by these asset purchase agreements, along with the sale of the Debtor's Solid Tire Unit, formed the basis of the Debtor's Chapter 11 case, and are described more fully in Section 5.3, below.

4.2 The Debtor's Assets

The Debtor's bankruptcy schedules (the "Schedules") indicate that, as of the Petition Date, the Debtor's owned assets with a value of approximately $97.7[12] million consisting of, among other things: (a) cash of approximately $6.7 million, (b) an interest in real property in Red Lion, Pennsylvania with a value of approximately $1.2 million, (c) accounts receivable of approximately $17.5 million, (d) interests in various subsidiaries in an unknown amount, (e) other liquidated debts owing to the Debtor, consisting largely of intercompany obligations, of approximately $30.1 million, (f) vehicles, machinery and equipment with a value of

[12] Unless otherwise noted, all asset values listed in this section are stated at book value.

approximately $1.5 million, (g) office equipment with a value of approximately $1.1 million, (h) inventory with a value of approximately $35.4 million, (i) patents, trademarks and other intellectual property with an unknown value, and (j) various causes of action with an unknown value.

4.3 The Debtor's Liabilities[13]

A. Bank Group Debt

On March 31, 2006, the Debtor entered into a credit facility (the "Bank Group Loan") provided by a group of banks (the "Prepetition Lenders") and other financial institutions led by Citizens Bank of Massachusetts, now RBS Citizens, N.A. ("RBS Citizens" or the "Prepetition Agent"). The Bank Group Loan provided for $160.0 million in senior credit obligations comprised of a six-year $110.0 million term loan facility and a five-year $50.0 million revolving credit facility. The Bank Group Loan was evidenced by the Credit Agreement. The Credit Agreement was amended eight times, the last of which occurred on August 26, 2009.

The Debtor's obligations under the Credit Agreement were secured by liens on substantially all of its assets, including pledges of 100% of the stock in each of the Debtor's domestic subsidiaries, and 65% of the stock in each first-tier foreign subsidiary. The Debtor's obligations under the Credit Agreement were unconditionally guaranteed by all of the Debtor's domestic subsidiaries.

The chart below sets forth the amounts outstanding under certain and related facilities on or about October 23, 2009 (exclusive of interest, fees, expenses and other amounts that may be chargeable), including amounts payable in connection with the early termination of certain interest rate hedging contracts:

Credit and Related Facility	**Approx. Balance Due**
Tranche B Term Loan	$70,419,259
Tranche C Term Loan	$5,366,926
Revolving Loans	$34,999,036
Letters of Credit	$2,992,530
PIK Amendment and Forbearance Fees	$2,048,605
Swap Termination	$6,725,754
TOTAL	**$122,552,110**

Except for the Tranche C Term Loan, all loans under the Credit Agreement bear interest at a rate of LIBOR plus 8%.

On August 26, 2009, the Debtor executed Amendment No. 8 to the Credit Agreement (the "8th Amendment"), pursuant to which all commitments to lend under the Credit Agreement

[13] The Debtor's description of the claims set forth in this section of the Disclosure Statement does not constitute an admission that the claims are Allowed Claims. The Debtor and the Committee reserve all of its rights, claims and defenses with respect to any and all claims.

were terminated. The 8th Amendment, among other things, provided an additional $1.0 million to the Debtor to fund operations while it was pursuing a going-concern buyer for its businesses. The 8th Amendment also contained various asset sale milestones and provided a $5.0 million cap on the existing overadvance under the Credit Agreement.

All of the advances under the Credit Agreement were made by members of the Prepetition Lenders, which does not include any "insiders" of the Debtor, although Sterling (as defined in Section 5.6, below) indirectly funded the Tranche C Term Loan through its purchase of a participation interest in the Tranche C Term Loan from RBS Citizens.

Three Sterling-affiliated investment funds hold a 100% participation interest in the Tranche C Term Loan. As is described below, Sterling holds both unsecured subordinated debt positions and equity interests in the Debtor. The Tranche C Term Loan was advanced under the Credit Agreement, but is a "last-out" tranche (i.e. the Tranche C Term Loan is paid only after all other debts to the Prepetition Lenders). The Tranche C Term Loan bears interest at 10%, which accrues daily and compounds quarterly, and matures 6 months after the maturity of the other tranches advanced under the Credit Agreement.

B. Other Secured Claims

Other than the claims of the Prepetition Lenders, the other secured claims against the Debtor consisted of (1) various security interests in specific vehicles, equipment and machinery, and (2) the claim of Western Surety Company ("Western"), the Debtor's bonding company with respect to import duties, that is secured by cash collateral of approximately $2.6 million in the possession of Western.

All of the claims secured by liens on the Debtor's vehicles, equipment and machinery were assumed by the buyers of the Debtor's business units. The resolution of Western's claims against the Debtor is described in Section 5.5, below. There are approximately $216,618.00 in outstanding other secured claims, the vast majority of which the Debtor and Committee believe may be disallowed pending the claim objection, reconciliation, and resolution process.

C. Administrative Claims and Professional Fee Claims

Since the Petition Date, the Debtor has been paying its obligations in the ordinary course of business and, therefore, does not believe that there will be any substantial administrative claims on account of post-petition trade debt.

Creditors have filed proofs of claim totaling approximately $53,704.00[14] for product delivered within twenty days prior to the Petition Date. These claims may constitute Administrative Claims under Sections 503(b)(9) and 507(a)(2) of the Bankruptcy Code. Creditors have also filed an additional $62,542.00 in miscellaneous administrative claims based on certain tax liabilities.

[14] Excluding certain proofs of claim which were later withdrawn upon assumption of the obligations by the buyers of the Alliance, Dynamic, or Solid Tire assets.

The Debtor's and the Committee's professionals, whose claims constitute Administrative Claims, have been paid ninety percent (90%) of their advisors' fees and 100% of their expenses on a monthly basis in accordance with the Bankruptcy Court's order dated November 18, 2009 (the "Interim Compensation Order") [docket no. 258]. As of the date of this Disclosure Statement, the Debtor's and the Committee's professionals were owed approximately $283,104.08 in the aggregate for the amounts held back under the Interim Compensation Order through February 28, 2010. In addition, as of the date hereof, such professionals have invoiced the Debtor for approximately $198,339.07 in fees and expenses incurred during March 2010.

D. Tax and Other Priority Claims

Prior to the Petition Date, and consistent with its recent practice, the Debtor made advance payment to employees for wages and salaries. While the Debtor does not believe that it owes any base wages that may constitute priority claims under Section 507 of the Bankruptcy Code, there may be amounts, accrued in the ordinary course of business, owed on account of overtime pay, expense reimbursement, benefits and vacation and sick pay that may constitute priority claims.

Various taxing authorities have filed proofs of claim asserting an entitlement to priority treatment under Section 507(a)(8) of the Bankruptcy Code totaling approximately $168,729.00. In addition, certain other parties have filed proofs of claim in the aggregate amount of $27,727.00 asserting an entitlement to priority under one or more sections of the Bankruptcy Code.

The United States Customs and Border Protection has filed a proof of claim asserting an entitlement to priority as discussed in Section 5.5 below.

E. Trade Debt and Other Obligations

As of the Petition Date, the Debtor's non-priority unsecured debt totaled approximately $36.2 million. Of this amount, approximately $5.2 million consisted of trade debt and $31.0 million consisted of other unsecured obligations, such as lease obligations, accrued expenses, unsecured loan obligations and amounts due to Insiders.

The claims of trade creditors totaling approximately $2,561,063[15] were assumed in connection with the Sales and are no longer owed by the Debtor.

F. Insider Claims

Sterling holds $5.25 million of unsecured subordinated debt (the "Sterling SubDebt") issued on February 15, 2008. The Sterling SubDebt bears interest at 9%, compounded quarterly. All payments on the Sterling SubDebt are subordinated to payment in full of the senior obligations under the Credit Agreement. Sterling's unsecured claims against the Debtor also

[15] Excluding certain liabilities which were assumed as part of the Sales prior to the creditor filing a proof of claim evidencing such liability.

include a $2.0 million fee for services associated with the sale of the Debtor's Rumaguma subsidiary in September 2008, $859,000 in deferred management fees, a $1.7 million financing fee associated with the Term C Tranche Loan and various contingent advisory fees on account of its support and advice relating to pricing and business structure of the sale. Subject to the approval of the Bankruptcy Court, the Committee has reached an agreement with Sterling whereby Sterling and the Debtor will exchange mutual releases of their claims. As of the filing of this Disclosure Statement, that agreement has been filed, but not yet approved by the Bankruptcy Court.

As of the Petition Date, David Ganz, a former officer and shareholder and the father of Bryan Ganz, a former officer and director of the Debtor, held an unsecured note in the approximate amount of $9.85 million (the "Ganz Note"). Bryan Ganz and Neil Ganz, a former employee and insider of the Debtor, have filed proofs of claim asserting amounts owed for deferred compensation of approximately $858,000 and $429,000, respectively. Pursuant to the AD/CVD Agreement (defined and described in Section 5.5, below), David Ganz, Bryan Ganz and Neil Ganz have released all of their claims against the Debtor.

Craig Steinke ("Mr. Steinke"), the Debtor's CEO, has filed a proof of claim in the amount of approximately $1.5 million for deferred compensation and severance payments. Subject to the approval of the Bankruptcy Court, the Committee has reached an agreement with Mr. Steinke whereby he and the Debtor will exchange mutual releases of their claims. As of the filing of this Disclosure Statement, that agreement has been filed, but not yet approved by the Bankruptcy Court.

G. Equity Interests

The Debtor has four classes of stock: Series AA Preferred Stock, Series BB Preferred Stock, Common Stock and Special Voting Stock. Sterling holds 10,000 shares of Series AA Preferred Stock and 22,556.03 shares of Series BB Participating Preferred Stock. There are approximately 86,890 shares of Common Stock issued and outstanding and owned primarily by the Ganz family. There are approximately 79,967 shares of Special Voting Stock issued and outstanding and owned by former common stock holders of Dynamic.

Both Sterling and various members of the Prepetition Lenders were issued warrants with respect to the Common Stock. Options to acquire 10,200 shares have been granted (and remain outstanding) to the Debtor's employees. All of these options have vested. Lastly, the Debtor's board of directors approved a grant of 26,737 shares of restricted stock to Mr. Steinke.

V. SIGNIFICANT POST PETITION EVENTS

5.1 General Information

On October 26, 2009, the Debtor filed a voluntary petition for relief under Chapter 11 of title 11 of the United States Code in the United States Bankruptcy Court for the District of Massachusetts. The purpose of the Debtor's bankruptcy filing was to permit the Debtor to sell its business units as going concerns to maximize the value of its business units and its assets.

5.2 Appointment of Creditors' Committee

On November 6, 2009, the Office of the United States Trustee appointed an Official Committee of Unsecured Creditors (the "Committee"), consisting of the following creditors: (a) Western, (b) Airboss of America Corporation, (c) Duro Tire Corporation, (d) Sutong China Tire Resources, Inc., (e) Guizhou Tire I/E Cop., (f) Carpenter Co., and (g) COIM USA, Inc. The Committee retained K&L Gates as counsel to the Committee and FTI Consulting as its financial advisor.

5.3 Asset Sales

Prior to the Petition Date, the Debtor had negotiated the sale of its off highway and tire truck business (the "OTR/Truck Unit") to two separate purchasers in two separate, but interrelated, transactions. Alliance agreed to acquire the Debtor's U.S. OTR/Truck Unit operations, including its assets, customer relationships, warehouse footprint, *Galaxy* and *Primex* brands and *Aeolus* medium radial truck tire distribution license. Ontario, which was an entity formed by a management buyout team led by Robert Sherkin and Peter Koszo, agreed to acquire Dynamic and operate it as a separate entity engaged in the sale and distribution in Canada of the *Galaxy* and *Primex* brand off-the-road tires, the sale and distribution of medium radial truck and passenger car tires, and private label sourcing. On the Petition Date, the Debtor filed motions to approve the sale of the OTR/Truck Unit to Alliance and Ontario pursuant to their respective asset purchase agreements. The Debtor also filed a motion to sell its third business unit, the Solid Tire Unit (as defined below), by public auction. The Debtor subsequently negotiated an asset purchase agreement whereby the Solid Tire Unit would be sold, by private sale, to MITL Acquisition Company, LLC ("MITL") an entity formed by Bryan Ganz and other insiders.

Along with the three motions to approve the sales of its primary business units, the Debtor filed motions to approve bidding procedures, termination fees and other procedural aspects relating to the three sales (collectively, the "Sales").

Each of the Sales is described in more detail below.

A. The Alliance Sale

The asset purchase agreement between the Debtor and Alliance (the "Alliance APA") provided for the purchase of the non-Canadian portion of the Debtor's OTR/Truck Unit (the "Alliance Assets") for the sum of $38,300,000 (the "Alliance Purchase Price"), consisting of (i) $33,000,000 in cash, and (ii) the assumption by Alliance of certain liabilities in an amount estimated at $5,300,000 (the "Assumed Liabilities"). The Alliance Purchase Price was subject to a dollar-for-dollar working capital adjustment to the extent that the net working capital at closing was greater or less than a target working capital of approximately $27,900,000.

The Alliance Assets included (i) the brand names *Galaxy* and *Primex* for all product categories and product designs, and distribution rights with respect to the "Aeolus" branded truck tires in the United States; (ii) inventory and accounts receivable relating to the Alliance Assets,

and rights and causes of action incidental thereto; (iii) certain equipment and tangible personal property located in the U.S. associated the OTR/Truck Unit, including molds, tooling, bead rings and exchangeable plates used with the Alliance Assets; (iv) equity interests in GPX Tyre South Africa (Pty) Limited ("GPX South Africa"), a wholly-owned subsidiary of the Debtor; and (v) certain assumed contracts.

The Alliance Assets did not include: (i) any cash or cash equivalents; (ii) shares of capital stock or equity interests in any subsidiary of the Debtor other than GPX South Africa; (iii) any of the Debtor's assets other than the Alliance Assets; (iv) rights, claims or causes of action against third parties, including any refunds, credits and rebates arising from the Alliance Assets prior to the closing; (v) any contract or permit relating to the Alliance Assets that required the consent of a third party to be assumed and assigned which was not obtained by virtue of the order of the Court or otherwise.

Except for those liabilities specifically assumed by Alliance, the Alliance APA required that the Debtor deliver the Alliance Assets free and clear of liens, claims and interests pursuant to Section 363 of the Bankruptcy Code, including any anti-dumping or counter-vailing duty orders on imports of off-the-road tires from China prior to the closing.

The Alliance APA and the Dynamic APA (as defined below) required the Debtor, Alliance and Ontario to enter into various agreements to insure orderly operations after the closing of the sales to the purchasers of the Alliance Assets and the Dynamic Assets (as defined below).

Following the Petition Date, the Debtor and TM Capital continued to market the Alliance Assets. One counter-offer, from Titan International, Inc. ("Titan"), was received. An auction for the Alliance Assets was conducted on December 7, 2009 and Alliance was the successful bidder for a purchase price of $54,200,000, consisting of cash of $48,900,000 and assumed liabilities of $5,300,000. Following the auction of the Alliance Assets, the Bankruptcy Court conducted a hearing on the sale of the Alliance Assets and approved the sale to Alliance pursuant to the Alliance APA. The sale of the Alliance Assets closed on December 21, 2009. As of the date of this Disclosure Statement, the Debtor and Alliance are negotiating the working capital adjustment required pursuant to the Alliance APA.

B. The Dynamic Sale

The asset purchase between the Debtor and Ontario (the "Dynamic APA") provided for the purchase of (i) the distribution rights of Galaxy and Primex brand tires in Canada, (ii) the manufacture and distribution of Dynamo brand tires worldwide, (iii) the private label contract sourcing business for TBC Corporation, and (iv) the sourcing business for Interco Tire Corporation with respect to all terrain vehicle tires (the "Dynamic Assets"). The Dynamic APA provided for the acquisition of the Dynamic Assets through the purchase of the stock of Dynamic's parent company for a purchase price of US$23,915,000, plus an amount equal to all cash and cash equivalents of Dynamic, less Dynamic's secured obligations to the Prepetition Lenders. Dynamic's obligations to the Prepetition Lenders totaled approximately $22,700,000.

The purchase price was subject to a working capital adjustment to the extent net working capital at closing was greater or less than CAN$23,000,000 (Canadian dollars).

Ontario was formed by Robert G. Sherkin ("Sherkin"), Peter Koszo ("Koszo") and Allegro Rubber International Inc. Sherkin and Koszo were principals of Dynamic at the time the Debtor acquired Dynamic in 2005. Following the Debtor's acquisition of Dynamic, Sherkin and Koszo continued to act as officers of Dynamic and were appointed to the Debtor's board of directors. Koszo resigned from the board in 2008.

Following the Petition Date, the Debtor and TM Capital continued to market the Dynamic Assets. No counter-offers were received with respect to the Dynamic Assets. Following a hearing on the sale of the Dynamic Assets on December 7, 2009, the Bankruptcy Court approved the sale of the Dynamic Assets to Dynamic pursuant to the Dynamic APA. The sale of the Dynamic Assets closed on December 23, 2009. Pursuant to the Dynamic APA, the Debtor and Dynamic agreed to a post-closing working capital adjustment that resulted in an additional payment by Ontario of approximately CAN$930,000 (Canadian dollars).

C. The Solid Tire Sale

Following the Petition Date, the Debtor was able to negotiate an asset purchase agreement (the "Solid Tire APA") with MITL that provided for the sale of certain of the Debtor's assets related to its solid and semi-solid off-the-road tire products, including its Gorham, Maine, Red Lion, Pennsylvania and Hebei, China manufacturing facilities, and all other items defined as "Purchased Assets" or "Purchased Contracts" under the Solid Tire APA (collectively the "Solid Tire Assets"), by private sale free and clear of all liens, claims and interests. At the time, a motion to sell the Solid Tire Assets by public auction was pending before the Bankruptcy Court. Since a private sale would provide the Debtor with a certain recovery for the Solid Tire Assets and also provide the Debtor and prospective purchasers, through the Solid Tire APA, with a definitive agreement that would govern the terms of the sale of the Solid Tire Assets, the Debtor withdrew the motion to sell the Solid Tire Assets by public auction and filed a motion to sell the Solid Tire Assets by private sale.

The purchase price for the Solid Tire Assets was $10,000,000 (the "Solid Tire Purchase Price"). MITL also agreed to assume certain designated liabilities, estimated at approximately $1,300,000 (the "Assumed Liabilities"). The Solid Tire Purchase Price was subject to a dollar-for-dollar reduction to the extent that the aggregate costs to cure arrearages under the contracts to be assumed by MITL exceeded $500,000. The Solid Tire Assets included, among other things, the following: (i) the personal property associated with the production of solid and semi-solid off-the-road tires, including machinery, equipment, molds, tooling, bead rings, exchangeable plates, software, intellectual property (including patents, trademarks and copyrights), and permits; (ii) accounts receivable associated with the Solid Tire Assets; (iii) causes of action against third parties arising out of the Solid Tire Assets; (iv) the stock in Starbright Group, Inc. ("Starbright Group"); and (v) the Debtor's real property, along with all improvements, located in Red Lion, Pennsylvania.

The Solid Tire Assets do not include, among other things: (i) any cash or cash equivalents; (ii) shares of capital stock or equity interests in any subsidiary of the Debtor other than Starbright Group, Inc. and Hebei Starbright Tire Co., Ltd ("Hebei Starbright, and together with Starbright Group the "Included Subsidiaries"); (iii) all of the Debtor's assets other than the Solid Tire Assets; (iv) other than with respect to the Solid Tire Assets or Assumed Liabilities, rights, claims or causes of action against third parties (other than certain intellectual property litigation); and (v) any contract or permit relating to the Solid Tire Assets that required the consent of a third party to be assumed and assigned which has not been obtained by virtue of the order of the Court or otherwise.

Except for those liabilities specifically assumed by MITL, the Solid Tire APA required that the Debtor deliver the Solid Tire Assets free and clear of liens, claims and interests pursuant to Section 363 of the Bankruptcy Code.

MITL was formed, in part, by Bryan Ganz, Neil Ganz and David Ganz, each of whom is an insider of the Debtor. Bryan Ganz is an officer, a former director, a shareholder and a creditor of the Debtor. Neil Ganz is a shareholder, a creditor and a consultant of the Debtor. David Ganz is a creditor and an employee of the Debtor. Bryan Ganz, Neil Ganz and David Ganz are all related.

Following the Petition Date, the Debtor and TM Capital continued to market the Solid Tire Assets. No counter-offers were received with respect to the Solid Tire Assets. Following a hearing on the sale of the Solid Tire Assets on December 7, 2009, the Bankruptcy Court approved the sale of the Solid Tire Assets to MITL pursuant to the Solid Tire APA. The sale of the Solid Tire Assets closed on January 13, 2010.

5.4 The Bank Group Settlement

As described above, the Prepetition Lenders' liens extended only to sixty-five percent (65%) of the Debtor's equity interests in its first tier foreign subsidiaries, including four subsidiaries that were sold as part of the Sales: (i) 2082320 Ontario, Inc., the sole shareholder of Dynamic, (ii) GPX Tyre South Africa (Pty), (iii) East Star Global (Tianjin) Inc., and (iv) Starbright Group, Inc., a Cayman Islands corporation and sole owner of Hebei Star Bright Tire Co., Ltd.

Since the Prepetition Lenders did not have a lien on thirty-five percent (35%) of the Debtor's equity interests in its foreign subsidiaries, thirty-five (35%) of the sale proceeds attributable to such equity interests were unencumbered funds and available for distribution to unsecured creditors. In addition, although Dynamic was an obligor with respect to approximately $22,700,000 of the Bank Group Loan, the Committee asserted that Dynamic's borrowings under the Credit Agreement were a mere bookkeeping entry whereby the Debtor's over-advance on the Revolver was recast as a loan to Dynamic. As a result, the Committee contested both Dynamic's obligations to the Prepetition Lenders and the Prepetition Lenders' lien on Dynamic's assets. The Committee contended that only sixty-five percent (65%) of the proceeds of the sale of the Dynamic Assets (approximately $15,600,000) were encumbered by the Prepetition Lenders' liens and that at least thirty-five percent (35%) of the price paid for the

Dynamic Assets, or approximately $8.4 million, was unencumbered and available to general unsecured creditors.

After extensive discussions between the parties, the Committee, the Debtor and the Prepetition Lenders were able to reach a settlement of the disputes with respect to the Prepetition Lenders' liens and the entitlement to the proceeds of the Sales. The settlement, which was memorialized in an agreement (the "Prepetition Lender Settlement Stipulation"), provided that:

- The Prepetition Lenders' claims were allowed in the total amount of $109,271,926.47, which was the aggregate amount asserted in their two proofs of claim (the "Allowed Secured Parties' Claims").

- The Prepetition Agent's lien on the Prepetition Collateral were deemed to have been, as of the Petition Date, valid, binding, perfected, enforceable, first-priority and not subject to avoidance, recharacterization, or subordination under the Bankruptcy Code or applicable nonbankruptcy law.

- The Debtor agreed to pay to the Prepetition Agent all of the cash in the Debtor's estate (including the net proceeds from the Alliance, Dynamic, and Solid Tire sales and the proceeds from any other post-Petition Date sales) less the sum of (1) $5,545,443.00 representing proceeds allocated to fund the Debtor's Wind-Down Budget (less any amounts already paid on account thereof) and (2) $2,600,000.00 (i.e. the "Residual Collateral Proceeds").

- The Debtor agreed to pay to the Prepetition Agent any additional proceeds received by the Debtor in connection with the Alliance, Dynamic, and Solid Tire Sales or any other sales of the estate's assets (including any working capital adjustments), but not the proceeds of any Avoidance Actions arising under Chapter 5 of the Bankruptcy Code.

- The Prepetition Agent agreed to be solely responsible for any and all fees and expenses incurred in the recovery of any additional amounts due under the Sales, including for any litigation, arbitration, negotiation, reconciliation, settlement, or resolution of the working capital adjustments pertaining to the Sales.

- The Residual Collateral Proceeds, plus any proceeds from any Avoidance Actions arising under Chapter 5 of the Bankruptcy Code, would be used to fund (1) the Wind-Down Budget and (2) a plan of reorganization.

- The amount of the Allowed Secured Parties' Claims less any payments they receive under the Stipulation would be the Secured Parties' Deficiency Claim.

- Under the Plan, distributions payable on account of the Secured Parties Deficiency Claim would be turned over and distributed to the holders of allowed general unsecured claims other than (i) Prepetition Lenders; (ii) insiders of the Debtor, or (ii) parties to one or more subordination agreements with the Prepetition Agent; provided, however, the Prepetition Lenders would be entitled

to receive their pro rata share, with respect to their deficiency claim, of any distribution made to non-subordinated general unsecured creditors in excess of the 65% of their allowed claims.

- The Prepetition Agent agreed to not object to confirmation of any plan to the extent that such plan provides for the treatment of their Deficiency Claim and the distributions provided for in the Stipulation.

- The Prepetition Agent agreed to assign to the Committee for the benefit of all non-subordinated general unsecured creditors all of the Secured Parties' rights to enforce any and all subordination agreements and other rights of subordination against any of the Debtor's creditors.

- The Prepetition Lenders would not be liable for any future funding or payments to the Debtor's estate or receive any refunds or repayments from the Residual Collateral Proceeds. The Debtor's estate would be responsible for and receive the benefit of any anticipated or unanticipated deficits or surpluses arising with respect thereto.

- The Debtor, Committee, Prepetition Agent, and Prepetition Lenders agreed to exchange mutual releases.

The Debtor and the Committee filed a joint motion to approve the Prepetition Lender Settlement Stipulation. No parties objected to the motion and, after a hearing, the Bankruptcy Court entered an order approving the Prepetition Lender Settlement Stipulation. Following the approval of the Prepetition Lender Settlement Stipulation, the Debtor distributed the proceeds of the Sales in accordance with the Prepetition Lender Settlement Stipulation.

5.5 The AD/CVD Settlement

On the Petition Date, there were two claims asserted against the Debtor with respect to amounts alleged to be owed on account of customs duties for the importation of certain tires, including so-called anti-dumping and counter-vailing duties (the "AD/CVD Duties"). First, United States Customs and Border Protection ("Customs") filed a proof of claim against the Debtor for customs duties (the "Preliminary Customs Claim"). The Preliminary Customs Claim is estimated to be approximately $5,200,000. Second, Western filed a proof of claim (the "Western Claim") on account of certain bonds (collectively the "Bonds") the Debtor obtained from Western to secure the payment of any AD/CVD Duties or other customs liabilities arising from the importation of OTR Tires, including the amounts claimed as due pursuant to the Preliminary Customs Claim. Among other things, the Western Claim asserts that any amounts owed to Western by the Debtor may be entitled to priority treatment pursuant to Sections 503 and/or 507 of the Bankruptcy Code.

The Preliminary Customs Claim is subject to the resolution of the AD/CVD Actions as well as administrative reviews of various duty claims before the DOC (collectively the "Administrative Reviews"). Since Western's claim is based on the Preliminary Customs Claim, the amount of its claim likewise cannot be determined until the AD/CVD Actions and the

Administrative Reviews are resolved. In view of, among other things, the vested interests of Western and MITL (the owner of the Debtor's former Hebei Starbright subsidiary) in the outcome of the Ad/CVD Actions and Administrative Reviews, the Debtor and the Committee negotiated an agreement whereby MITL would assume responsibility for the liquidation of the Preliminary Customs Claim through the AD/CVD Actions and the Administrative Reviews (the "AD/CVD Agreement").

In substance the AD/CVD Agreement provides that MITL will assume responsibility for the continued prosecution of the AD/CVD Actions and the Administrative Reviews at MITL's sole cost and expense, in exchange for which MITL will be entitled to a contingency payment equal to forty percent (40%) of the amount by which the Preliminary Customs Claim is reduced (the "Reduction Contingency") and fifty percent (50%) of the amount, if any, actually recovered from Customs on account of duties already paid by the Debtor (the "Rebate Contingency Payment").

Under the AD/CVD Agreement, Western agreed to pay both the Final Customs Claim and any Reduction Contingency. Western will receive a non-priority unsecured claim against the Estate for the amounts it actually pays, less the cash collateral held by Western. In addition, Western agreed to waive priority treatment for the amounts it pays on account of the Final Customs Claim, except that Western will be entitled to a priority claim for the amount, if any, by which the Final Customs Claim exceeds the Preliminary Customs Claim. The Plan provides that Distributions to Holders of Claims in Classes 4(a) and 4(b) may be made by the Liquidating Supervisor prior to resolution of the AD/CVD Actions, including the outcome of the First Administrative Review and subsequent reviews, only with the prior written consent of Western Surety.

The Estate agreed to pay the Rebate Contingency Payment, which is payable only if the Estate recovers money from Customs. Under the AD/CVD Agreement, the Estate also agreed to pay Western $125,000.

Finally, the AD/CVD Agreement provided for mutual releases between the Debtor and the Ganzes.

The Debtor and the Committee filed a joint motion to approve the AD/CVD Agreement. No parties objected to the motion and, after a hearing, the Bankruptcy Court entered an order approving the AD/CVD Agreement.

5.6 Sterling And Steinke Settlements

Sterling Investment Partners, L.P., Sterling Investment Partners, L.P. II, Sterling Investment Partners Side-by-Side, L.P., Sterling Partners Advisors, L.L.C. and Sterling Investment Advisors Management, L.L.C. (collectively, "Sterling") filed a proof of claim in the amount of approximately $11.9 million on account of loans made to the company, unpaid management and advisory fees, out of pocket expenses, transaction fees, and equity interests. Sterling holds both debt and equity claims against the Debtor. Mr. Steinke filed a proof of claim

in the amount of approximately $1.5 million on account of compensation owed to him by the Debtor.

The Committee investigated any potential claims and causes of action that the estate may have against Sterling. Following its investigation, the Committee negotiated an agreement with Sterling whereby Sterling agreed to waive any and all claims it has against the Debtor and its estate. In exchange, the Debtor will release any claims it may have against Sterling. Separately, Steinke and the Committee agreed to exchange mutual releases of all claims. The motion to approve the agreements with Sterling and Mr. Steinke was approved by the Bankruptcy Court by Order dated June 3, 2010.

5.7 Bar Date

On December 15, 2009, the Debtor moved the Bankruptcy Court for an order establishing a bar date for holders of prepetition Claims to file proofs of claim. The Bankruptcy Court granted the motion and established February 1, 2010 as the bar date (the "Bar Date") for the filing of proofs of claim on account of all pre-petition claims.

VI. DESCRIPTION OF THE PLAN

The following is a summary of the significant provisions of the Plan and is qualified in its entirety by the provisions of the Plan, a copy of which accompanies this Disclosure Statement. In the event and to the extent that the description of the Plan contained in this Disclosure Statement is inconsistent with any provisions of the Plan, the provisions of the Plan shall control and take precedence. All creditors are urged to carefully read the Plan.

All payments to the holders of Allowed Claims against the Debtor shall be made from the Plan Fund.

6.1 Unclassified Claims.

As provided in Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified for the purposes of voting on, or receiving distributions under, the Plan. All such Claims are instead treated separately in accordance with the terms set forth in Article III of the Plan.

A. Administrative Expense Claims.

(1) General. Except to the extent that such Holder agrees to less favorable treatment thereof, and except for Professional Fee Claims and fees due to the Office of the United States Trustee, each Holder of an Allowed Administrative Expense Claim shall be paid the unpaid amount of such Allowed Administrative Expense Claim in full in Cash, in complete satisfaction and discharge thereof, either on, or as soon as practicable after, the latest to occur of (a) the Effective Date; (b) the date on which such Administrative Expense Claim becomes Allowed or (c) such other date as mutually may be agreed to by and among the Holder of the Administrative Expense Claim and the Liquidating Supervisor.

(2) U.S. Trustee's Fees. The fees due to the Office of the United States Trustee pursuant to 28 U.S.C. § 1930 shall be paid in full by the Debtor in Cash on or before the Effective Date.

(3) Reserve. All payments to the Holders of Allowed Administrative Expense Claims shall be made by the Liquidating Supervisor. The Liquidating Supervisor shall reserve sufficient funds to pay in full: (i) any filed Administrative Expense Claims, and (ii) estimated un-filed, unpaid Administrative Expense Claims.

(4) Professional Fee Claims.

(a) Final Fee Applications. On or before thirty (30) days after the Effective Date, each Professional shall file a final application for the allowance of any Professional Fee Claims for services rendered or reimbursement of expenses incurred through and including the Effective Date. Allowed Professional Fee Claims shall be paid in full in Cash as soon as reasonably practicable after the date on which such Professional Fee Claim becomes Allowed.

(b) Payment of Interim Amounts. Each Professional shall be paid pursuant to the "Monthly Statement" process set forth in the Professional Fee Order with respect to all calendar months ending prior to the Effective Date.

(c) Post-Effective Date Fees. All fees and expenses of professionals for services rendered after the Effective Date shall be paid by the Liquidating Supervisor upon receipt of reasonably detailed invoices in such amounts and on such terms as the professional and the Liquidating Supervisor may agree. No further order or authorization from the Bankruptcy Court shall be necessary to permit the Liquidating Supervisor to retain or pay the fees and expenses of professionals for services rendered after the Effective Date.

B. Priority Tax Claims.

Except to the extent that such Holder agrees to less favorable treatment thereof, each Holder of an Allowed Priority Tax Claim shall be paid the unpaid amount of such Allowed Priority Tax Claim in full in Cash, in complete satisfaction and discharge thereof, either on, or as soon as practicable after, the latest of (a) the Effective Date, (b) the date on which such Priority Tax Claim becomes Allowed, (c) the date on which such Priority Tax Claim becomes due and payable, or (d) such other date as mutually may be agreed to by and among the Holder of the Priority Tax Claim and the Liquidating Supervisor. Notwithstanding the foregoing, the Final Customs Claim shall be paid by Western in accordance with the AD/CVD Agreement.

6.2 Classes of Claims And Equity Interests.

Claims, other than Administrative Expense Claims and Priority Tax Claims, are classified under the Plan as follows:

Class 1 – Secured Parties' Claims. Class 1 shall consist of Allowed Secured Parties' Claims against the Debtor (other than the Allowed Secured Parties' Deficiency Claim).

Class 2 – Other Secured Claims. Class 2 shall consist of Allowed Other Secured Claims against the Debtor.

Class 3 – Other Priority Claims. Class 3 shall consist of the Allowed Other Priority Claims against the Debtor.

Class 4(a)-4(b) – Unsecured Claims. Class 4 shall consist of two separate subclasses for (a) General Unsecured Claims against the Debtor and (b) the Allowed Secured Parties' Deficiency Claim; and

Class 5 – Equity Interests. Class 5 shall consist of the Equity Interests in the Debtor.

6.3 Class 1 – Secured Parties' Claims.

A. Impairment and Voting.

Class 1 is impaired under the Plan. The Holders of Allowed Secured Parties' Claims shall be entitled to vote to accept or reject the Plan.

B. Treatment.

Pursuant to the Prepetition Lender Settlement Stipulation, the Prepetition Lenders agreed to accept the Stipulation Proceeds in full and complete satisfaction of their Allowed Class 1 Claim. The Prepetition Lenders shall only receive further distributions on account of their Allowed Class 1 Claim from the Stipulation Proceeds as provided in the Prepetition Lender Settlement Stipulation.

The Secured Parties' Deficiency Claim shall be treated as a Class 4(b) Secured Parties' Deficiency Claim.

6.4 Class 2- Other Secured Claims.

A. Impairment and Voting.

Class 2 is impaired under the Plan. The Holders of Other Secured Claims shall be entitled to vote to accept or reject the Plan.

B. Treatment.

Except to the extent that such Holder agrees to less favorable treatment thereof, each Holder of an Allowed Other Secured Claim shall receive from the Liquidating Supervisor, in complete satisfaction and discharge thereof, either (a) return of the collateral for such Allowed Other Secured Claim or (b) Cash equal to the unpaid amount of such Allowed Other Secured Claim either on, or as soon as practicable after, the later of (i) the Effective Date, (ii) the date on which such Other Secured Claim becomes Allowed, or (iii) such other date as mutually may be agreed to by and among such Holder and the Liquidating Supervisor.

Any Allowed Deficiency Claim arising from an Allowed Other Secured Claim shall be treated as a Class 4(a) General Unsecured Claim.

6.5 Class 3 – Other Priority Claims.

A. Impairment and Voting.

Class 3 is unimpaired under the Plan. The Holders of Other Priority Claims are presumed to have accepted the Plan pursuant to Section 1126(f) of the Bankruptcy Code, and, therefore, are not entitled to vote to accept or reject the Plan.

B. Treatment.

Except to the extent that such Holder agrees to less favorable treatment thereof, each Holder of an Allowed Other Priority Claim shall receive from the Liquidating Supervisor, in complete satisfaction and discharge thereof, Cash equal to the unpaid amount of such Allowed Other Priority Claim either on, or as soon as practicable after, the latest of (i) the Effective Date, (ii) the date on which such Other Priority Claim becomes Allowed, or (iii) such other date as mutually may be agreed to by and among such Holder and the Liquidating Supervisor.

6.6 Classes 4(a)-4(b) – Unsecured Claims.

A. Subclassification.

Class 4 consists of two separate subclasses for (a) General Unsecured Claims against the Debtor and (b) the Allowed Secured Parties' Deficiency Claim. Each subclass in Class 4 shall be deemed to be a separate class for purposes of the Plan and Sections 1122, 1123, 1126, and 1129 of the Bankruptcy Code.

B. Class 4(a)-General Unsecured Claims.

(1) Impairment and Voting. Class 4(a) is impaired under the Plan. The Holders of General Unsecured Claims shall be entitled to vote to accept or reject the Plan.

(2) Treatment. Except to the extent that such Holder agrees to less favorable treatment thereof, subject to the terms of Article VI of the Plan, each Holder of an Allowed General Unsecured Claim shall receive from the Liquidating Supervisor, one or more Pro Rata Distributions from the Plan Fund; provided, however, such distributions shall only be made after the payment in full of, or the establishment of a Reserve for, Administrative Expense Claims, Professional Fee Claims, Priority Tax Claims, Secured Parties' Claims, Other Secured Claims, and Other Priority Claims.

C. Class 4(b) – Secured Parties' Deficiency Claim.

(1) Impairment and Voting. Class 4(b) is impaired under the Plan. The Holders of the Allowed Secured Parties' Deficiency Claim shall be entitled to vote to accept or reject the Plan.

(2) Treatment. Pursuant to the Prepetition Lender Settlement Stipulation, until such time as Non-Subordinated General Unsecured Creditors have received distributions totaling 65% of the Allowed amount of their Claims, any Pro Rata Distributions from the Plan Fund which otherwise would be made on account of the Secured Parties' Deficiency Claim shall be distributed to Non-Subordinated General Unsecured Creditors (as defined in the Plan), and thereafter the Prepetition Lenders shall receive the Secured Lenders' Pro Rata Share (as defined in the Plan) of any further Distributions from the Plan Fund.

6.7 Class 5 – Equity Interests.

A. Impairment and Voting.

Class 5 is impaired under the Plan. Holders of Equity Interests are deemed to reject the Plan pursuant to Section 1126(g) of the Bankruptcy Code, and, therefore, are not entitled to vote to accept or reject the Plan.

B. Treatment.

No distribution will be made to, nor will any Holder of an Allowed Equity Interest receive or retain, any interest in the Plan Fund on account of such Equity Interest unless and until all senior Classes have been paid in full. Only after all senior Classes have been paid in full, each holder of an Allowed Class 5 Equity Interest shall receive one or more Pro Rata distributions from the Plan Fund.

C. Voting Rights.

On the Effective Date and until the dissolution of the Reorganized Debtor pursuant to the Plan, the Liquidating Supervisor shall be vested with all voting rights associated with the Debtor's stock, whether common or preferred, but not with any beneficial ownership of such stock.

6.8 Reservation of Rights With Respect to Claims.

The Debtor and, after the Effective Date, the Liquidating Supervisor, reserve the right to, among other things, (A) contest the right of the Holder of any Claim to vote on the Plan, (B) contest the right of the Holder of any Claim to receive distributions under the Plan, and (C) seek to subordinate any Claim, for inequitable conduct or otherwise; including for purposes of distributions hereunder to Non-Subordinated General Unsecured Creditors.

6.9 Liquidating Supervisor.

The Plan provides for the appointment of the Liquidating Supervisor to oversee the Debtor's post-Effective Date operations and the continued liquidation of its assets. Attached to the Plan is a liquidating supervisor agreement that establishes, among other things, the scope of the Liquidating Supervisor's powers and liability for his post-Effective Date actions. The Plan contemplates that the Liquidating Supervisor will act in the stead of the Debtor's officers and directors. Craig Jalbert, CIRA, is proposed to be the Liquidating Supervisor. Mr. Jalbert's qualifications are available upon request from counsel for the Debtor at the address listed on the cover page to this Disclosure Statement.

The Debtor and Committee that the appointment of the Liquidating Supervisor is the preferred mechanism for pursing and resolving pre-petition transfers by the Debtor that may be avoided under Chapter 5 of the Bankruptcy Code as preferential, fraudulent, or otherwise under sections 544, 545, 547, 548, 549, and 550 of the Bankruptcy Code or relevant and applicable state law, such as the Uniform Fraudulent Transfer Act (collectively defined as "Avoidance Actions" under the Plan). As part of the Plan, the Liquidating Supervisor will be responsible for determining whether such claims exist, and if any are determined to exist, pursuing such claims. As such, on the Effective Date, except as otherwise provided in the Plan or by any Non-Appealable Order of the Court, all Avoidance Actions and the proceeds thereof will be transferred to the Reorganized Debtor and the Liquidating Supervisor will determine whether to commence, continue, prosecute, settle, release, compromise, or enforce such Avoidance Actions that are transferred to the Reorganized Debtor (or decline to do any of the foregoing). Among other things, the Liquidating Supervisor will evaluate transfers made within 90 days prior to the Petition Date.

Section 546(a)(1)(A) of the Bankruptcy Code provides that a debtor-in-possession may not commence a cause of action under sections 544, 545, 547, 548, or 553 of the Bankruptcy Code more than two years after the Petition Date. Similarly, section 108(a)(2) of the Bankruptcy Code provides that a debtor-in-possession may not commence a cause of action under non-bankruptcy law—for which the applicable statutes of limitations, but for the chapter 11 filing, otherwise would have expired during the initial two years of a case—more than two years after the Petition Date. Thus, to bring timely lawsuits on any of these causes of action, the Liquidating Supervisor will need to commence them no later than October 26, 2011.

The Debtor and Committee's preliminary analysis of the transfers made within the 90 days prior to the bankruptcy filing indicates that GPX made transfers totaling approximately $67,731,358.62 during that time period. Of that amount, approximately $44,088,360 consisted of intercompany transfers between GPX and its subsidiaries and certain payments to Insiders.

The remaining amount was paid primarily to trade and other vendors and the Debtor and Committee believe that some of these transfers may not be preferential and that the recipients may have ordinary course and/or new value defenses. In addition, as part of the settlements with the Prepetition Lenders, Western Surety, and certain Insiders of the Debtor, the Debtor and Committee have waived certain Avoidance Actions against these parties as set forth in the releases therein. Of the transfers that arguably may be still preferential after application of ordinary course and/or new value defenses, the Debtor and Committee have identified approximately 15 vendors who received such preferential transfers in net amounts of greater than or equal to $25,000. These vendors received approximately $1 million in the aggregate during the 90 days prior to the bankruptcy filing. If any creditor fails to return a preferential transfer to the Estate, it may result in disallowance of their Claim pursuant to Section 502(d) of the Bankruptcy Code.

6.10 Preservation of Causes of Action.

Except as provided in, and unless expressly waived, released, compromised or settled in the Plan, the Confirmation Order, any Non-Appealable Order, or in any contract, instrument, release or other agreement entered into or delivered in connection with the Plan, and in accordance with Section 1123(a)(5)(A) of the Bankruptcy Code, any Claims, demands, rights and Causes of Action that the Debtor or the Estate may hold against any person or entity are fully preserved. No preclusion doctrine, including, without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches shall apply to them by virtue of or in connection with the confirmation, consummation of effectiveness of the Plan.

6.11 Retention of Professionals.

The Liquidating Supervisor may retain such attorneys (including special counsel) accountants, advisors, expert witnesses, and other professionals as he considers advisable without necessity of approval of the Court as provided for in the Liquidating Supervisor Agreement. Persons who served as Professionals to the Debtor or the Committee prior to the Effective Date may serve the Liquidating Supervisor. The fees and expenses of the Liquidating Supervisor and professionals retained by him shall be paid in the ordinary course of business without the need for the approval of the Bankruptcy Court as provided for in the Liquidating Supervisor Agreement.

6.12 Dissolution of the Debtor.

From and after the Effective Date, the Reorganized Debtor shall remain in existence for the sole purpose of permitting the Liquidating Supervisor to wind up the Reorganized Debtor's business affairs and administer the Remaining Assets in accordance with the Plan. Upon the administration of all Remaining Assets of the Estate pursuant to the Plan, the Reorganized Debtor shall be deemed to be dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Reorganized Debtor or payments to be made in connection therewith; provided, however, that the Liquidating Supervisor on behalf of the Reorganized Debtor shall file with the appropriate state authority or authorities a certificate or statement of dissolution referencing the Plan. From and after the Effective Date, the

Reorganized Debtor shall not be required to file any documents, or take any other action, to withdraw its business operations from any states in which the Debtor was previously conducting business operations.

6.13 Dissolution of the Committee.

On the Effective Date of the Plan, the Committee shall dissolve automatically, whereupon its members, professionals, and agents shall be released from any further duties and responsibilities in the Bankruptcy Case and under the Bankruptcy Code, except with respect to applications for Professional Fee Claims or for reimbursement of expenses incurred as individual members of the Committee and any motions or other actions seeking enforcement or implementation of the provisions of the Plan or the Confirmation Order or pending appeals of Orders entered in the Bankruptcy Case.

6.14 Resignation of Officers and Directors.

Upon the Effective Date of the Plan, all of the Debtor's officers and members of its board of directors shall be deemed to have resigned without the necessity of any further action or writing and they shall be released from any responsibilities, duties and obligations that arise after the Effective Date to the Reorganized Debtor or its Creditors under the Plan or applicable law. Under no circumstances shall such parties be entitled to any compensation from the Reorganized Debtor or the Liquidating Supervisor for services provided after the Effective Date, unless such individuals are subsequently employed by the Liquidating Supervisor to assist him in the consummation of the Plan.

6.15 Rejection of Executory Contracts and Unexpired Leases.

Any executory contract or unexpired lease (excluding any insurance policy) that (i) has not expired by its own terms on or prior to the Confirmation Date, (ii) has not been assumed, assumed and assigned or rejected with the approval of the Bankruptcy Court on or prior to the Confirmation Date, (iii) is not the subject of a motion to assume or reject which is pending at the time of the Confirmation Date, or (iv) is not designated by the Debtor as being an executory contract or unexpired lease to be assumed at the time of confirmation of the Plan, shall be deemed rejected on the Effective Date. The entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code.

6.16 Rejection Damages Claims.

If the rejection of an executory contract or unexpired lease results in a Rejection Claim, such Rejection Claim, if not previously evidenced by a filed proof of claim, shall be forever barred and shall not be enforceable against the Estate, the Reorganized Debtor, the Liquidating Supervisor and their respective properties, agents, successors, or assigns, unless a proof of claim is filed with the Bankruptcy Court and served upon counsel for the Debtor and the Liquidating Supervisor on or before thirty (30) days following the Confirmation Date or such other date as may be established by the Bankruptcy Court. Unless otherwise ordered by the Bankruptcy Court or provided in the Plan, all such Rejection Claims for which proofs of claim are timely filed will

be treated as Class 4(a) General Unsecured Claims. The Reorganized Debtor or the Liquidating Supervisor, as the case may be, shall have the right to object to any such Rejection Claim in accordance with the Plan.

6.17 Injunction Relating to the Plan.

As of the Effective Date of the Plan, all Persons will be permanently enjoined from commencing or continuing, in any manner or in any place, any action or other proceeding, whether directly, indirectly, derivatively or otherwise against the Debtor, the Estates or the Reorganized Debtor, on account of, or respecting any Claims, debts, rights, Causes of Action, liabilities or Equity Interests, discharged pursuant to the Plan, except to the extent expressly permitted under the Plan.

6.18 Exculpation.

Neither the Debtor, the Reorganized Debtor, the Liquidating Supervisor, the Creditors' Committee, nor any of its respective present or former members, officers, directors, employees, general or limited partners, advisors, attorneys, agents, successors or assigns, shall have or incur any liability to any holder to a Claim or Equity Interest, or any other party in interest, or any of its respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of its successor or assigns, for any act or omission in connection with, relating to, or arising out of, the administration of this Bankruptcy Case, the Sales, the pursuit of confirmation of the Plan, the Disclosure Statement, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, provided that the terms of Section 9.5 of the Plan shall not apply to any liability of foregoing parties based on such party's bad faith, willful misconduct or gross negligence occurring after the Effective Date.

6.19 Setoff.

Except as otherwise provided in the Plan, nothing contained in the Plan shall constitute a waiver or release by the Debtor, the Reorganized Debtor or the Estate of any rights of setoff the Debtor, the Reorganized Debtor or the Estate may have against any Person.

6.20 Bar Date for Administrative Expense Claims.

The Disclosure Statement Order will establish the Administrative Expense Claim Bar Date for the filing of all Administrative Expense Claims (not including (i) Professional Fee Claims (ii) fees to the office of the United States Trustee or (iii) the expenses of individual members of the Creditors' Committee). Holders of asserted Administrative Expense Claims, other than those set forth in the preceding sentence must submit proof of Administrative Expense Claim on or before the Administrative Expense Claim Bar Date or forever be barred from doing so. The Administrative Expense Claim Bar Date shall be (i) with respect to Administrative Expense Claims arising prior to the Administrative Expense Claim Bar Date, the Administrative Expense Claim Bar Date, and (ii) with respect to Administrative Expense Claims arising on or after the Administrative Expense Claim Bar Date, thirty (30) days after the Effective Date. The notice of confirmation hearing to be delivered pursuant to Bankruptcy Rule 3020(c) and 2002(f) will set forth such date and the instructions for filing and will constitute notice of this

Administrative Expense Claim Bar Date. The Liquidating Supervisor shall have sixty (60) days (or such longer period as may be allowed by Order of the Bankruptcy Court at the request of the Liquidating Supervisor) following the Administrative Expense Claim Bar Date to review and object to such Administrative Expense Claims. If no objection is made then the Administrative Expense Claim shall be Allowed and the Liquidating Supervisor shall pay such Administrative Expense Claim as soon as reasonably practicable thereafter.

6.21 Continuation of Injunctions or Stays until Effective Date.

All injunctions or stays provided for in the Bankruptcy Case under Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the entry of a Final Decree by the Bankruptcy Court.

6.22 Tax Consequences of the Plan.

The following is a general summary of certain material federal income tax consequences of the Plan and the distributions provided under the Plan. This summary does not discuss all aspects of federal taxation that may be relevant to a particular creditor in light of its individual investment circumstances or to certain creditors or shareholders subject to special treatment under the federal income tax laws (for example, tax-exempt organizations, financial institutions, broker-dealers, life insurance companies, foreign corporations or individuals who are not citizens or residents of the United States). This summary does not discuss any aspects of state, local or foreign taxation. The impact on foreign holders of claims and equity interests is not discussed.

This summary is based upon the Internal Revenue Code of 1986, as amended (the "IRC"), the Treasury regulations (including temporary regulations) promulgated thereunder, judicial authorities and current administrative rulings, all as in effect on the date hereof and all of which are subject to change (possibly with retroactive effect) by legislation, administrative action or judicial decision. Moreover, due to a lack of definitive judicial or administrative authority or interpretation and the complexity of the transactions contemplated in the Plan, substantial uncertainties exist with respect to various tax consequences of the Plan. Neither the Debtor nor the Committee have requested a ruling from the Internal Revenue Service (the "IRS") with respect to these matters and no opinion of counsel has been sought or obtained by the Debtor or the Committee with respect thereto. There can be no assurance that the IRS or any state or local taxing authorities will not challenge any or all of the tax consequences of the Plan, or that such a challenge, if asserted, would not be sustained. **FOR THE FOREGOING REASONS, CREDITORS ARE URGED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES (FOREIGN, FEDERAL, STATE AND LOCAL) TO THEM OF THE PLAN. THE DEBTOR AND THE COMMITTEE ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CREDITOR, NOR IS THE DEBTOR OR THE COMMITTEE RENDERING ANY FORM OF LEGAL OPINION AS TO SUCH TAX CONSEQUENCES.**

A. Federal Income Tax Consequences to the Debtor.

Cancellation of Indebtedness. Generally, the Debtor will realize cancellation of debt ("COD") income to the extent that the Debtor pays a creditor pursuant to the Plan an amount of consideration in respect of a Claim against the Debtor that is worth less than the amount of such Claim. For this purpose, the amount of consideration paid to a creditor generally will equal the amount of cash or the fair market value of property paid to such creditor. Because the Debtor will be in a bankruptcy case at the time the COD income is realized (if any is realized), the Debtor will not be required to include COD income in gross income, but rather will be required to reduce tax attributes by the amount of COD income so excluded.

B. Tax Consequences to Creditors.

In General. The federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, on: (a) whether its Claim constitutes a debt or security for federal income tax purposes, (b) whether the holder of the Claim receives consideration in more than one tax year, (c) whether the holder of the Claim is a resident of the United States, (d) whether all the consideration received by the holder of the Claimant is deemed to be received by the holder of the Claim as part of an integrated transaction, (e) whether the holder of the Claim reports income using the accrual or cash method of accounting, and (f) whether the holder has previously taken a bad debt deduction or worthless security deduction with respect to the Claim.

Gain or Loss on Exchange. Generally, a holder of an Allowed Claim will realize a gain or loss on the exchange under the Plan of his or her Allowed Claim for cash and other property in an amount equal to the difference between (i) the sum of the amount of any cash and the fair market value on the date of the exchange of any other property received by the holder (other than any consideration attributable to accrued but unpaid interest on the Allowed Claim), and (ii) the adjusted basis of the Allowed Claim exchanged therefore (other than basis attributable to accrued but unpaid interest previously included in the holder's taxable income). Any gain recognized generally will be a capital gain (except to the extent the gain is attributable to accrued but unpaid interest or accrued market discount, as described below) if the Claim was a capital asset in the hand of an exchanging holder, and such gain would be a long-term capital gain if the holder's holding period for the Claim surrendered exceeded one (1) year at the time of the exchange.

Any loss recognized by a holder of an Allowed Claim will be a capital loss if the Claim constitutes a "security" for federal income tax purposes or is otherwise held as a capital asset. For this purpose, a "security" is a debt instrument with interest coupons or in registered form.

C. Information Reporting and Backup Withholding.

Under the backup withholding rules of the Internal Revenue Code, holders of Claims may be subject to backup withholding at the rate of thirty-one percent (31%) with respect to payments made pursuant to the Plan unless such holder (i) is a corporation or comes within certain other exempt categories and, when required, demonstrates this fact, or (ii) provides a correct taxpayer identification number and certifies under penalties 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 dividends and interest income. Any amount withheld under these rules will be credited

against the holder's federal income tax liability. Holders of Claims may be required to establish exemption from backup withholding or to make arrangements with respect to the payment of backup withholding.

THE FOREGOING IS INTENDED TO BE A SUMMARY ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN MANY AREAS, UNCERTAIN. ACCORDINGLY, EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS STRONGLY URGED TO CONSULT WITH HIS OWN TAX ADVISOR REGARDING SUCH TAX CONSEQUENCES.

VII. MISCELLANEOUS

7.1 Exemption from Transfer Taxes.

In accordance with Section 1146(c) of the Bankruptcy Code: (a) the issuance, transfer or exchange of any security under the Plan or the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by the Plan, including any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, or the re-vesting, transfer or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated by the Plan; (b) the making, delivery, creation, assignment, amendment or recording of any note or other obligation for the payment of money or any mortgage, deed of trust or other security interest under, in furtherance of, or in connection with the Plan, the issuance, renewal, modification or securing of indebtedness by such means; and (c) 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 Confirmation Order, shall not be subject to any document recording tax, stamp tax, conveyance fee or other similar tax, mortgage tax, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment. Each recorder of deeds or similar official for any county, city or governmental unit in which any instrument under the Plan is to be recorded is hereby required to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, transfer tax, intangible tax or similar tax.

VIII. FEASIBILITY AND LIQUIDATION ANALYSES

8.1 Feasibility of the Plan

In connection with confirmation of the Plan, the Bankruptcy Court will determine whether the Plan is feasible pursuant to Section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of the Plan is not likely to be followed by the need for further financial reorganization of the Debtor.

The Plan provides for funding from the Residual Collateral Proceeds and the liquidation of the Avoidance Actions.

The Residual Collateral Proceeds should be sufficient, based on the proofs of claim on file and the Debtor's estimate of the Administrative Claims, to pay the Administrative Claims, the Priority Tax Claims and the Other Priority Claims in full, and to pay a meaningful dividend to the holders of Allowed General Unsecured Claims. Moreover, since Western is obligated to pay the Final Customs Claim, there should be more than adequate cash on hand at confirmation to satisfy all Plan payment obligations. In light of the foregoing, the Debtor and the Committee believe that the Plan is feasible.

8.2 Best Interests of Creditors And Comparison With Chapter 7 Liquidation

As a condition to confirmation of the Plan, Section 1129(a)(7)(A)(ii) of the Bankruptcy Code requires that each impaired Class of Claims or Equity Interests must receive or retain at least the amount or value it would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date of the Plan.

In Chapter 7, a Chapter 7 trustee would be appointed to liquidate the Debtor's assets. The Chapter 7 trustee would, in turn, need to hire various professionals, including attorneys and accountants in order to investigate, analyze and liquidate the Debtor's remaining assets. The costs of these professionals would have to be paid from funds on hand in the Estate before distributions to unsecured creditors could be made. In large part, the Chapter 7 trustee and his professionals would be required to incur fees and costs to educate themselves about the Debtor's history, operations, assets and liabilities. The Plan avoids these costs. Accordingly, confirmation of the Plan is likely to result in a substantially higher return to unsecured creditors than conversion of the Debtor's case to a proceeding under Chapter 7 of the Bankruptcy Code.

GPX International Tire Corporation,

By: /s/ *Jeffrey Lucas*
Name: Jeffrey Lucas
Title: CFO

Dated: June 3, 2010