

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS
CENTRAL DIVISION

In re

CLARK-CUTLER-MCDERMOTT
COMPANY, *et al.*,¹

Debtors.

Chapter 11

Case No. 16-41188

(Jointly Administered)

**DISCLOSURE STATEMENT FOR THE DEBTORS'
JOINT CHAPTER 11 PLAN OF LIQUIDATION**

THIS IS NOT A SOLICITATION OF AN ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION IN THIS DISCLOSURE STATEMENT IS SUBJECT TO CHANGE. THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL ANY SECURITIES NOR IS IT SOLICITING AN OFFER TO BUY ANY SECURITIES. INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO A CERTIFIED AUDIT.

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Dated: September 16, 2016

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¹ The Debtors in these chapter 11 cases are Clark-Cutler-McDermott Company and CCM Automotive Lafayette LLC. CCM's corporate headquarters are located at 5 Fisher Street, Franklin, Massachusetts, 02038. Lafayette, a wholly owned subsidiary of CCM Automotive LLC, has its principal place of business at 1465 Shattuck Industrial Boulevard, Lafayette, Georgia 30728.

DISCLAIMER

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT² IN CONNECTION WITH THE DEBTORS' JOINT CHAPTER 11 PLAN OF LIQUIDATION THAT THE DEBTORS ARE SEEKING TO HAVE CONFIRMED BY THE BANKRUPTCY COURT PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE. YOU SHOULD NOT RELY UPON OR USE THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR ANY PURPOSE OTHER THAN MAKING AN INFORMED JUDGMENT ABOUT THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO BANKRUPTCY CODE SECTION 1125 AND BANKRUPTCY RULE 3016 AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT MAY CONTAIN "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD-LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD-LOOKING STATEMENTS. THE LIQUIDATION ANALYSIS, DISTRIBUTION PROJECTIONS AND OTHER INFORMATION CONTAINED HEREIN ARE ESTIMATES ONLY, AND THE TIMING AND AMOUNT OF ACTUAL DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. THEREFORE, ANY ANALYSES, ESTIMATES, OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX, OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN, AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF THE DISCLOSURES CONTAINED IN

² Unless otherwise defined herein, capitalized terms contained in this Disclosure Statement shall have the same meanings provided in the Plan, or the Bankruptcy Code as the case may be.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION, OR WAIVER. RATHER, HOLDERS OF CLAIMS OR INTERESTS AND OTHER ENTITIES SHOULD CONSTRUE THIS DISCLOSURE STATEMENT AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR POTENTIAL OBJECTION TO A PARTICULAR CLAIM IS, OR IS NOT, IDENTIFIED IN THE DISCLOSURE STATEMENT. THE DEBTORS OR THE LIQUIDATING TRUSTEE, AS APPLICABLE, MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE CAUSES OF ACTION, AND MAY OBJECT TO CLAIMS BEFORE AND AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THIS DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CAUSES OF ACTION OR OBJECTIONS TO CLAIMS. THE PLAN RESERVES FOR THE LIQUIDATING TRUSTEE THE RIGHT TO BRING CAUSES OF ACTION AGAINST ANY ENTITY OR PARTY IN INTEREST EXCEPT THOSE SPECIFICALLY RELEASED THEREIN OR BY SEPARATE ORDER OF THE BANKRUPTCY COURT.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE CHAPTER 11 CASES, AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. THE DEBTORS DO NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE DEBTORS' MANAGEMENT AND ITS ADVISORS HAVE REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS HAVE USED THEIR REASONABLE BUSINESS JUDGMENT TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, NO ENTITY HAS AUDITED THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT.

THE DEBTORS ARE MAKING THE STATEMENTS AND PROVIDING THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS

MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE FILING OF THIS DISCLOSURE STATEMENT. EACH HOLDER OF A CLAIM OR INTEREST MUST RELY ON THEIR OWN EVALUATION OF AND THEIR OWN ANALYSIS OF THE TERMS OF THE PLAN, INCLUDING, WITHOUT LIMITATION, ANY RISK FACTORS CITED HEREIN, IN ORDER TO MAKE AN INFORMED JUDGEMENT ABOUT THE PLAN.

THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

EACH HOLDER OF A CLAIM OR INTEREST SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL HEREIN, IN ORDER TO MAKE AN INFORMED JUDGMENT ABOUT THE PLAN.

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EXHIBITS

EXHIBIT A Plan of Liquidation

EXHIBIT B Liquidation Analysis

EXECUTIVE SUMMARY

Clark-Cutler-McDermott Company (“CCM”) and CCM Automotive Lafayette LLC (“Lafayette,” and collectively with CCM, the “Debtors”) propose this *Debtors’ Joint Chapter 11 Plan of Liquidation* (the “Plan”) for the resolution of the Claims against, and equity in (referred to as “Interests”) in the Debtors pursuant to chapter 11 of the Bankruptcy Code.

On July 7, 2016 (the “Petition Date”), the Debtors filed voluntary petitions for relief (the “Chapter 11 Cases”) under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 *et seq.* (as amended or modified, the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Massachusetts (the “Bankruptcy Court”).

Shortly after commencing these Chapter 11 Cases, the Debtors ceased their business operations and proceeded to market substantially all of their assets for sale under an auction process supervised by the Bankruptcy Court. Following a hearing on September 8, 2016, the Bankruptcy Court approved the sale of a significant portion of the Debtors assets to several third party buyers (the “Sales”), which Sales the Debtors closed shortly thereafter. The Debtors have filed the Plan, which provides for the creation of a Liquidating Trust to, among other things, oversee the distribution of assets to holders of Allowed Claims and to pursue Causes of Action of the Debtors’ bankruptcy estates (collectively, the “Estates”), for the benefit of such holders. The Debtors believe that the Liquidating Trust provides the most efficient mechanism for distributing the proceeds of the Debtors’ assets, evaluating and liquidating the Debtors’ remaining assets, including any Causes of Action, not sold pursuant to the Sales, and resolving Claims against the Estates.

This Disclosure Statement describes the terms of the Plan, including the treatment of Claims against and Interests in the Debtors. This Executive Summary is intended only to be a summary of the distributions of the Plan. **FOR A COMPLETE UNDERSTANDING OF THE PLAN, SETTING FORTH THE CLASSIFICATION AND TREATMENT OF THE PREPETITION CLAIMS AND INTERESTS UNDER THE PLAN AND THE ESTIMATED PERCENTAGE OF RECOVERY OF ALLOWED CLAIMS AND INTERESTS YOU SHOULD READ THE DISCLOSURE STATEMENT, THE PLAN, AND ANY EXHIBITS THERETO IN THEIR ENTIRETY.**

Under the Plan, Claims against and Interests in the Debtors are divided into nine (9) Classes as summarized in the following table setting forth the classification and treatment of the prepetition Claims and Interests under the Plan and the estimated percentage of recovery of Allowed Claims and Interests. Certain unclassified Claims will be paid in full in Cash to the extent they become Allowed Claims. Wells Fargo Secured Claims, GM Secured Claims, and Priority Non-Tax Claims will also be paid in full in Cash to the extent they become Allowed. Other Secured Claims, General Unsecured Claims, and Interests in CCM will receive distributions, if any, as summarized in the following table. Intercompany Claims and Interests in Lafayette are cancelled and will neither receive distributions nor retain any property under the Plan. The classification and treatment for all Classes is described in more detail in Section III.

Estimated Claim and Interest amounts set forth in the following table constitute the Debtors’ current estimate after a preliminary review of certain Proofs of Claims filed against the

Debtors and the Debtors' books and records.

Because the Administrative Claims Bar Date and Claims Bar Date have not expired and the reconciliation process is in its earliest stages, the Debtors have not completed a detailed review of all Claims to determine their validity or any possible legal or equitable defenses, including claims of setoff and recoupment.

The Debtors estimate that their Estates will have Cash in the approximate amount of \$[TBD] for distributions to holders of Allowed Claims.

Because of the inherently speculative nature of estimating potential recoveries, the Debtors have not estimated the value of Causes of Action. **THERE CAN BE NO ASSURANCE THAT THE ACTUAL CLAIM AMOUNTS WILL NOT BE DIFFERENT, AND PERHAPS SIGNIFICANTLY DIFFERENT, FROM THE ESTIMATES SET FORTH HEREIN.** The actual distribution to holders of Allowed Claims is dependent on numerous factors, including, without limitation, (i) the success of the Causes of Action, (ii) whether any Contingent or Unliquidated Claims against the Debtors become noncontingent or liquidated; and (iii) whether Disputed Claims are resolved in favor of the Estates. Accordingly, no representation can or is being made with respect to the realization of the distributions estimated below.

The table beginning on the following page is only a summary of the classification of treatment of Claims and Interests under the Plan. Reference should be made to the entire Disclosure Statement and Plan for a complete description and understanding of the classification and treatment of Claims and Interests.

**SUMMARY OF CLASSIFICATION AND TREATMENT
OF CLAIMS AND INTERESTS UNDER THE PLAN**

CLAIMS/INTERESTS & DESCRIPTION	ESTIMATED ALLOWED CLAIMS	TREATMENT	ESTIMATED RECOVERY
Wells Fargo Secured Claims (Class 1)	\$0	Unimpaired	Estimated Recovery Percentage: 100% Form of Recovery: Cash
GM Secured Claims (Class 2)	\$0	Unimpaired	Estimated Recovery Percentage: 100% Form of Recovery: Cash in full or in installments, together with interest
Other Secured Claims (Class 3)	\$0	Unimpaired	Estimated Recovery Percentage: 100% Form of Recovery: Return of Collateral
Priority Non-Tax Claims (Class 4)	[\$TBD]	Unimpaired	Estimated Recovery Percentage: 100% Form of Recovery: Cash
General Unsecured Claims Against CCM (Class 5A)	\$5,200,000	Impaired	Estimated Recovery Percentage: [TBD]% Form of Recovery: Cash
General Unsecured Claims against Lafayette (Class 5B)	\$590,000	Impaired	Estimated Recovery Percentage: [TBD]% Form of Recovery: Cash
Intercompany Claims (Class 6)	[\$TBD]	Impaired	Estimated Recovery Percentage: N/A All Intercompany Claims shall be waived and cancelled
Interests in Lafayette (Class 7)	N/A	Impaired	Estimated Recovery Percentage: N/A All Interests in Lafayette shall be cancelled and holders shall not receive or retain any distribution or property
Interests in CCM (Class 8)	N/A	Impaired	Estimated Recovery Percentage: [TBD]% All Interests in CCM shall be cancelled; if and when all Allowed General Unsecured Claims against CCM in Class 5A are paid in full with post-petition interest at the Federal Judgment Rate, holders of Interests in CCM may receive residual CCM Distributable Cash

I. INTRODUCTION.

1.1 PURPOSE OF THE DISCLOSURE STATEMENT.

The Debtors provide this Disclosure Statement to the Office of the United States Trustee and to all of the Debtors' known creditors and equity holders pursuant to Bankruptcy Code section 1125(b) for the purpose of seeking confirmation of the Plan. A copy of the Plan is attached hereto as **Exhibit A**. By Order dated [_____], 2016, the Disclosure Statement was approved by the Bankruptcy Court. A hearing on confirmation of the Plan will be held on [_____], 2016 at [__:__].m. (Eastern Time).

The Debtors strongly urge you to read this Disclosure Statement in its entirety before making any judgment on the Plan because the Disclosure Statement contains a summary of the Plan and other important information. The Disclosure Statement also provides information as to alternatives to the Plan. Summaries of the Plan are included herein for the purpose of seeking confirmation of the Plan and soliciting acceptances of the Plan and may not be relied upon for any purpose other than to make a judgment with respect to the Plan.

PLEASE NOTE THAT MUCH OF THE INFORMATION CONTAINED HEREIN HAS BEEN TAKEN, IN WHOLE OR IN PART, FROM INFORMATION CONTAINED IN THE DEBTORS' BOOKS AND RECORDS. STATEMENTS MADE IN THE DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO BE ACCURATE IN ALL MATERIAL RESPECTS, THE DEBTORS ARE UNABLE TO WARRANT OR REPRESENT THAT ALL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ERROR. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

NO REPRESENTATION CONCERNING THE DEBTORS OR THE VALUE OF THE DEBTORS' ASSETS HAS BEEN AUTHORIZED BY THE BANKRUPTCY COURT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THE DEBTORS ARE NOT RESPONSIBLE FOR ANY INFORMATION, REPRESENTATION OR INDUCEMENT MADE TO OBTAIN YOUR ACCEPTANCE, WHICH IS OTHER THAN, OR INCONSISTENT WITH, INFORMATION CONTAINED HEREIN AND IN THE PLAN.

1.2 CONFIRMATION OF THE PLAN.

1.2.1 Requirements. The requirements for Confirmation of the Plan are set forth in detail in Bankruptcy Code Section 1129. The following summarizes some of the pertinent requirements:

(a) **Acceptance by Impaired Classes.** Except to the extent that the cram down provisions of Bankruptcy Code section 1129(b) may be invoked, each Class of Claims and

each Class of Interests must either accept the Plan *or* be deemed to accept the Plan if Claims or Interests of such Class are Unimpaired.

(b) **Feasibility.** The Bankruptcy Court is required to find that the Plan is likely to be implemented and not ultimately fail.

(c) **The “Best Interest” Test.** The Bankruptcy Court must find that the Plan is in the “best interest” of all creditors and equity holders. To satisfy this requirement, the Bankruptcy Court must determine that each holder of a Claim against, or Interest in, the Debtors: (i) has accepted the Plan; or (ii) will receive or retain money or other property which, as of the Effective Date, has a value not less than the amount such holder would receive if the Debtors’ property was liquidated under chapter 7 of the Bankruptcy Code on such date. In connection therewith, the Debtors and their professionals created a liquidation analysis (the “Liquidation Analysis”), a copy of which is attached hereto as **Exhibit B.**

(d) **“Cramdown” Provisions.** Under the circumstances which are set forth in detail in Bankruptcy Code section 1129(b), the Bankruptcy Court may confirm the Plan even though a Class of Claims or Interests has not accepted the Plan, so long as one Impaired Class of Claims has accepted the Plan, excluding the votes of insiders, if the Plan is fair and equitable and does not discriminate unfairly against such non-accepting Classes. The Debtors will invoke the “cram down” provisions of Bankruptcy Code section 1129(b) if the voting Classes fail to accept the Plan and with respect to the Classes deemed to reject the Plan.

1.2.2 Procedure. To confirm the Plan, the Bankruptcy Court must hold a hearing to determine whether the Plan meets the requirements of Bankruptcy Code section 1129. The Bankruptcy Court has set [____], 2016 at [____:____].m. (Eastern Time) for the hearing on confirmation of the Plan (the “Confirmation Hearing”).

1.2.3 Objections to Confirmation of the Plan. Any party in interest may object to confirmation of the Plan and appear at the Confirmation Hearing to pursue such objection. The Court has set [____], 2016, at 4:00 p.m. (Eastern Time), as the deadline for filing and serving objections to the confirmation of the Plan. Objections must be electronically filed with the Bankruptcy Court at the following address:

U.S. Bankruptcy Court for the District of Massachusetts
Harold D. Donohue Federal Bldg. and Courthouse
595 Main Street
Worcester, Massachusetts 01608

With a copy served upon counsel for the Debtor at the following address:

David A. Mawhinney
K&L Gates LLP
State Street Financial Center
One Lincoln Street
Boston, MA 02111

1.2.4 Effect of Confirmation. Except as otherwise provided in the Plan or in the Confirmation Order, Consummation of the Plan vests title to all property of the Estates in the Liquidating Trust to the same extent such assets were held by the Debtors, free and clear of all Claims, Liens, charges, encumbrances, rights and Interests of creditors and equity holders, subject to the provisions of the Plan. Confirmation serves to make the Plan binding upon the Debtors, all creditors, equity holders and other parties in interest, regardless of whether they cast a ballot (“Ballot”) to accept or reject the Plan.

1.3 VOTING ON THE PLAN.

1.3.1 Impaired Claims or Interests. Pursuant to Bankruptcy Code section 1126, only the holders of Claims or Interests in Classes “Impaired” by the Plan may vote on the Plan. Pursuant to Bankruptcy Code section 1124, a Class of Claims or Interests may be “Impaired” if the Plan alters the legal, equitable, or contractual rights of the holders of such Claims or Interests treated in such Class. The holders of Claims or Interests not Impaired (referred to as Unimpaired) by the Plan are deemed to accept the Plan and do not have the right to vote on the Plan. The holders of Claims or Interests in any Class which will not receive any payment or distribution or retain any property pursuant to the Plan are deemed to reject the Plan, unless they have agreed otherwise, and, in either event, do not have the right to vote.

1.3.2 Eligibility. In order to vote on the Plan, a creditor must have timely filed or been assigned a timely filed proof of Claim, unless its Claim is scheduled by the Debtors and is not identified as disputed, unliquidated, or contingent on the Debtors’ Schedules of Assets and Liabilities (as amended, the “Schedules”). Creditors having a Claim in more than one Class that is entitled to vote may vote in each Class in which they hold a separate Claim or Interest by casting a Ballot in each Class.

1.3.3 Binding Effect. Whether a creditor votes on the Plan or not, such Person will be bound by the terms of the Plan if the Plan is confirmed by the Bankruptcy Court. Absent some affirmative act constituting a vote, a creditor will not be included in the vote: (i) for purposes of accepting or rejecting the Plan or (ii) for purposes of determining the number of Persons voting on the Plan.

1.3.4 Procedure. Members of Class 5A (General Unsecured Claims against CCM), Class 5B (General Unsecured Claims against Lafayette), and Class 8 (Interests in CCM) are Impaired by the Plan and may vote to accept or reject the Plan. Members of Class 1 (Wells Fargo Secured Claims), Class 2 (GM Secured Claims), Class 3 (Other Secured Claims), and Class 4 (Priority Non-Tax Claims) are Unimpaired by the Plan and are deemed, therefore, to accept the Plan. Accordingly, holders of Claims or Interests in Classes 1, 2, 3, and 4 are not entitled to vote on the Plan. Class 6 (Intercompany Claims), and Class 7 (Interests in Lafayette) will not, under the Plan, receive any payment or distribution, or retain any property pursuant to the Plan, and are deemed to reject the Plan. Members of Class 6 and 7 therefore do not have the right to vote. In order for your vote to count, you must complete, date, sign and properly mail the enclosed Ballot (please note that envelopes have been included with the Ballot) to:

David A. Mawhinney
K&L Gates LLP
State Street Financial Center
One Lincoln Street
Boston, MA 02111

BALLOTS SENT BY FACSIMILE, TELECOPY, ELECTRONIC MAIL OR OTHER FORM OF ELECTRONIC TRANSMISSION ARE NOT ALLOWED AND WILL NOT BE COUNTED.

Pursuant to Bankruptcy Rule 3017, the Bankruptcy Court has ordered that original Ballots for the acceptance or rejection of the Plan must be received by mail or overnight delivery at the address set forth above on or before 11:59 p.m. (Eastern Time) on [_____], 2016. Once you have delivered your Ballot, you may not change your vote, except for cause shown to the Bankruptcy Court after notice and hearing.

Any Ballot received that is incomplete in anyway shall be deemed to be cast as follows:

(a) Ballots received that do not evidence the amount or evidence an incorrect amount of such creditor's Claim or equity holder's Interest shall be completed or corrected, as the case may be, based upon the Schedules or lists of equity security holders if no proof of Claim or Interest has been filed, or based upon timely filed proofs of Claim or Interest, and counted as a vote to accept or reject the Plan;

(b) Ballots received that do not identify the creditor or equity holder, whether or not signed by the creditor or equity holder, shall not be counted as a vote to accept or reject the Plan;

(c) Ballots received that do not reflect in which Class such Ballot is cast or incorrectly classify such creditor's Claim or equity holder's Interest and that are otherwise properly completed shall be completed or corrected, as the case may be, based upon the Schedules or lists of equity security holders if no proof of Claim or Interest has been filed, or based upon timely filed proofs of Claim or Interest, and counted as a vote to accept or reject the Plan.

1.4 ACCEPTANCE OF THE PLAN.

1.4.1 Creditor and Interest Holder Acceptance. As a creditor and/or equity holder, your acceptance of the Plan is important. In order for the Plan to be accepted by an Impaired Class of Claims, a majority in number and two-thirds (2/3) in dollar amount of the Claims voting (of each Impaired Class of Claims) must accept the Plan, or the Plan must qualify for cramdown of any non-accepting Class of Claims pursuant to Bankruptcy Code section 1129(b). In order for the Plan to be accepted by a Class of Interests, a two-thirds (2/3) majority in amount of the Interests voting must vote to accept the Plan, or the Plan must qualify for cramdown pursuant to Bankruptcy Code section 1129(b). In any case, either the Plan must be fully consensual or at least one impaired Class of creditors or equity holders, excluding the votes of insiders, must actually vote to accept the Plan. To the extent you hold a Claim in Classes 5A (General Unsecured Claims against CCM) or 5B (General Unsecured Claims against Lafayette), or hold an Interest in Class 8 (Interests in CCM), you are urged to complete, date, sign and promptly mail the enclosed Ballot. Please be sure to complete the Ballot properly and legibly identify the exact amount of your Claim or Interest and the name of the creditor or equity holder.

1.4.2 Cramdown Election. If all Classes do not accept the Plan, but at least one Impaired Class votes to accept the Plan, excluding the votes of insiders, the Debtors may attempt to invoke the “cramdown” provisions. Cramdown may be an available remedy, because the Debtors believe that, with respect to each Impaired Class, the Plan is fair and equitable within the meaning of Bankruptcy Code section 1129(b)(2) and does not discriminate unfairly.

1.5 SOURCES OF INFORMATION.

The information contained in this Disclosure Statement has been obtained from the Debtors’ books and records and from pleadings filed by the Debtors and other parties in interest in these Chapter 11 Cases. Every reasonable effort has been made to present accurate information and such information is believed to be correct as of the date hereof. Any value given as to the assets of the Debtors is based upon an estimation of such value. You are strongly urged to consult with your financial, legal, and tax advisors to understand fully the Plan and the Disclosure Statement.

The financial information contained in this Disclosure Statement is given as of the date hereof, unless otherwise specified. The delivery of this Disclosure Statement does not, under any circumstance, imply that there has been no change in the facts set forth herein since such date. This Disclosure Statement is intended, among other things, to summarize the Plan and must be read in conjunction with the Plan and its exhibits, if any. If any conflicts exist between the Plan and the Disclosure Statement, the terms of the Plan shall control.

1.6 ADDITIONAL INFORMATION.

Should you have any questions regarding the Plan or this Disclosure Statement, or require clarification of any information presented herein, please contact one of the following attorneys for the Debtor:

Charles A. Dale III, Esq.
David A. Mawhinney, Esq.
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One Lincoln Street
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(617) 261-3100

II. THE DEBTORS.

2.1 DESCRIPTION OF THE DEBTORS AND THE DEBTORS' BUSINESS.

CCM was founded in 1911 by Walter Clark, William Cutler, and Thomas S. McDermott. CCM's headquarters have remained in Franklin, Massachusetts for over a century. A privately held company, CCM has been owned and operated by members of the Clark, Cutler, and McDermott families since its inception. Throughout the twentieth century, CCM developed innovative products for the automotive acoustical industry including: re-claimed cotton acoustical insulation (1971), polypropylene splash shields and fender insulators (1978), and resin-free moldable acoustical insulators (1986). Historically, the Debtors' customer base was comprised original equipment manufacturers, parts suppliers, and other suppliers within the automotive industry. In addition, the Debtors sold their non-woven products to a variety of customers in the transportation, industrial, and textile sectors.

Prior to the Petition Date, the Debtors operated as a Tier I and Tier II manufacturer of molded and flat die-cut acoustic insulation and natural fiber-based interior trim products for the automotive industry. The Debtors manufactured wheelhouse liners, dash insulators, floor insulators, fender and pillar insulators, door trim panel bolsters, package trays and back of cab insulators. In addition, the Debtors engineered fabrics for numerous industrial textile applications. The Debtors' products incorporated new "dissipative" technologies that were lightweight, acoustically superior, and recyclable.

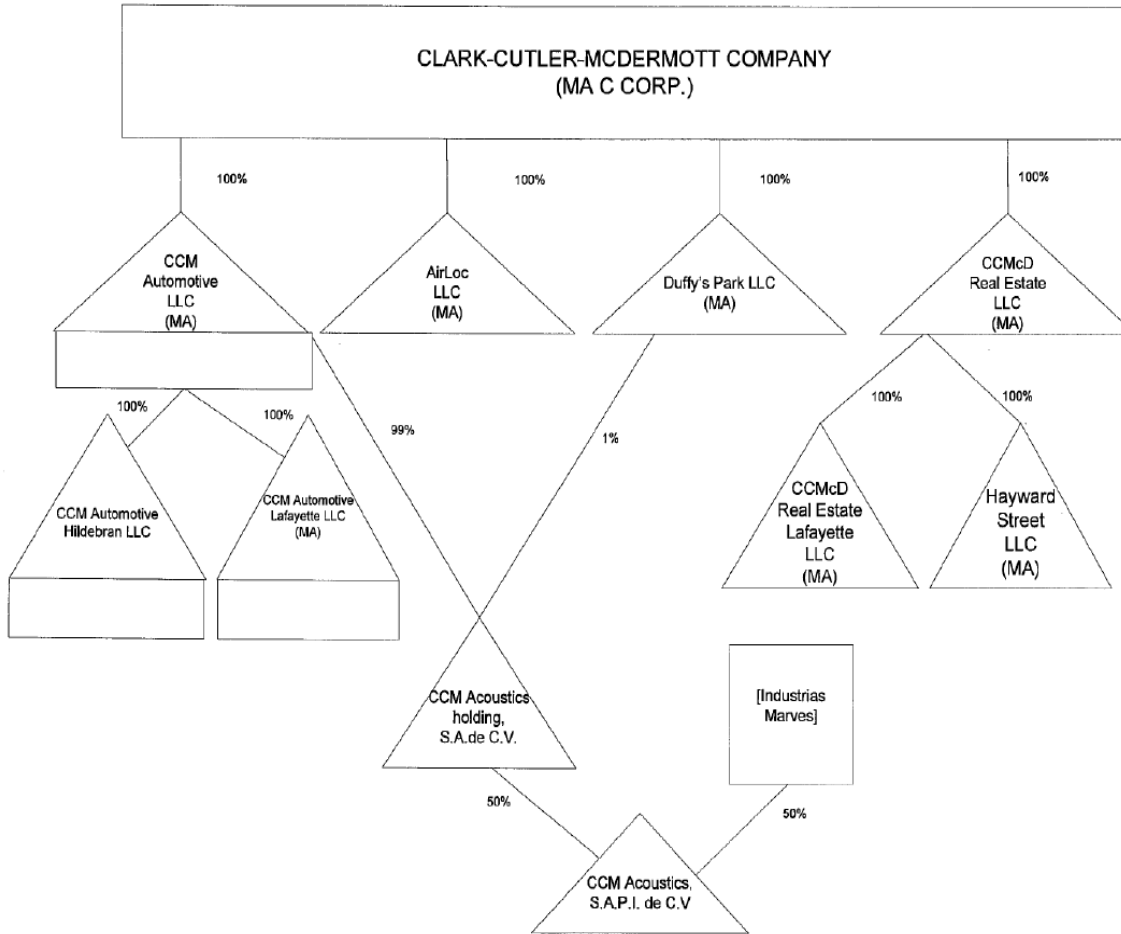
Headquartered in Franklin, Massachusetts, the Debtors operated from a 300,000 square foot manufacturing space, which real estate is currently owned by a corporate affiliate. In 2012, the Debtors established Lafayette, as a wholly-owned indirect subsidiary of CCM, and acquired a 77,000 square-foot manufacturing and warehouse facility in Lafayette, Georgia where Lafayette produced contoured acoustic insulation and interior trim products for the automotive industry. Over the years, the Debtors installed multiple nonwoven production lines in their Franklin and Lafayette facilities, which feature thermo-bonded and needle-punch technologies. Machinery capabilities include fiber opening, blending, carding, needling, as well as forming lines that mold and trim large contoured parts in a fully automated process.

As of the Petition Date, the Debtors' employed approximately two-hundred-thirteen (213) individuals, one-hundred-ninety-one (191) of whom worked at CCM's facilities in Franklin, and twenty-two (22) of whom worked at Lafayette's facilities in Lafayette, Georgia. Fourteen (14) members of the Debtors' workforce was salaried and one-hundred-sixty-one (161) were members of the New England Joint Board Local 31T of UNITE-HERE. In addition, the Debtors used approximately fifty-seven (57) temporary employees, for whom they contracted through agencies.

CCM is a privately-held corporation formed under the laws of Massachusetts. Lafayette is a wholly-owned subsidiary of CCM Automotive LLC, operating as a limited liability company under the laws of the Commonwealth of Massachusetts. CCM Automotive is a wholly-owned subsidiary of CCM and, therefore, Lafayette is wholly-owned, indirectly, by CCM. CCM is also the managing member of Lafayette. In addition, CCM owns 100% of Airloc LLC ("Airloc"), Duffy's Park LLC ("Duffy's Park"), and CCMcD Real Estate LLC ("CCMcD Real Estate"). Through Duffy's Park, CCM owns 45% of CCM Acoustics, S.A.P.I de C.V., a joint venture located in Irapuato, Mexico (the "Mexico JV") and 20% of a company named Marves Industries, Inc. ("Marves").

While the Debtors directly own the majority of their assets, some important assets are held by wholly-owned non-debtor subsidiaries. The aforementioned Duffy's Park owns 45% of the Mexico JV, which, like the Debtors, produces automotive component parts, and 20% of Marves. CCMcD Real Estate holds title to the various parcels of real estate that comprise the Debtors' manufacturing footprint in Franklin, Massachusetts, namely: 5 Fisher Street, 29 Hayward Street, 42 Hayward Street, and, in addition, a personal residence located at 25 Hayward Street. CCMcD Real Estate also owns 100% of CCMcD Real Estate Lafayette LLC ("CCMcD Lafayette") and, together with CCMcD Real Estate, the "Real Estate Entities"). CCMcD Lafayette owns the property located at 1465 Shattuck Industrial Boulevard, Lafayette, Georgia, which serves as Lafayette's headquarters and manufacturing facilities.

An organizational chart depicting the corporate ownership of each Debtor and their affiliates is set forth on the following page.



2.2 THE DEBTOR’S PREPETITION CAPITAL STRUCTURE.

Prepetition Secured Debt

As shall be further described in section 2.3, the Debtors’ cash flows became insufficient to sustain their business in early 2016. Beginning in March, 2016, they were forced to rely on continued cash infusions and one-time price adjustments from their then-largest customer, General Motors LLC (“GM”) in the form of secured loans to continue operations.

As of the Petition Date, the Debtors had two secured creditors, Wells Fargo Bank, National Association acting through Wells Fargo Business Credit (“Wells Fargo”) and GM. The Debtors’ financing relationship with Wells Fargo included a \$9 million revolving credit facility (the “Revolver”) and a \$3,181,500 term loan (the “Term Loan” and collectively with the Revolver the “Senior Debt”). As of the Petition Date, no money was outstanding or owed on the Revolver and approximately \$1,486,296.40 was outstanding to Wells Fargo on account of the Term Loan. Obligations under the Revolver and Term Loan are secured by blanket liens against substantially all of the Debtors’ assets pursuant to that certain Third Amended and Restated Credit and Security Agreement dated May 23, 2012. Wells Fargo also held mortgages against certain real estate owned by the Real Estate Entities, as security for guarantees given by the Real Estate Entities on the Senior Debt.

The Debtors’ financing relationship with GM arose in connection with that certain Interim Accommodation Agreement, as amended, entered into between the parties on April 1, 2016. After the Debtors notified GM of their financial distress, GM agreed to lend them money to partially cover the shortfall in their operating budget, thereby enabling the Debtors to continue producing GM component parts. These loans were secured by a blanket lien on substantially all of the Debtors assets pursuant to that certain Amended and Restated Security Agreement dated March 15, 2016. Between March 2016 and the Petition Date, GM made the following loans to the Debtors, which are evidenced by a series of Notes (collectively, the “Junior Notes”):

Funding Date	Amount
March 14, 2016	\$300,000
March 16, 2016	\$700,000
March 24, 2016	\$950,000
April 25, 2016	\$425,000
May 6, 2016	\$270,000
May 16, 2016	\$185,000
May 24, 2016	\$125,000
May 27, 2016	\$320,000
June 10, 2016	\$175,000
June 20, 2016	\$437,500
June 23, 2016	\$362,500
June 27, 2016	\$262,500
June 30, 2016	\$600,000
July 6, 2016	\$910,000
Total	\$6,022,500

The Junior Notes accrue interest at the rate of 6.94% per annum and are payable on demand.

Shortly after the Petition Date, GM acquired the Senior Debt from Wells Fargo. On August 8, 2016, the Debtors repaid the Senior Debt pursuant to the Bankruptcy Court’s *Second Interim Order (A) Authorizing Use of Cash Collateral; (B) Granting Adequate Protection; (C) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001; and (D) Granting Related Relief* (the “Second Interim Cash Collateral Order”) [Docket No. 149]. Accordingly, beyond the \$6,022,500 outstanding to GM on the Junior Notes, the Debtors have no other secured debt. It should be noted, however, that under the terms of the Second Interim Cash Collateral Order (a) the security interests securing the Senior Debt remain in place subject to further order of the Bankruptcy Court; and (b) the amount of \$535,621.64 has been escrowed in connection with the disputed portion of the Wells Fargo payoff amount.

Unsecured Debt

As of the Petition Date, the Debtors estimated that their unsecured debt aggregated approximately \$5,760,000, consisting primarily of accounts payable to trade vendors.

In addition, CCM is a participant in the National Retirement Fund, a multi-employer defined benefit pension plan (the "Pension Plan"). In the event of its withdrawal from the Pension Plan, the Debtors would incur so-called "withdrawal liability" to the Pension Plan, the net present value of which is currently projected to be \$8.7 million.

Equity

As of the Petition Date, CCM had nineteen (19) Class A voting equity security holders and thirty-seven (37) Class B non-voting equity security holders. CCM had 3,771 voting securities and 34,056 non-voting securities issues and outstanding on the Petition Date.

2.3 EVENTS LEADING TO THE BANKRUPTCY FILING.

While CCM has continuously operated in Massachusetts for over one hundred years, the Debtors' modern era dates to the 1960s when CCM began producing various acoustic insulation parts, service parts assembled goods (the "Component Parts") for GM. Over the years, the Debtors became one of GM's best and most reliable suppliers, manufacturing millions of Component Parts, which GM integrated into nearly every vehicle that it manufactured in the United States, Canada, and Mexico. In the years leading up to the Petition Date, GM became the Debtors single largest customer, accounting for more than 80% of the company's revenues.

CCM performed extremely well as a supplier. It was repeatedly named an award-winning and valued GM Tier I supplier. In February 2016, Thomas McMillen formally notified CCM that it had been awarded the "Supplier of the Year," an award granted to less than 1% of GM's worldwide suppliers. In 2012, CCM was also one of only four companies globally to receive GM's "Overdrive" award, which recognizes suppliers that have gone above and beyond in meeting GM's exacting business demands and demonstrating commitment to their communities. In the seven years leading up to the Petition Date, CCM was named Supplier of the Year four times.

Despite their success, the Debtors began to experience financial difficulty in 2013. A year earlier, GM had encouraged CCM to open new manufacturing facilities closer to GM's North American Assembly Plants, thereby reducing GM's inbound transportation costs. CCM responded by opening new manufacturing facilities in Lafayette, Georgia and by establishing a joint venture in Irapuato, Mexico. GM rewarded CCM's efforts by awarding CCM, Lafayette, and the Mexican joint venture contracts to produce additional parts. These contracts, which are memorialized in a series of Purchase Order Contracts, supplemented by GM's General Terms and Conditions (collectively, the "GM Contracts"), require CCM to manufacture products on a fixed price requirements basis. More specifically, the GM Contracts obligate CCM to produce all of GM's requirements for each component or part, and the price paid by GM for each part usually decreases annually. As the years went by, the pricing structure of the GM Contracts began to erode the Debtors' profit margins. As the Debtors produced greater quantities of parts for GM, they incurred greater operating losses.

For the last several years, the Debtors have been operating at a significant loss. For the year ended December 31, 2013, CCM's consolidated net loss totaled \$750,270. At year end 2014, its consolidated net loss had increased to \$3,676,220. By year end 2015, CCM's consolidated net loss totaled \$3,735,568. For the five months of 2016 ended May 31st, CCM suffered consolidated losses totaling \$5,227,992, almost doubling its losses for the entire prior year. As of June 2016, CCM was operating at a loss of more than \$30,000 per day.

In early 2016, the Debtors informed GM that the prices paid by GM under their current supply agreement were no longer viable. Unless the parties could reach an alternative pricing arrangement, GM's supply chain and production schedule may be jeopardized. The Debtors engaged a team of consultant from the corporate restructuring group of KPMG LLP ("KPMG"), to assist them in assessing their business.

On or about April 1, 2016, CCM and GM entered into an Interim Accommodation Agreement, whereby the parties made various mutual commitments for an initial thirty (30) day period during which time they agreed to negotiate in good faith toward new pricing for certain money-losing parts. During this thirty day period, GM agreed to provide funding to support CCM's operations. For every dollar advanced by GM, the Interim Accommodation Agreement provided that \$0.50 would take the form of a secured loan, and the remaining \$0.50 would be treated as a price adjustment in CCM's favor, although still insufficient to make the contracts profitable. In other words, CCM was forced to incur additional debt to continue producing parts for GM at a substantial loss. CCM was willing to do so, however, because of GM's commitment to negotiate permanent price increases. Interim Accommodation Agreement was twice extended to give GM additional time to analyze and negotiate CCM's requests for price increases. During the course of negotiations, GM demanded that CCM engage an investment banker to market the company for sale as a going concern. CCM interviewed several candidates, engaged Conway MacKenzie Capital Advisors LLC ("Conway MacKenzie") and made plans to begin a marketing process once an agreement on pricing was reached. CCM made clear to GM that without price increases that would enable the companies to manufacture and sell parts to GM at a profit, there would be no market to sell their businesses as a going concern.

On or about April 15, 2016, the Debtors presented GM with permanent pricing increases on a series of Component Parts. The proposed increases were modest and would later prove to be below market. Nevertheless, after several unexplained delays, GM responded weeks later with a purported "market analysis" on the Component Parts, which offered only a fraction of the increase in pricing that the Debtors had requested. As discussed further below, GM's conduct during these supposedly "good faith" negotiations with the Debtors has been the subject of a Rule 2004 investigation by the official committee of unsecured creditors culminating in a pending lawsuit against GM. Needless to say, the parties remained far apart on pricing as the Debtors continued to borrow more money from GM to stay in business.

As the negotiation process dragged out for several months, GM steadfastly adhered to just one offer for permanent price increases on the Component Parts. After several months of negotiation under the Interim Accommodation Agreement, the parties were unable to reach an agreement on a revised price structure that would support a sale of the Debtors as a going concern. Ultimately, GM was unwilling or unable to make price concessions or to otherwise support a sale process that would accomplish anything for anyone other than itself.

Following two extensions, term of the Interim Accommodation Agreement expired on June 17, 2016. With no hope of a breakthrough in negotiations, following a Board of Directors meeting on June 16th, CCM reluctantly decided to shut down its Franklin and Lafayette factories and to layoff all of its employees. Operations were discontinued at approximately 4:00 p.m. on Friday, June 17th.

During the afternoon of June 17th, GM filed suit against CCM and Lafayette in the United States District Court for the Eastern District of Michigan (the “District Court”) in Detroit. GM sought an emergency temporary restraining order (“TRO”) and/or the appointment of a receiver. Following an emergency hearing, and based on GM’s representation that it would continue to fund the Debtors’ operations on the same terms as it had previously, the District Court entered the TRO, forcing the Debtors to continue producing parts under the GM Contracts. Compounding the Debtors’ financial difficulties, and despite timely delivery of every part ordered by GM since the TRO, GM stopped paying CCM’s invoices for parts supplied after June 17th. As of the Petition Date, GM owed CCM approximately \$2 million for parts manufactured and delivered after the TRO was entered.

In a final attempt to resolve the matter, and to achieve a mutually beneficial outcome, the parties met at CCM’s Franklin, Massachusetts facility on June 28th. Following a meeting that lasted several hours, no new proposals were exchanged and the parties were unable to resolve their differences.

CCM’s Board of Directors convened another meeting on July 6th. The Board reviewed the Debtors’ efforts to cut costs, improve efficiencies, improve liquidity, and obtain price concessions from GM. With the assistance of counsel, the Board reviewed all available options. Regrettably, the Board concluded that it must end, once and for all, its deepening insolvency, and a resolution was passed authorizing the commencement of these Chapter 11 Cases.

2.4 THE DEBTOR’S BANKRUPTCY PROCEEDINGS.

2.4.1 The Petition Date. On July 7, 2016 (the “Petition Date”), the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

2.4.2 The First Day Operational Orders. On the Petition Date, the Debtors filed several motions seeking certain operational relief by virtue of so-called first day orders. The first day orders assisted the Debtors in transitioning into operating as a debtors in possession by approving certain regular business practices that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior court approval. The first day orders in the Chapter 11 Cases authorized, among other things:

- use of cash collateral on an interim basis, subject to a budget approved by the Bankruptcy Court; and
- payments to employees of accrued prepetition wages, salaries and benefits.

2.4.3 Rejection of the GM Contracts. As explained above, the GM Contracts had become burdensome on the Debtors in the years leading up to the Petition Date, inflicting losses totaling more than \$12 million since 2013. After several months of analysis, input from

third-party advisors, and negotiations with GM, the Debtors concluded that their assets would be more valuable if decoupled from the significant and unsustainable financial burdens imposed by the GM Contracts. To that end, on the Petition Date, the Debtors filed the *Motion of the Debtors for an Order Authorizing and Approving the Rejection of All GM Contracts Nunc Pro Tunc to the Date of the Motion* [Docket No. 10] (the “Rejection Motion”). On July 13, 2016, the Bankruptcy Court granted the Rejection Motion, finding that rejection of the GM Contracts to be an exercise of sound business judgment and further ordering that rejection would be effective as of the Petition Date. *See Order Authorizing and Approving Debtors’ Rejection of Certain GM Contracts* [Docket No. 70].

2.4.4 The GM Motion for Relief from Stay. On July 8, 2016, GM filed the *General Motors LLC’s Motion for Relief from the Automatic Stay* (the “MFR”) [Docket No. 27]. In the MFR, GM sought immediate relief to recover possession of (a) certain tooling, dies, test and assembly fixtures, gauges, jigs, patterns, casting patterns, cavities, molds, and documentation, including engineering specifications and test reports, used by the Debtors in connection with their manufacture of the GM Component Parts (collectively, the “GM Tooling”); (b) certain machinery and equipment used by the Debtors in connection with their manufacture of the Component Parts (the “Dedicated Equipment”); and (c) certain finished Component Parts inventory manufactured by the Debtors for GM under the GM Contracts. On July 12, 2016, the Debtors filed *The Debtors’ Limited Opposition to General Motors LLC’s Motion for Relief from the Automatic Stay* [Docket No. 58], in which they opposed relief with respect to the Dedicated Equipment or any other item of estate property. The parties subsequently resolved the MFR and submitted an agreed order, which the Bankruptcy Court entered on July 13, 2016. *See Order on General Motors, LLC’s Motion for Relief from the Automatic Stay* (“MFR Order”) [Docket No. 71]. Pursuant to the MFR Order, GM was granted access to the GM Tooling and Finished Goods Inventory in exchange for paying the Debtors’ Estates \$2,930,138.90 for the Finished Goods Inventory and all amounts owed to the Debtors by GM as of the Petition Date for prior shipments of Finished Goods Inventory. GM removed the GM Tooling and Finished Goods Inventory on July 18, 19, and 20, 2016. GM paid the Debtors’ labor costs of \$16,043 that were incurred in connection with removing the tooling and inventory. GM further paid \$159,846.75 for additional Finished Goods Inventory and service parts identified while it was removing the tooling and inventory.

2.4.5 The Pursuit of a Sale Transaction. As explained above, the Debtors filed these Chapter 11 Cases to engage in a process to sell substantially all of their assets so that they could maximize the value of their Estates for the benefit of all of their constituents. To that end, on July 12, 2016, the Debtors filed the *Debtors’ Motion for (I) Order Establishing Bidding Procedures and Granting Related Relief and (II) Order Approving Sale of Substantially all Assets Free and Clear of all Liens, Claims, Encumbrances, and Interests and Granting Related Relief* (the “Sale Motion”) [Docket No. 50]. As described in the Sale Motion, the Debtors proposed to sell the key equipment constituting their production lines along with the opportunity to lease the manufacturing and warehouse facilities where the equipment was located from their non-debtor affiliates at fair market rates through one or more sales approved by the Bankruptcy Court.

On August 2, 2016, the Bankruptcy Court entered the *Order Establishing Bidding Procedures* (the “Bidding Procedures Order”) [Docket No. 141] and the *Order Pursuant to 11*

U.S.C. §§ 327(a) and 328(a) of the Bankruptcy Code Authorizing the Employment and Retention of Conway MacKenzie Capital Advisors LLC as Investment Banker to the Debtors Nunc Pro Tunc to the Petition Date [Docket No. 142], approving the retention of Conway MacKenzie as investment banker. The Bidding Procedures Order approved, among other things, the procedures for the Debtors to solicit and obtain the highest or otherwise best bids for their assets through an auction process.

On August 26, 2016 (the Bid Deadline), the Debtors received twenty-four (24) separate offers from nineteen (19) different parties. The Debtors determined that the best way to maximize the value of these assets was to divide the equipment into several additional lots based on particular interest in specific items. This strategy would optimize the competition among the strategic buyers on particular pieces of equipment, with the goal of extracting value over and above what a liquidator would pay for substantially all of the Debtors’ assets in a single lot. In addition, the Debtors created a “Remnant Lot” consisting of assets that did not generate sufficient particularized interest. Following this process, the Debtors divided their assets into fifteen (15) different lots.

On August 31, 2016, the Debtors conducted an auction in connection with the Sales (the “Auction”). After a nearly eight (8) hours, the Debtors had identified ten (10) different winning bidders for substantially all of their equipment, with the exception of the equipment line devoted to the production of the so-called “Back of Cab” acoustical insulation part for pickup trucks. Among the purchase agreements that the Debtors entered into within 24 hours following the Auction, was an agreement with Bonded Logic, Inc. (“Bonded Logic”) to acquire the Lafayette facility and its assets as a turn-key operation.

On September 9, 2016, the Court entered the *Order Approving Sale of Substantially All Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests and Granting Related Relief* (the “Sale Order”) [Docket No. 236]. The Sale Order authorized, among other things, the Debtors to consummate the sale transactions with the ten (10) winning bidders (the “Sales”) pursuant to those certain Purchase Agreements entered into between the Debtors and the winning bidders on September 1, 2016. In total, the sales generated \$4,880,004. The Debtors closed each sale transaction during the week of September 12, 2016. The purchasers and purchase price paid for the assets are as follows:

Buyer	Purchase Price
Bonded Logic, Inc.	\$850,000 (plus lease of Lafayette facilities)
Borgers USA Corp.	\$290,000
Formed Fiber Technologies, LLC	\$109,500
Hilco Industrial, LLC	\$746,000
International Automotive Components North America, Inc.	\$200,000
Marves Industries, Inc.	\$12,000
Midwest Acoust-A-Fiber, Inc.	\$198,301
Milliken Nonwovens, LLC	\$2,400,003
Swift Components Corporation	\$15,080
UFP Technologies, Inc.	\$60,000

Through these Sales, the Debtors liquidated substantially all of their machinery and equipment, in addition to enhancing the value of the Lafayette real estate by negotiating lease with Bonded Logic, which carries a potential eleven-year term. Significant assets remain in the Estates to be liquidated, however, including real estate in Lafayette and Franklin, which CCM owns through its corporate subsidiaries, the 45% stake in the Mexico JV, the 20% stake in Marves, Airloc, and the GM Lawsuit (discussed below).

2.4.6 Cash Collateral Usage and the Payoff of the Senior Debt. In the absence of any post-petition financing in these Chapter 11 Cases, the Debtors have relied exclusively on the use of cash collateral to fund their operations. To that end, on the Petition Date, the Debtors filed the *Motion of the Debtors for Interim and Final Orders (A) Authorizing Use of Cash Collateral; (B) Granting Adequate Protection; (C) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001; and (D) Granting Related Relief* (the “Cash Collateral Motion”) [Docket No. 12]. On July 13, 2016, the Bankruptcy Court entered the *Interim Order (A) Authorizing Use of Cash Collateral; (B) Granting Adequate Protection; (C) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001; and (D) Granting Related Relief* (the “First Interim Cash Collateral Order”) [Docket No. 69]. Pursuant to the First Interim Cash Collateral Order, the Debtors were permitted to use cash collateral on an interim basis through and including August 2, 2016 according to an approved budget. On August 4, 2016, the Bankruptcy Court extended cash collateral usage through and including September 19, 2016. See Second Interim Order [Docket No. 149].

In connection with the Second Interim Order, the Debtors proposed, as adequate protection to GM’s then-junior lien, to payoff the Senior Debt (which GM had acquired from Wells Fargo) in full. The Second Interim Order set forth a process by which GM provided the Debtors with a payoff amount (the “Payoff Amount”) on August 5, 2016, which the Debtors then paid on August 8th. The Debtors took the position that payment of the Payoff Amount would fully and completely satisfy the Senior Debt, and that GM would be obligated to discharge the liens, claims, encumbrances, and mortgages securing such Senior Debt. GM argued, however, that it should have the right, following the above-mentioned Sales, to seek reapplication of the Payoff Amount and a marshalling or other application or sequencing of collateral currently securing to the Senior Debt as appropriate to satisfy the Junior Notes. Accordingly, the Second Interim Order provided that all liens, mortgages, security interests, and other interests securing the Senior Debt were not discharged or otherwise modified, and such encumbrances should continue and remain in place subject to further order of the Bankruptcy Court.

On August 5, 2016, GM provided the Debtors with the Payoff Amount totaling \$1,922,482.31. The Debtors paid this amount to GM on August 8, 2016, although they dispute \$535,621.64 in accrued fees, costs, and interest. This latter portion is being held in escrow by GM pending the resolution of such dispute consistent with the Second Interim Order. In addition, GM subsequently informed the Debtors that it had overstated the initial payoff by \$21,614.06, which amount GM will be returning to the Debtors.

2.4.7 Settlement with Direct Energy. In connection with the Debtors’ Cash Collateral Motion, an entity named Direct Energy Business Marketing, LLC (“Direct Energy”) asserted a lien on certain pre-petition cash in the Debtors’ Wells Fargo account. Prior to the Petition Date, Direct Energy had commenced a civil action in Massachusetts Superior Court

styled *Direct Energy Business Marketing, LLC f/k/a Hess Energy Marketing, LLC v. Clark-Cutler-McDermott Co.*, No. 1682CV00518 (the “State Court Action”). As part of the State Court Action, Direct Energy also obtain an attached of funds in the amount of \$171,936.93 (the “Attachment”). Because the Attachment occurred within 90 days of the Petition Date, the Debtors argued that it constituted as avoidable preference under section 547(b) of the Bankruptcy Code. The parties agreed to settle the Debtors’ preferential transfer claim upon the following conditions: (i) the Debtors will agree to cause \$34,387.39 to be paid to Direct Energy from the attached funds currently segregated and held by Wells Fargo; (ii) Direct Energy would release all claims against the Debtors in connection with the State Court Action; (iii) the Debtors would release all claims against Direct Energy in connection with the State Court Action; and (iv) Direct Energy will cause the release of the remainder of the Attachment (i.e., approximately \$137,549.54) to the Debtors for the benefit of their Estates. On August 24, 2016, the Debtors filed the *Motion of the Debtors Pursuant to Bankruptcy Rule 9019 and Local Rule 9019-1 for Entry of an Order Approving Settlement Agreement with Direct Energy Business Marketing, LLC* (the “9019 Motion”) [Docket No. 184]. The Bankruptcy Court has scheduled a hearing on the 9019 Motion for September 19, 2016. No party has objected to the proposed settlement.

2.4.8 The GM Investigation and Lawsuit. On July 20, 2016, the United States Trustee (“U.S. Trustee”) filed a *Notice of Appointment of Unsecured Creditors’ Committee* [Docket No. 91] appointing a committee consisting of five of the Debtors’ unsecured creditors (the “Committee”). Following its appointment, the Committee spearheaded an investigation into the existence and viability of certain claims that the Debtors may hold against GM for, among other things, breach of contract, breach of good faith and fair dealing, fraud, unfair and deceptive practices under M.G.L. c. 93A, breach of fiduciary duty, and equitable subordination (collectively, the “Causes of Action”). During the course of its investigation, the Committee served and conducted Rule 2004 examinations of certain key GM employees, professional advisors, and various potential alternative suppliers. The Committee reviewed thousands of pages of documents that GM and others produced.

The Committee’s investigation culminated on September 2, 2016 with the filing of a six-count complaint against GM commencing the adversary proceeding styled *The Official Committee of Unsecured Creditors et al. v. General Motors, LLC*, Case No. 16-04083 (Bankr. D. Mass.) (the “GM Lawsuit”). As set forth in the Complaint, the Debtors and the Committee have alleged that GM orchestrated a fraudulent scheme to end its supply relationship with the Debtors, which involved funding their continued operations under the pretense that GM would negotiate in good faith to achieve permanent price increases that would restore the Debtors to viability and/or position the business for sale. In reality, GM saddled the Debtors with secured debt while it lined up alternative suppliers. Because the Component Parts were highly specialized, it took GM months to resource production with alternative suppliers. In the meantime, the Debtors continued to borrow money from GM on a weekly basis, which destroyed the company’s value and made a going concern sale impossible. GM’s scheme was interrupted by the commencement of these Chapter 11 Cases on July 7, 2016. Instead of negotiating in good faith, GM worked independently to line up alternative suppliers that would either acquire the Debtors’ manufacturing business through a sale, or begin independently producing for GM. GM’s lack of good faith precipitated the Debtors’ spiral into bankruptcy, and in the process, irreparably harmed the Debtors and their unsecured creditors. Among other relief, the GM Lawsuit seeks to

recover damages (including treble damages) from GM on account of breach of contract and fraud, as well as the equitable subordination and disallowance of GM's Claim.

2.4.9 The Motion to Convert. On September 2, 2016, two days after the Auction, GM filed the *General Motors LLC's Motion to Convert Case to Chapter 7 Pursuant to 11 U.S.C. §§ 1112(b)(1) and 1112(b)(4)(a)* (the "Motion to Convert") [Docket No. 217]. In the Motion to Convert, GM observes that the sale process the Debtors ran in August, which generated nearly \$4.9 million for the Estates, was effectively a piecemeal liquidation, which could have been accomplished more efficiently in chapter 7. Given that the Debtors have ceased their manufacturing operations and are in the process of selling all of their assets, GM argues there is "cause" under section 1112(b) of the Bankruptcy Code to convert these Chapter 11 Cases to chapter 7. Specifically, GM seeks to establish cause under section 1112(b)(4)(A) of the Bankruptcy Code, asserting that the Estate is incurring continuing losses and has no reasonable likelihood of rehabilitation.

On September 16, 2016, the Debtors filed the *Debtors' Opposition to General Motors LLC's Motion to Convert Case to Chapter 7 Pursuant to 11 U.S.C. §§ 1112(b)(1) and 1112(b)(4)(A)* (the "Opposition"). The Debtors' Opposition establishes that, contrary to GM's position, there is no substantial or continuing loss or diminution of their Estates. To the contrary, the Debtors' actions in the first two months of these Chapter 11 Cases have greatly enhanced the value of their assets. Significantly, the Sales generated \$4,880,884 in cash. This amount is approximately 105% of the orderly liquidation value as determined in a May 2016 appraisal by Koster Industries ("Koster"), and exceeded the estimated forced liquidation value by more than \$2 million.³ In addition, the Debtors sold the Lafayette, Georgia facility as a turn-key operation with a likely eleven year lease at a rental rate of over \$3.00 per square foot, triple net rent. Moreover, while the Koster appraisal assumed a 12-month sale process costing \$1.22 million, the Debtors marketed, auctions, and closed the Sales on the assets is just over sixty (60) days at a cost comparable to the out of Court process contemplated by Koster. By any objective measure, therefore, the Debtors' sale process was a success, achieved at roughly the equivalent administrative costs of a chapter 7 process, and in less time. The Debtors further argue that remaining in chapter 11 is in the best interests of all stakeholders, as it will provide the most efficient, effective, and value maximizing process of liquidating their remaining assets.

2.4.10 The Bar Date Order. [To Come].

2.4.11 Schedules and SOFAs. On August 12, 2016, the Debtors filed their *Schedule of Assets and Liabilities* [Docket No. 170 and Docket No. 15 in the Lafayette proceeding, Case No. 16-41189] and their *Statements of Financial Affairs* [Docket No. 171 and Docket No. 16 in the Lafayette proceeding, Case No. 16-41189] (as amended or modified and together as, the "Schedules"). On August 29, 2016, the Debtors filed amended Schedules A/B and Statements of Financial Affairs, for the purpose of correcting several inadvertent errors related to asset valuations, and to add additional payments made to creditors within ninety (90) days of the Petition Date.

³ Koster's forced liquidated value for all assets was \$3,106,045, but includes \$337,850 in assets that were not sold at the auction. Accordingly, the forced liquidation value for the assets that were sold was estimated by Koster to be \$1,774,839.

2.5 SECURED CLAIMS ENCUMBERING THE DEBTOR'S PROPERTY.

2.5.1 The GM Junior Notes Claims. As explained above, prior to the Petition Date, the Debtors borrowed \$6,022,500 from GM as evidenced by fifteen (15) separate Junior Notes. The Junior Notes are secured by liens on and security interests in substantially all of the Debtor's assets, including Cash Collateral. In the GM Lawsuit, the Debtors and Creditors' Committee object to the GM Junior Notes Claim and seek, among other things, to disallow and subordinate the Claim.

2.6 ADMINISTRATIVE CLAIMS.

2.6.1 Administrative Claims. Administrative Claims are Claims that are incurred in the ordinary course of the business during the pendency of the Debtors' case on or before the Effective Date. The Debtors estimate such Administrative Claims, excluding Fee Claims, as of the date hereof, to be approximately \$[TBD].

2.6.2 Fee Claims. Fee Claims are Administrative Claims for the compensation of the Debtors' or the Committee's professionals or other entities for professional services rendered or expenses incurred in the Chapter 11 Cases on or before the Effective Date. All payments to Professionals for Fee Claims will be made in accordance with the procedures established in the Bankruptcy Code, the Bankruptcy Rules, the United States Trustee Guidelines and the Bankruptcy Court relating to the payment of interim and final compensation for services rendered and reimbursement of expenses. The Bankruptcy Court will review and determine all applications for compensation for services rendered and reimbursement of costs.

2.7 UNSECURED CLAIMS AGAINST THE DEBTOR.

2.7.1 Unsecured Priority Claims. According to the Debtors' Schedules and certain Claims filed to date, the Debtors allegedly owe approximately \$110,000 on account of tax Claims entitled to priority pursuant to Bankruptcy Code Section 507(a)(8). The Debtors believes that there are no valid Priority Claims outstanding for employee wages and benefits.

2.7.2 Unsecured Nonpriority Claims. The Debtors' Schedules reflect unsecured nonpriority Claims against the Debtors in the approximate amount of \$5,761,234.16 (which amount is comprised of \$5,177,567.69 in claims against CMM and \$586,666.47 in claims against Lafayette), plus certain unknown amounts scheduled as contingent, unliquidated and disputed.

III. SUMMARY OF THE PLAN OF LIQUIDATION.

3.1 IN GENERAL.

The Plan provides for the liquidation and distribution of all of the Debtor's assets pursuant to the terms of the Plan and the Liquidating Trust Agreement. The distributions contemplated under the Plan will be derived from the Debtors' Cash (including proceeds of the Sales) and proceeds of any remaining assets, including Causes of Action.

If the Plan is confirmed by the Bankruptcy Court, each holder of an Allowed Administrative Claim shall be paid in full in Cash, except to the extent that a holder agrees to less favorable treatment. Such Claims shall be paid on the earlier of (a) on or as soon as reasonably practicable after the Effective Date if such Administrative Claim is Allowed as of the Effective Date or (b) on or as soon as reasonably practicable after the date such Administrative Claim is Allowed, if such Administrative Claim is not Allowed as of the Effective Date.

In addition, on the Effective Date, the Debtors shall pay, in full in Cash, any fees due and owing to the U.S. Trustee at the time of Confirmation. On and after the Effective Date, the Liquidating Trust shall be responsible for (i) filing post-Confirmation quarterly reports and any pre-Confirmation monthly operating reports not filed as of the Confirmation Hearing in conformity with the U.S. Trustee guidelines and (ii) all applicable U.S. Trustee fees for the Chapter 11 Cases until the entry of a final decree or until the Chapter 11 Cases are closed or dismissed.

All other Allowed Claims will receive distributions as set forth below.

3.2 CLASSIFICATION OF CLAIMS AND INTERESTS.

3.2.1 Class 1: Wells Fargo Secured Claims. This Class consists of Wells Fargo Secured Claims. Class 1 is Unimpaired by the Plan, and each holder of a Class 1 Wells Fargo Secured Claim is conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f).

3.2.2 Class 2: GM Secured Claims. This Class consists of GM Secured Claims. Class 2 is Unimpaired by the Plan, and each holder of a Class 2 GM Secured Claim is conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f).

3.2.3 Class 3: Other Secured Claims. This Class consists of Other Secured Claims. Class 3 is Unimpaired by the Plan, and each holder of a Class 3 Other Secured Claim is conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f).

3.2.4 Class 4: Priority Non-Tax Claims. This Class consists of Priority Non-Tax Claims. Class 4 is Unimpaired by the Plan, and each holder of a Class 4 Priority Non-Tax Claim is conclusively presumed to have accepted the Plan pursuant to Bankruptcy Code section 1126(f).

3.2.5 Class 5A: General Unsecured Claims against CCM. This Class consists of General Unsecured Claims against CCM. Class 5A is Impaired by the Plan, and each holder of a Class 5A General Unsecured Claim against CCM Claim is entitled to vote to accept or reject the Plan.

3.2.6 Class 5B: General Unsecured Claims against Lafayette. This Class consists of General Unsecured Claims against Lafayette. Class 5B is Impaired by the Plan, and each holder of a Class B General Unsecured Claim against Lafayette is entitled to vote to accept or reject the Plan.

3.2.7 Class 6: Intercompany Claims. This Class consists of all Intercompany Claims. Class 6 is Impaired by the Plan, and each holder of a Class 6 Intercompany Claim is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Holders of Class 6 Intercompany Claims are not entitled to vote to accept or reject the Plan.

3.2.8 Class 7: Interests in Lafayette. This Class consists of Interests in Lafayette. Class 7 is Impaired by the Plan, and each holder of a Class 7 Interest is conclusively presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Holders of Class 7 Interests are not entitled to vote to accept or reject the Plan.

3.2.9 Class 8: Interests in CCM. This Class consists of Interests in CCM. Class 8 is Impaired by the Plan, and each holder of a Class 8 Interest is entitled to vote to accept or reject the Plan.

3.3 TREATMENT OF UNIMPAIRED CLAIMS AND CLASSES.

Administrative Claims. Except to the extent that a holder agrees to less favorable treatment, each holder of an Allowed Administrative Claim shall be paid in full in Cash. Such Claims shall be paid on the earlier of (a) on or as soon as reasonably practicable after the Effective Date if such Administrative Claim is Allowed as of the Effective Date or (b) on or as soon as reasonably practicable after the date such Administrative Claim is Allowed, if such Administrative Claim is not Allowed as of the Effective Date.

The Debtors or Liquidating Trustee shall provide notice of the Administrative Claims Bar Date to all parties in interest in connection with a notice of the Effective Date. Applications for allowance and payment of Administrative Claims (including Fee Claims) must be Filed on or before the Administrative Claims Bar Date. Holders of Administrative Claims that are required to, but do not, File and serve a request for payment of such Administrative Claims by such applicable dates shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Liquidating Trust or the Liquidating Trust Assets and such Administrative Claims shall be deemed discharged as of the Effective Date. Objections to any Applications for allowance and payment of Administrative Claims (including Fee Claims) must be Filed and served on the Liquidating Trust and the requesting party no later than twenty (20) days from the service of such application.

3.3.1 Priority Tax Claims. Except to the extent that the holder agrees to less favorable treatment, in exchange for full and final satisfaction, settlement, release and discharge, each holder of an Allowed Priority Tax Claim due and payable on or before the Effective Date shall receive, at the option of the Debtors, one of the following treatments: (i) Cash in an amount equal to the amount of such Allowed Priority Tax Claim on or as soon as reasonably practicable after the later of the Effective Date or the date on which such Priority Tax Claim becomes

Allowed; (ii) Cash in an aggregate amount of such Allowed Priority Tax Claim payable in installment payments over a period of time not to exceed five years after the Petition Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code; or (iii) such other treatment as may be agreed upon by such holder and the Debtors or otherwise determined upon a Final Order.

3.3.2 Class 1: Wells Fargo Secured Claims. Except to the extent that the holder agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, and release, each holder of an Allowed Wells Fargo Secured Claim shall be paid in full in Cash. Allowed Wells Fargo Secured Claims shall be paid on or as soon as reasonably practicable after the later of: (i) the Effective Date; (ii) the date on which such Wells Fargo Secured Claim becomes Allowed; or (iii) such other date as may be ordered by the Bankruptcy Court.

3.3.3 Class 2: GM Secured Claims. Except to the extent that the holder agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, and release, each holder of an Allowed GM Secured Claim shall be paid in full in Cash. Allowed GM Secured Claims shall be paid on or as soon as reasonably practicable after the later of: (i) the Effective Date; (ii) the date on which such GM Secured Claim becomes Allowed; or (iii) such other date as may be ordered by the Bankruptcy Court.

3.3.4 Class 3: Other Secured Claims. Except to the extent that the holder agrees to less favorable treatment, in exchange for full and final satisfaction, settlement, and release, each holder of an Allowed Other Secured Claim shall receive all collateral securing the respective holder's Allowed Other Secured Claim on or as soon as reasonably 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 may be ordered by the Bankruptcy Court

3.3.5 Class 4: Priority Non-Tax Claims. Except to the extent that the holder agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, and release, each holder of an Allowed Priority Non-Tax Claim shall be paid in full in Cash on or soon as reasonably practicable after the later of: (i) the Effective Date; (ii) the date on which such Priority Non-Tax Claim becomes Allowed; or (iii) such other date as may be ordered by the Bankruptcy Court.

3.4 TREATMENT OF IMPAIRED CLASSES.

3.4.1 Class 5A: General Unsecured Claims against CCM. Except to the extent that the holder agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, and release, each holder of an Allowed General Unsecured Claim against CCM shall receive a *pro rata* share of the Distributable CCM Cash in the form of periodic distributions from the Liquidating Trust from time to time.

3.4.2 Class 5B: General Unsecured Claims against Lafayette. Except to the extent that the holder agrees to a less favorable treatment, in exchange for full and final satisfaction, settlement, and release, each holder of an Allowed General Unsecured Claim against Lafayette shall receive a *pro rata* share of the Distributable Lafayette Cash in the form of periodic distributions from the Liquidating Trust from time to time.

3.4.3 Class 6: Intercompany Claims. On the Effective Date, all Intercompany Claims shall be waived and cancelled and holders of Intercompany Claims shall not receive any distribution on account of such Intercompany Claims.

3.4.4 Class 7: Interests in Lafayette. On the Effective Date, all Interests in Lafayette shall be cancelled and holders of Interests shall not receive or retain any distribution or property on account of such Interests.

3.4.5 Class 8: Interests in CCM. On the Effective Date, all Interests in CCM shall be cancelled. If and when all Allowed General Unsecured Claims against CCM in Class 5A are paid in full with post-petition interest at the Federal Judgment Rate, the holders of Interests in CCM shall receive one or more distributions of CCM Distributable Cash from the Liquidating Trust which such holders shall share in accordance with the constituent documents establishing such Interests.

3.5 IMPLEMENTATION OF THE PLAN.

3.5.1 Liquidating Trust.

(a) **Creation of Liquidating Trust.** On the Effective Date, the Liquidating Trust shall be created in accordance with the Liquidating Trust Agreement and funded by the Debtors' transfer to the Liquidating Trust of the Liquidating Trust Assets. The Liquidating Trust shall be a newly-formed trust with no prior assets or liabilities. The Liquidating Trustee shall serve as the trustee of the Liquidating Trust. As will be set forth in the Liquidating Trust Agreement, holders of Allows Claims or Interests entitled to distributions under the Plan shall be deemed to receive uncertificated beneficial interests in the Liquidating Trust on the Effective Date.

(b) **Transfers to the Liquidating Trust.** On the Effective Date, the Debtors and their Estates shall transfer and shall be deemed to have irrevocably transferred to the Liquidating Trust, the Liquidating Trust Assets, which transfer shall be free and clear of Claims, Liens, encumbrances, Interests, and contractually-imposed restrictions except as otherwise provided in the Plan.

(c) **The Liquidating Trustee.** From and after the Effective Date, the Liquidating Trustee shall be the exclusive representative of the Estates subject to the terms of the Liquidating Trust Agreement.

(d) **Responsibilities of the Liquidating Trustee.** The responsibilities of the Liquidating Trustee under the Liquidating Trust Agreement and the Plan shall include those set forth in the Liquidating Trust Agreement, including, without limitation, the following (a) the receipt of the Liquidating Trust Assets; (b) the establishment and maintenance of such operating, reserve, and trust account(s) as are necessary and appropriate to carry out the terms of the Liquidating Trust; (c) the investment of Cash; (d) the pursuit of objections to, estimation of and settlements of Claims, regardless of whether such Claim is listed on the Schedules; (e) the prosecution of any Causes of Action not otherwise released under the Plan; (f) unless otherwise provided in the Plan, the calculation and distribution of all distributions to be made under the Plan; (g) the payment of fees pursuant to 28 U.S.C. § 1930 incurred after the Effective Date until

the closing of the Chapter 11 Cases; (h) to respond to reasonable requests for information regarding the administration of the Liquidating Trust made by parties in interest; and (i) such other responsibilities as may be vested in the Liquidating Trustee pursuant to the Plan, the Liquidating Trust Agreement, the Confirmation Order, other Final Orders, or as otherwise may be necessary and proper to carry out the provisions of the Plan. The Liquidating Trustee shall be responsible for the filing of all required tax returns and operating reports and the paying of taxes due from the Estates or the Liquidating Trust and all other obligations on behalf of the Liquidating Trust, if any.

(e) **Powers of Liquidating Trustee.** The powers of the Liquidating Trustee, as set forth in the Liquidating Trust Agreement shall include, without limitation and without further Bankruptcy Court approval, each of the following:

i. To exercise in a manner not inconsistent with the Plan all power and authority that may be or could have been exercised, commence all proceedings that may be or could have been commenced and take all actions that may be or could have been taken by any member, officer, director, manager, or shareholder of the Debtors with like effect as if authorized, exercised and taken by unanimous action of such officers, directors, member, manager, and shareholders, including, without limitation, the dissolution of the Debtors;

ii. To maintain accounts, to make distributions provided for or contemplated in the Plan; and take other actions consistent with the Plan and the implementation thereof, including the establishment, re-evaluation, adjustment and maintenance of appropriate reserves, in the name of the Liquidating Trustee;

iii. Except to the extent set forth in the Plan, to object to any Claims regardless of whether such Claim was Disputed on the Effective Date, and to compromise or settle any Claims (prior to or after objection) regardless of whether such Claim was Disputed on the Effective Date, without approval of the Bankruptcy Court, free of any restriction of the Bankruptcy Code, the Bankruptcy Rules, the local rules of the Bankruptcy Court, and the guidelines and requirements of the United States Trustee, other than those restrictions expressly imposed by the Plan, the Confirmation Order or the Liquidating Trust Agreement;

iv. To make decisions, without further Bankruptcy Court approval, regarding the retention or engagement of professionals, employees and consultants by the Liquidating Trust and the Liquidating Trustee and to pay the fees and charges incurred by the Liquidating Trust on or after the Effective Date for fees and expenses of professionals, disbursements, expenses, or related support services relating to the winding down of the Debtors and implementation of the Plan without application to the Bankruptcy Court;

v. To file, if necessary, any and all tax and information returns required with respect to the Liquidating Trust as a grantor trust pursuant to Treas. Reg. 1.671-4(a) or otherwise, (ii) make tax elections by and on behalf of the Liquidating Trust, and (iii) pay taxes, if any, payable by the Liquidating Trust.

vi. To take all other actions not inconsistent with the provisions of the Plan which the Liquidating Trustee deems reasonably necessary or desirable with respect to administering the Plan;

vii. To collect any accounts receivable or other claims of the Debtors or Estates not otherwise disposed of pursuant to the Plan or the Confirmation Order;

viii. To implement and/or enforce all provisions of the Plan, including entering into any agreement or executing any document required by or consistent with the Plan, the Confirmation Order and the Liquidating Trust Agreement, and perform all of the Debtor's obligations thereunder;

ix. To abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization of its choice, any Liquidating Trust Asset if the Liquidating Trustee concludes they are no benefit to the Estate;

x. Except as otherwise set forth in the Plan, to prosecute and/or settle Causes of Action for the benefit of holders of Allowed Claims, with or without approval of the Bankruptcy Court, and exercise, participate in or initiate any proceeding before the Bankruptcy Court or any other court of appropriate jurisdiction and participate as a party or otherwise in any administrative, arbitative, or other nonjudicial proceeding and pursue to settlement or judgment such actions;

xi. To purchase or create and carry all insurance policies and pay all insurance premiums and costs the Liquidating Trustee deems necessary or advisable;

xii. To collect and liquidate and/or distribute all Liquidating Trust Assets pursuant to the Plan, the Confirmation Order and the Liquidating Trust Agreement and administer the winding down of the Debtors' affairs;

xiii. To hold any legal title to any and all of the Liquidating Trust Assets;

xiv. If any of the Liquidating Trust Assets are situated in any state or other jurisdiction in which the Liquidating Trustee is not qualified to act as trustee, to nominate and appoint a Person duly qualified to act as trustee in such state or jurisdiction and require from each such trustee such security as may be designated by the Liquidating Trustee in its discretion; confer upon such trustee all the rights, powers, privileges and duties of the Liquidating Trustee hereunder, subject to the conditions and limitations of the Liquidating Trust Agreement, except as modified or limited by the Liquidating Trustee and except where the conditions and limitations may be modified by the laws of such state or other jurisdiction (in which case, the laws or the state or jurisdiction in which the trustee is action shall prevail to the extent necessary); require such trustee to be answerable to the Liquidating Trustee for all monies, assets and other property that may be received in connection with the administration of all property; and remove such trustee, with or without cause, and appoint a successor trustee at any time by the execution by the Liquidating Trustee of a written instrument declared such trustee removed from office, and specifying the effective date and time of removal;

xv. Retain any and all Insurance Policies of the Debtors providing coverage with respect to Claims; and

xvi. Exercise such other powers as may be vested in or assumed by the Liquidating Trustee pursuant to the Plan, the Liquidating Trust Agreement, the Confirmation Order, other orders of the Bankruptcy Court, or as may be necessary and proper to carry out the provisions of the Plan.

The Liquidating Trustee shall stand in the same position as the Debtors with respect to any claim the Debtors may have to an attorney-client privilege, the work-product doctrine, or any other privilege, and the Liquidating Trustee shall succeed to all of the Debtors' rights to preserve, assert or waive any such privilege.

(f) Unclaimed Property of the Liquidating Trust. The Liquidating Trustee shall establish the Unclaimed Property Reserve for all Unclaimed Property. Such Unclaimed Property shall be held in a reserve, for a period of sixty (60) days, for the recipients of the beneficial interests in the Liquidating Trust entitled thereto under the terms of the Plan and Confirmation Order. Once the distribution becomes Unclaimed Property, the Liquidating Trustee shall, subject to the limitations set forth in the Plan, (a) hold such Unclaimed Property in the Unclaimed Property Reserve solely for the benefit of such holder or holders who have failed to claim such Unclaimed Property and (b) release the Unclaimed Property from the Unclaimed Property Reserve and deliver to the holder entitled thereto upon presentation of proper proof by such holder of its entitlement thereto. After the expiration of sixty (60) days, the holders theretofore entitled to such Unclaimed Property shall cease to be entitled thereto and shall be entitled to no further distribution under the Plan, and such Claims or Interests shall be deemed disallowed and expunged in their entirety and the funds shall be redistributed to the other holders of Allowed Claims or Interests in accordance with the terms of the Plan, Confirmation Order, and Liquidating Trust Agreement. Such funds shall not be subject to the escheat laws of any state.

(g) Compensation of the Liquidating Trustee. The Liquidating Trustee shall be compensated as agreed upon by the Liquidating Trustee and the Liquidating Trust Board, pursuant to the terms of the Liquidating Trust Agreement. Any professionals retained by the Liquidating Trustee shall be entitled to reasonable compensation for services rendered and reimbursement of expenses incurred, subject to approval by the Liquidating Trustee. The payment of fees and expenses of the Liquidating Trustee and its professionals shall be made in the ordinary course of business and shall not be subject to Bankruptcy Court approval. The identity of the Liquidating Trustee and the initial members of the Liquidating Trust Board and the proposed compensation for each shall be disclosed in the Plan Supplement.

(h) Sale Free and Clear of Liens. The sale or other disposition of any Liquidating Trust Assets by the Liquidating Trustee in accordance with the Plan and the Liquidating Trust Agreement shall be free and clear of any and all liens, claims, interests and encumbrances pursuant to Bankruptcy Code section 363(f).

(i) **Transfer Taxes.** Any transfer of all or any portion of the Liquidating Trust Assets pursuant to the Plan shall constitute a “transfer under a plan” within the purview of Bankruptcy Code section 1146(c) and shall not be subject to any stamp tax or similar tax.

(j) **Causes of Action.** The Liquidating Trustee shall have the sole right to pursue any existing or potential Cause of Action, except those previously waived or released by the Debtors or released pursuant to the Plan, by informal demand and/or commencement of litigation.

(k) **Effective Date.** On the Effective Date, the Liquidating Trustee shall have the rights and powers set forth in the Plan in order to carry out and implement the purposes and intent of the Plan.

(l) **Records.** On or prior to the Effective Date, the Debtors shall transfer to the Liquidating Trust all originals and/or copies of available documents and business records of the Debtors. The Liquidating Trust shall maintain such records until the earlier of: (a) the entry of a final decree in the Chapter 11 Cases or (b) five years from the filing of the Debtors’ final tax returns. Thereafter, said records may be destroyed or otherwise disposed of. If the Liquidating Trustee seeks to destroy or otherwise dispose of any of the records prior to the time periods set forth in the Plan, the Liquidating Trustee shall be entitled to do so upon Final Order after notice and hearing.

(m) **Resignation of Officers and Directors.** On the Effective Date, the members of the board of directors, officers, managers, and other similar management personnel of the Debtors shall be deemed to have resigned.

3.5.2 Cancellation of Existing Securities. Except as otherwise provided in the Plan or any agreement, instrument, or other document incorporated in the Plan, on the Effective Date, the obligations of the Debtors pursuant, relating, or pertaining to any agreements, indentures, certificates of designation, bylaws, certificates or articles of incorporation, or similar documents governing the shares, certificates, notes, bonds, purchase rights, options, warrants, or other instruments or documents evidencing or creating any indebtedness or obligation of a Debtor shall be released and discharged.

3.5.3 Preservation of Causes of Action. In accordance with section 1123(b) of the Bankruptcy Code, the Liquidating Trustee may pursue the Causes of Action in its discretion, other than those released under the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Final Order, the Liquidating Trust expressly reserves all Causes of Action for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise), or laches, shall apply to the Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. In accordance with section 1123(b)(3) of the Bankruptcy Code, the Liquidating Trustee may exclusively enforce any and all Causes of Action that are not released hereunder. Subject to the terms of the Liquidating Trust Agreement, the Liquidating Trustee shall have the exclusive right, authority, and discretion to determine and to initiate, file, prosecute, enforce, abandon, settle, compromise, release, withdraw, or litigate to judgment any Cause of Action and

to decline to do any of the foregoing without further notice to or action, order or approval of the Bankruptcy Court. Without limiting the breadth and generality of the foregoing paragraph, the following Causes of Action are expressly preserved for prosecution by the Liquidating Trust for the benefit of holders of Allowed Claims: (1) Any Causes of Action against General Motors, LLC, including those asserted in *Official Committee of Unsecured Creditors, et al., v. General Motors, LLC*, Adv. Proc. No. 16-04083; (2) Causes of Action relating to GM's attempt to collect fictitious charges from the Debtors under the Wells Fargo line of credit; and (3) Avoidance Actions against any Entity.

3.5.4 Vesting of Assets. Except as otherwise explicitly provided in the Plan, on the Effective Date all property comprising the Estates shall vest in the Liquidating Trust to the same extent such property was held by the Debtors, free and clear of all Claims, Liens, charges, encumbrances, rights, and Interests of creditors and Interest holders, but subject to the terms of the Plan. As of the Effective Date, the Liquidating Trustee may use, acquire, and dispose of property and settle and compromise Claims subject only to the restrictions expressly imposed by the Plan, the Liquidating Trust Agreement, and the Confirmation Order.

3.6 FUNDING AND DISBURSEMENTS.

3.6.1 No Separate Disbursing Agent. The Liquidating Trustee shall make all distributions under the Plan on account of Allowed Claims against a Debtor pursuant to the terms of the Plan, Confirmation Order, and Liquidating Trust Agreement.

3.6.2 Reserves. The Liquidating Trustee shall establish appropriate reserves, which shall be segregated (by book entry or otherwise as the Liquidating Trustee determines) and held by the Liquidating Trustee on and after the Effective Date for the payment of Disputed Claims or Interests to the extent they become Allowed.

3.6.3 Cash Payments. Cash payments made pursuant to the Plan shall be in U.S. funds, by the means agreed to by the payor and payee, including by check or wire transfer or, in the absence of an agreement, such commercially reasonable manner as the Liquidating Trustee shall determine in his or her sole discretion.

3.6.4 Distribution for Allowed Claims and Interests. Except as otherwise provided in the Confirmation Order, or as otherwise ordered by the Bankruptcy Court, distributions to Allowed Claims and Interests shall be made as set forth in the Article III of the Plan. No holder of a Disputed Claim or Interest shall have any Claim against the applicable reserved funds, the Liquidating Trustee, the Liquidating Trust, the Debtors, or the Estates with respect to such Disputed Claim or Interest until such Disputed Claim or Interest becomes an Allowed Claim, and no holder of a Disputed Claim shall have any right to interest on such Disputed Claim or Interest.

3.6.5 Compliance with Tax Requirements. In connection with the Plan, to the extent applicable, the Liquidating Trust shall comply with all tax withholding and reporting requirements imposed on it by any Governmental Unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Liquidating Trust shall be authorized to take all actions necessary

or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions, including, without limitation, requiring that the holder of an Allowed Claim or Interest complete the appropriate IRS Form W-8 or IRS Form W-9, as applicable to each holder or establishing any other mechanisms they believe are reasonable and appropriate. The Liquidating Trust reserves the right to allocate all distributions made under the Plan in compliance with applicable wage garnishments, alimony, child support and other spousal awards, Liens, and encumbrances.

The Liquidating Trust shall not be required to make distributions on any Allowed Claim or Interest if the holder thereof has not provided all documentation necessary to determine all tax withholding and reporting requirements for such Allowed Claim or Interest. To the extent such documentation is not provided within thirty (30) days of a respective distribution, the distribution on such Allowed Claim or Interest shall be deemed Unclaimed Property.

3.6.6 Allocations. Distributions in respect of Allowed Claims or Interest shall be allocated first to the principal amount of such Claims or Interests (as determined for federal income tax purposes) and then, to the extent the consideration exceeds the principal amount of the Claims or Interests, to any portion of such Claims or Interests for accrued but unpaid interest.

3.6.7 Fractional Dollars: De Minimis Distributions. Notwithstanding any other provision of the Plan, the Liquidating Trustee shall not be required to make distributions or payments of fractions of dollars, and whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment made shall reflect a rounding down of such fraction to the nearest whole dollar. In addition, the Liquidating Trustee shall not be required to make any distribution in an amount less than \$50.00. To the extent that such a distribution shall be called for as part of any interim distribution, the Liquidating Trustee shall establish a reserve for all distributions in the amount of less than \$50.00 and shall, when and if the holder of a Claim or Interest is entitled to a distribution of \$50.00 or more, make such distribution at such time. The Liquidating Trustee shall not be required to make any Final Distribution to a particular holder of less than \$50.00 and all monies otherwise payable in such amount shall be donated to a charitable organization at the sole discretion of the Liquidating Trustee.

3.6.8 Delivery of Distributions to Holders of Allowed Claims and Allowed Interests. Distributions to holders of Allowed Claims or Interests shall be made at the address set forth in the Schedules or lists of equity security holders Filed pursuant to Bankruptcy Rule 1007(a)(3) unless such addresses are superseded by proofs of claim or interest or transfers of claims filed pursuant to Bankruptcy Rule 3001 or at the last known address of such holders if the Liquidating Trustee has been notified in writing of a change of address. If the distribution to any holder of an Allowed Claim or Interest is returned to the Liquidating Trustee as undeliverable or otherwise unclaimed, such Unclaimed Property shall be held in a reserve as set forth in Section IV.6 of the Plan.

If there are any residual Unclaimed Property at the time of the dissolution of the Liquidating Trust, such residual Unclaimed Property shall be available for a subsequent

Distribution or donated to a charitable organization at the sole discretion of the Liquidating Trustee.

3.6.9 No Penalty Claims. Unless otherwise specifically provided for in the Plan or the Confirmation Order, no holder of any Claim will be entitled to allowance of, or to receive any payment on account of, any penalty arising with respect to or in connection with such Claim and any such penalty shall be deemed disallowed and expunged.

3.6.10 Setoffs and Recoupment. The Liquidating Trust may, but shall not be required to, setoff against or recoup from any Claims of any nature whatsoever that the Debtors may have against the claimant pursuant to Bankruptcy Code section 558 or otherwise, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Liquidating Trust of any such Claim it may have against the holder of such Claim.

3.6.11 Distributions by the Liquidating Trust. The Liquidating Trustee shall not be obligated to make a distribution that would impair the ability of the Liquidating Trust to pay the expenses incurred by the Liquidating Trust.

3.6.12 Claims Paid or Payable by Third Parties.

(a) **Claims Paid by Third Parties.** The Liquidating Trust shall reduce in full a Claim, and such Claim shall be disallowed without a Claim objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court, to the extent that the holder of such Claim receives payment in full on account of such Claim from a party that is not a Debtor or Liquidating Trust. To the extent a holder of such Claim receives a distribution on account of such Claim and receives payment from a party that is not a Debtor or the Liquidating Trust on account of such Claim, such holder shall repay, return, or deliver any distribution to the Liquidating Trust, to the extent the holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of such Claim as of the date of any such distribution under the Plan. The Liquidating Trust and the Estates reserve all of their rights, remedies, claims, and actions against any such holders who fail to repay or return any such distribution.

(b) **Claims Payable by Third Parties.** No distributions under the Plan shall be made on account of an Allowed Claim that is payable pursuant the Insurance Policies until the holder of such Allowed Claim has exhausted all remedies with respect to such Insurance Policy. To the extent that one or more of the insurers agrees to satisfy in full or in part a Claim, then immediately upon such insurers' agreement, the applicable portion of such Claim may be expunged without a Claims objection having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court

(c) **Applicability of Insurance Policies.** Except as otherwise provided in the Plan, distributions to holders of Allowed Claims shall be in accordance with the provisions of any applicable Insurance Policy.

3.7 EXECUTORY CONTRACTS AND UNEXPIRED LEASES.

3.7.1 Assumption and Rejection of Executory Contracts and Unexpired Leases. On the Effective Date, and except for Insurance Policies assumed hereunder, all Executory Contracts and Unexpired Leases shall be deemed rejected as of the Effective Date, unless such Executory Contract or Unexpired Lease: (i) was assumed or rejected previously by the Debtors; (ii) previously expired or terminated pursuant to its own terms; or (iii) is the subject of a motion to assume Filed on or before the Effective Date.

Entry of the Confirmation Order shall constitute a Bankruptcy Court order approving the rejection of such Executory Contracts or Unexpired Leases pursuant to Bankruptcy Code sections 365(a) and 1123. Unless otherwise indicated, rejection of Executory Contracts and Unexpired Leases pursuant to the Plan shall be effective as of the Effective Date.

3.7.2 Claims Based on Rejection of Executory Contracts or Unexpired Leases. Proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, if any, must be Filed with the Bankruptcy Court within thirty (30) days after the date of entry of an order of the Bankruptcy Court (including, but not limited to, the Confirmation Order) approving such rejection. **Any Claims arising from the rejection of an Executory Contract or Unexpired Lease not Filed within such time will not be considered Allowed and such Person or Entity shall not be treated as a creditor for purposes of distributions under the Plan.** Claims arising from the rejection of Executory Contracts or Unexpired Leases shall be classified as General Unsecured Claims and shall be treated in accordance with Class 5A or 5B of the Plan as applicable.

3.7.3 Insurance Policies and Proceeds. Any and all proceeds of the Insurance Policies received by or payable to the Debtors pursuant to the terms of the Insurance Policies shall be deemed assigned to the Liquidating Trust.

Except to the extent determined by Final Order to be Executory Contracts, the Insurance Policies and any agreements, documents, or instruments relating thereto shall not be treated as or deemed to be Executory Contracts. On the Effective Date, the Liquidating Trust retains all Insurance Policies and nothing in the Plan, including any releases, shall diminish or impair the enforceability of the Insurance Policies that cover claims against a Debtor or any other Entity.

To the extent such Insurance Policies are determined by Final Order to be Executory Contracts subject to assumption pursuant to section 365 of the Bankruptcy Code, such Insurance Policies shall not be assumed by the Debtors or the Liquidating Trust unless such relief is sought by the Liquidating Trustee, within 60 days after entry of a Final Order determining that such Insurance Policies constitute Executory Contracts, and is approved by the Court.

3.8 RESOLUTION OF CLAIMS.

3.8.1 Claims Administration Responsibilities. After the Effective Date, the Liquidating Trust shall have and retain any and all rights and defenses that the Debtors had with respect to any Claim or Interest immediately before the Effective Date. Except as otherwise specifically provided in the Plan, after the Effective Date, the Liquidating Trust shall have the sole authority: (i) to File, withdraw, or litigate to judgment objections to Claims or Interests; (ii) to settle or compromise Disputed Claims or Interests without any further notice to or action, order, or approval by the Bankruptcy Court; and (iii) to direct the Clerk of the Bankruptcy Court to administer and adjust the claims register to reflect any such settlements or compromises without any further notice to or action, order, or approval by the Bankruptcy Court.

3.8.2 Estimation of Claims. Before or after the Effective Date, the Debtors or Liquidating Trust, as applicable, may (but are not required to) at any time request that the Bankruptcy Court estimate any Disputed Claim that is contingent or unliquidated pursuant to section 502(c) of the Bankruptcy Court for any reason, regardless of whether any party previously has objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any such Claim, including during the litigation of any objection to any Claim or during the appeal relating to such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the claims register, but that either is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. In the event that the Bankruptcy Court estimates any contingent or unliquidated Claim, that estimated amount shall constitute a maximum limitation on such Claim for all purposes under the Plan (including for purposes of distributions), and the Liquidating Trust may elect to pursue any supplemental proceedings to object to any ultimate distribution on such Claim.

3.8.3 Adjustment to Claims or Interests Without Objection. Any Claim that has been paid or satisfied, or any Claim that has been amended or superseded, cancelled, or otherwise expunged (including pursuant to the Plan), or any Claim whose treatment has been deemed modified by the Plan, or any Claim whose treatment has been agreed to by the holder of such Claim, may be adjusted or expunged (including on the claims register, to the extent applicable) by the Liquidating Trust, without a Claims objection or any other notice or motion having to be Filed and without any further notice to or action, order, or approval of the Bankruptcy Court.

3.8.4 Time to File Objections to Claims. Any objection to Claims against or Interests in the Debtors shall be Filed on or before the Claims Objection Deadline, as defined in the Plan.

3.8.5 Disallowance of Claims. Except as provided in the Plan or otherwise agreed, any and all Proofs of Claim Filed after the Claims Bar Date or Administrative Claims Bar Dates, as applicable, shall be deemed disallowed and expunged as of the Effective Date without any further notice to or action, order or approval of the Bankruptcy Court, and holders of such Claims may not receive any distributions on account of such Claims, unless on or before the Confirmation Hearing such late Claim has been deemed timely Filed by a Final Order.

3.8.6 Amendments to Claims. On or after the Effective Date, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Liquidating Trust, unless the proposed amended Claim is for a lesser amount than the original Claim. Absent such authorization, any new or amended Claim Filed shall be deemed disallowed in full and expunged without any further action.

3.8.7 Tax Implications for Recipients of Distributions. Notwithstanding any other provision of the Plan, each Entity receiving a distribution of Cash or other consideration pursuant to the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any Governmental Unit on account of the distribution, including income, withholding and other tax obligations.

3.8.8 Offer of Judgment. The Liquidating Trust is authorized to serve upon a holder of a Claim an offer to allow judgment to be taken on account of such Claim, and pursuant to Bankruptcy Rule 7068 and 9014, Federal Rule of Civil Procedure 68 shall apply to such offer of judgment. To the extent the holder of a Claim must pay the costs of Liquidating Trust, after making of such offer, the Liquidating Trust is entitled to setoff such amounts against the amount of any distribution to be paid to such holder.

3.8.9 Release of Liens Securing Disputed Claims. If a Secured Claim is a Disputed Claim, the holder of such claim shall be deemed to have released any Lien on its collateral, if any, pending determination of its Allowed Secured Claim, upon: (i) payment to the holder of such Disputed Claim the undisputed portion of such Secured Claim; and (ii) the placement of the disputed portion thereof into escrow.

3.8.10 No Distributions Pending Allowance. If an objection to a Claim or Interest or portions thereof is Filed, no payment or distribution provided under the Plan shall be made on account of such Claim or Interest or portions thereof unless and until such Disputed Claim or Interest becomes Allowed.

3.8.11 Distributions After Allowance. To the extent that a Disputed Claim or Disputed Interest ultimately becomes an Allowed Claim or Allowed Interest, distributions (if any) shall be made to the holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Liquidating Trust shall provide to the holder of such Claim the distribution (if any) to which such holder is entitled under the Plan as of the Effective Date, without any interest to be paid on account of such Claim or Interest unless required under applicable bankruptcy law.

3.9 SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS.

3.9.1 Compromise and Settlement of Claims, Interests and Controversies.

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Interests, and controversies relating to the contractual, legal, and subordination rights with respect to any Allowed Claim, and all Claims and controversies belonging to the Estates. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates, and holders of Claims and Interests, and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Liquidating Trust may compromise and settle (a) Claims against the Estates and (b) the Estates' Causes of Action against any Entities.

3.9.2 Binding Effect. The Plan shall be binding upon and inure to the benefit of the Estates, all present and former holders of Claims and Interests, and their respective successors and assigns.

3.9.3 Release of Liens. Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against the CCM Assets or Lafayette Assets shall be fully released and discharged, and all of the right, title, and interest of any holder of such mortgages, deeds of trust, Liens, pledges, or other security interests shall revert to the Liquidating Trustee.

3.9.4 Liabilities to, and Rights of Governmental Units. Nothing in the Plan or Confirmation Order shall discharge, release, or preclude: (1) any liability to a Governmental Unit that is not a Claim; (2) any Claim of a Governmental Unit arising on or after the Confirmation Date; (3) any liability to a Governmental Unit on the part of any Entity other than the Debtors or Liquidating Trust; (4) any valid right of setoff or recoupment by a Governmental Unit; or (5) any criminal liability. Nothing in the Plan or Confirmation Order shall enjoin or otherwise bar any Governmental Unit from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding sentence. The Plan and Confirmation Order are not intended and shall not be construed to bar any Governmental Unit from, after the Confirmation Date, pursuing any police or regulatory action.

3.9.5 Exculpation. *None of the Exculpated Persons shall have or incur any liability to any holder of a Claim or Interest for any Exculpated Claim, except for actual fraud, willful misconduct or gross negligence, and in all respects, the Exculpated Person shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.*

3.9.6 Injunction. *Except as otherwise provided in the Plan or the Confirmation Order, as of the Confirmation Date, all Entities that have held, hold, or may hold a Claim or other debt or liability against a Debtor or Interest in a Debtor are permanently enjoined from taking any of the following actions against the Debtors or the Liquidating Trust or any of their property on account of such Claims or Interests: (i) commencing or continuing, in any manner or in any place, any action, or other proceeding; (ii) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any lien, or encumbrance; (iv) asserting any right of setoff, subrogation, or recoupment of any kind against any debt, liability, or obligation including, but not limited to, on account of or in connection with or with respect to any Claims or Interests unless such holder has filed a motion requesting the right to perform such setoff on or before the Confirmation Date; and (c) commencing or continuing in any manner or in any place, any action that does not comply with or is inconsistent with the provision.*

3.9.7 Term of Injunctions or Stays. Unless otherwise provided in the Plan or Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to section 105 or 362 of the Bankruptcy Code or any Final Order, and existent on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

3.10 CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN.

3.10.1 Conditions Precedent to the Effective Date. It shall be a condition to the Effective Date of the Plan that the following conditions shall have been satisfied or waived by the Debtors: (1) the Confirmation Order, in form and substance acceptable to the Debtors, shall have been duly entered and be a Final Order; (2) all actions, documents, certificates, and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, Filed with the applicable Governmental Units in accordance with applicable laws.

3.10.2 Effect of Failure of Conditions. Unless expressly set forth herein, if the Consummation of the Plan does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any Claims by the Debtors, any holders of Claims or Interests, or any other Entity; (2) prejudice in any manner the rights of the Debtors, any holders of Claims or Interests, or any other Entity; or (3) constitute an admission, acknowledgment, offer, or undertaking by the Debtors, any holder of any Claim or Interests, or any other Entity in any respect.

3.11 MODIFICATION, REVOCATION OR WITHDRAWAL OF THE PLAN.

3.11.1 Modification and Amendments. Except as otherwise specifically provided in the Plan, the Debtors reserve the right to modify the Plan, whether such modification is material or immaterial, and seek Confirmation consistent with the Bankruptcy Code. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and

Bankruptcy Rule 3019 (as well as those restrictions on modifications set forth in the Plan), the Debtors expressly reserve the right to revoke or withdraw, to alter, amend, or modify the Plan, one or more times, after Confirmation, and, to the extent necessary, may initiate proceedings in the Bankruptcy Court to so alter, amend, or modify the Plan, or remedy any defect or omission, or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, in such matters as may be necessary to carry out the purposes and intent of the Plan.

3.11.2 Effect of Confirmation on Modifications. Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation thereof are approved pursuant to Bankruptcy Code section 1127(a) and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

3.11.3 Revocation or Withdrawal of Plan. The Debtors reserve the right to revoke or withdraw the Plan before the Confirmation Date and to file a subsequent plan. If the Debtors revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of the Claims or Class of Claims), assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan, and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claim or Interest; (b) prejudice in any manner the rights of the Debtors, any holder of a Claim or Interest, or any other Entity; or (c) constitute an admission, acknowledgement, offer, or undertaking of any sort by the Debtors, any holder of a Claim or Interest, or any other Entity.

3.12 RETENTION OF JURISDICTION.

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Case and the Plan pursuant to Bankruptcy Code sections 105(a) and 1142, including jurisdiction to:

a. allow, disallow, determine, liquidate, classify, estimate or establish the priority, secured or unsecured status, or amount of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim (including Fee Claims) and the resolution of any and all objections to the secured or unsecured status, priority, amount or allowance of Claims;

b. resolve any matters related to: (a) the assumption, assumption and assignment or rejection of any Executory Contract or Unexpired Lease to which a Debtor is a party or with respect to which a Debtor may be liable and to hear, determine and, if necessary, liquidate, any Claims arising therefrom; (b) any potential contractual obligation under any Executory Contract or Unexpired Lease that is assumed; (c) any dispute regarding whether a contract or lease is or was executory, expired or terminated;

c. ensure that distributions to holders of Allowed Claims and Interests are accomplished pursuant to the provisions of the Plan;

d. adjudicate, decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters, and grant or deny any applications involving the Debtor that may be pending on the Effective Date;

e. adjudicate, decide or resolve any and all matters related to Bankruptcy Code section 1141;

f. enter and implement such orders as may be necessary or appropriate to execute, implement or consummate the provisions of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, the Plan Supplement or this Disclosure Statement;

g. enter and enforce any order for the sale of property pursuant to Bankruptcy Code sections 363, 1123 or 1146(a);

h. resolve any cases, controversies, suits, disputes or Causes of Action that may arise in connection with Consummation, including interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan;

i. issue injunctions, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan;

j. resolve any cases, controversies, suits, disputes or Causes of Action with respect to the releases, injunctions, and enter such orders as may be necessary or appropriate to implement such releases, injunctions and other provisions;

k. resolve any cases, controversies, suits, disputes or Causes of Action with respect to the repayment or return of distributions and the recovery of additional amounts owed by the holder of a Claim or Interests for amounts not timely repaid;

l. enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;

m. determine any other matters that may arise in connection with or related to the Plan, the Disclosure Statement, or the Confirmation Order;

n. enter an order or final decree concluding or closing the Chapter 11 Case;

o. adjudicate any and all disputes arising from or relating to distributions under the Plan;

p. consider any modifications of the Plan, to cure any defect or omission or to reconcile any inconsistency in any Bankruptcy Court order, including the Confirmation Order;

q. determine requests for the payment of Claims entitled to priority pursuant to Bankruptcy Code section 507;

r. hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan or the Confirmation Order, including disputes arising under agreements, documents or instruments executed in connection with the Plan;

s. hear and determine matters concerning state, local and federal taxes in accordance with Bankruptcy Code sections 346, 505 and 1146;

t. hear and determine all disputes involving the existence, nature, scope or enforcement of any exculpations, discharges, injunctions and releases granted in connection with and under the Plan;

u. enforce all orders previously entered by the Bankruptcy Court; and

v. the Bankruptcy Court shall retain non-exclusive jurisdiction to hear any other matter not inconsistent with the Bankruptcy Code.

3.13 MISCELLANEOUS PROVISIONS.

3.13.1 Immediate Binding Effect. Notwithstanding Bankruptcy Rules 3020(e), 6004(h) or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan and the Plan Supplement shall be immediately effective and enforceable and deemed binding upon the Debtors, the Liquidating Trust, and any and all holders of Claims or Interests, all Entities that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan, each Entity acquiring property under the Plan, and any and all non-Debtor parties to Executory Contracts and Unexpired Leases with the Debtor.

3.13.2 Additional Documents. On or before the Effective Date, the Debtors may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. The Debtors or Liquidating Trust, as applicable, and all holders receiving distributions pursuant to the Plan and all other parties in interest may, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

3.13.3 Statutory Committee. On the Effective Date, the Committee shall dissolve and all of its members, Professionals, and agents shall be deemed released of their duties, responsibilities, and obligations, and shall be without further duties, responsibilities, and authority in connection with the Debtors, the Chapter 11 Cases, the Plan, or its implementation, except with respect to applications for Fee Claims

3.13.4 Reservation of Rights. Except as expressly set forth in the Plan, the Plan shall have no force or effect unless the Bankruptcy Court enters the Confirmation Order, and the Confirmation Order shall have no force or effect if the Effective Date does not occur. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtors, with respect to the Plan, the Disclosure Statement, or the Plan Supplement shall be or shall be deemed to be an admission or waiver of any of their respective rights with respect to the holders of Claims and Interests or each other before the Effective Date.

3.13.5 Votes Solicited in Good Faith. Once the Confirmation Order becomes a Final Order, the Debtors and the Committee will be deemed to have solicited votes on the Plan in good faith and in compliance with the Bankruptcy Code, and pursuant to section 1125(e) of the Bankruptcy Code, the Debtors and their agents, representatives, members, principals, shareholders, officers, directors, employees, advisors and attorneys will be deemed to have participated in good faith and in compliance with the Bankruptcy Code in the offer, issuance, sale and purchase of Securities offered and sold under the Plan (if later determined that any Securities are in fact offered and sold under the Plan) and any previous contemplated plan and, therefore, no such parties will have any liability for the violation of any applicable law, rule, or regulation governing the solicitation of votes on the Plan or the offer, issuance, sale, or purchase of any Securities offered and sold under the Plan or any previous contemplated plan.

3.13.6 Severability of Plan Provisions. If, before Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without the Debtors' consent; and (3) non-severable and mutually dependent.

3.13.7 Exhibits. All exhibits and documents included in the Plan Supplement are incorporated into and are a part of the Plan as if set forth in full in the Plan. After the exhibits and documents are Filed, copies of such exhibits and documents shall be available upon written request to the Debtors' counsel at the address above. To the extent any exhibit or document is inconsistent with the terms of the Plan, unless otherwise ordered by the Bankruptcy Court, the non-exhibit or non-document portion of the Plan shall control.

3.13.8 Entire Agreement. Except as otherwise indicated, the Plan and the Plan Supplement supersede all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan.

3.13.9 Successor and Assigns. The rights, benefits and obligations of any Entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor, or assign, if any, of such Entity.

3.13.10 Notices. To be effective, all notices, requests, and demands, to or upon the Liquidating Trust shall be in writing. Unless otherwise expressly provided in the Plan, notice shall be deemed to have been duly given or made when actually delivered or when received and telephonically confirmed, addressed to the following:

Liquidating Trust:

Verdolino & Lowey, P.C.
Attn: Craig Jalbert
124 Washington Street, Suite 101
Foxboro, MA 02035
Phone: 508-543-1720
Fax: 508-543-4114

After the Effective Date, the Liquidating Trustee may, in its sole discretion, notify Entities that, in order to continue to receive documents pursuant to Bankruptcy Rule 2002, such Entity must File a renewed request to receive documents pursuant to Bankruptcy Rule 2002. After the Effective Date, the Liquidating Trustee is authorized to limit the list of Entities receiving documents pursuant to Bankruptcy Rule 2002 to those Entities who have Filed such renewed requests.

3.13.11 Closing of Chapter 11 Case. The Liquidating Trustee shall promptly after the full administration of the Chapter 11 Case, File with the Bankruptcy Court all documents required by Bankruptcy Rule 3022 and any applicable order necessary to close the Chapter 11 Case that has been fully administered.

3.13.12 No Admission Against Interest. Neither the filing of the Plan, the Disclosure Statement, nor any statement contained therein, is or shall be deemed an admission against interest. In the event that the Plan is not consummated, neither the Plan, the Disclosure Statement nor any statement contained therein may be used or relied upon in any manner in any suit, action, proceeding or controversy within or outside the Bankruptcy Court involving the Debtor.

3.13.13 No Waiver. Except as otherwise specifically provided in the Plan, nothing set forth in the Plan or this Disclosure Statement shall be deemed a waiver or release of any claims, rights or Causes of Action against any Person other than the Debtors.

3.13.14 Headings. The article and section headings used in the Plan are inserted for convenience and reference only and neither constitutes a part of the Plan nor any manner affects the terms, provisions or interpretation of the Plan.

3.13.15 Governing Law. Except to the extent the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent otherwise provided in the Plan, the rights and obligations arising under the Plan, shall be governed by, and construed and enforced in accordance with the laws of Massachusetts, without giving any effect to the principles of conflicts of law or such jurisdiction.

3.13.16 Conflicts. Except as set forth in the Plan, to the extent that any provisions of the Disclosure Statement, the Plan Supplement or any other order (other than the Confirmation Order) referenced in the Plan (or any exhibits, schedules, appendices, supplements or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Confirmation Order shall govern and control and then the Plan.

IV. POST-CONFIRMATION ISSUES.

4.1 THE DEBTOR'S CONTINUED EXISTENCE AFTER CONFIRMATION.

4.1.1 Wind-Up of Affairs. Upon the Effective Date, the Liquidating Trust shall wind-up the affairs of the Debtors, including, without limitation, making distributions pursuant to the Plan and consummating the terms of the Plan. The Debtors shall not exist for the purpose of continuing business except insofar as necessary for the winding up of such company.

4.1.2 Role of the Committee. From and after the Effective Date, as set forth above, the Committee will be disbanded and the appointment of its members will be terminated.

V. FEASIBILITY.

5.1 FINANCIAL FEASIBILITY ANALYSIS.

5.1.1 The Bankruptcy Code Standard. The Bankruptcy Code requires that, in order to confirm the Plan, the Bankruptcy Court must find that Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization unless contemplated by the Plan.

5.1.2 No Need for Further Reorganization of the Debtor. The Plan provides for the liquidation or distribution of all of the Debtors' assets. Accordingly, the Debtors believe that all Plan obligations will be satisfied without the need for further reorganization.

VI. ALTERNATIVES TO THE PLAN.

6.1 CHAPTER 7 LIQUIDATION.

6.1.1 The Bankruptcy Code Standard. Notwithstanding acceptance of the Plan by the requisite number of creditors and equity holders of any Class, the Bankruptcy Court must still independently determine that the Plan provides each member of each Impaired Class of Claims and Interests a recovery that has a value at least equal to the value of the distribution that each such Person would receive if the respective Debtor was liquidated under chapter 7 of the Bankruptcy Code on the Effective Date.

In chapter 7 liquidation cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior Class receiving any payments until all amounts due to senior Classes have been paid fully or any such payment is provided for: (i) secured creditors (to the extent of the value of their collateral); (ii)

administrative and other priority creditors; (iii) unsecured creditors; (iv) debt expressly subordinated by its terms or by order of the Bankruptcy Court; and (v) equity holders.

6.1.2 The Plan is in the Best Interests of Creditors. The Debtors believe that the Plan satisfies this standard because the Plan provides for an orderly, consensual liquidation of the Debtors' assets. Furthermore, the Debtors believe that the Plan also provides creditors with a degree of certainty that would not exist if the Debtor's Assets were subject to liquidation outside of the Plan. In this regard, in the event of liquidation under chapter 7, creditors will not receive as great and as prompt payment of their Allowed Claims and as they would under the Plan and the following is likely to occur: (i) additional administrative expenses, including trustee's commissions, fees for the trustee's accountant, attorneys and other professionals likely to be retained, would be incurred with priority over general unsecured claims under section 507(a)(1) of the Bankruptcy Code and (ii) final distribution of the assets would likely be substantially delayed. Accordingly, the Debtors believe that the Plan is in the best interests of creditors.

6.1.3 Liquidation Analysis. As noted above, in considering whether the Plan is in the best interests of creditors and equity holders, the Debtors and their professionals created a Liquidation Analysis, a copy of which is attached hereto as "**Exhibit B**". The Debtors believe its Liquidation Analysis, and the conclusions set forth herein are fair and accurate, and represent the Debtors' best judgment with regard to the results of a chapter 7 liquidation of the Debtors. The Liquidation Analysis was prepared by the Debtors and is based on the Debtors' books and records and projections.

The Liquidation Analysis reflects the estimated cash proceeds, net of liquidation-related costs, which would be available to the Debtors' creditors if they were to be liquidated in a chapter 7 case. Underlying the Liquidation Analysis are a number of estimates and assumptions regarding liquidation proceeds that, although developed and considered reasonable by the Debtors' management and professionals, are inherently subject to significant business, economic and competitive uncertainties, and contingencies beyond the control of the Debtors and their management.

THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN FACT, TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE.

THE STATEMENTS IN THE LIQUIDATION ANALYSIS, INCLUDING ESTIMATES OF ALLOWED CLAIMS, WERE PREPARED SOLELY TO ASSIST THE BANKRUPTCY COURT IN MAKING THE FINDINGS REQUIRED UNDER SECTION 1129(a)(7) AND THEY MAY NOT BE USED OR RELIED UPON FOR ANY OTHER PURPOSE.

6.2 ALTERNATIVE PLAN(S).

If the Plan is not confirmed, the Debtors or other Persons could attempt to formulate and propose a different plan. The Debtors believe that the Plan, as described herein, enables creditors to realize the greatest possible value under the circumstances, and that is compared to any alternative plan, the Plan has the greatest chance to be confirmed and consummated.

VII. TAX CONSEQUENCES OF PLAN.

[TO COME]

VIII. RISK FACTORS.

Holders of Claims or Interests should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement, before making a judgment with respect to the Plan.

7.1 CERTAIN BANKRUPTCY CONSIDERATIONS

Even if all Impaired voting classes vote to accept the Plan and the requirements for “cramdown” are met; the Court may exercise substantial discretion and may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, that the value of distributions to dissenting holders of Claims or Interests may not be less than the value such holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtors believe that the Plan will meet such requirement, there can be no assurance that the Court will reach the same conclusion.

Any objection to the Plan by a member of a class of Claims or Interests could also prevent confirmation of the Plan or delay such Confirmation for a significant period of time.

If the Plan were not to be confirmed or is confirmed but does not go effective, it is unclear what distribution, if any, holders ultimately would receive with respect to their Claims and Interests. Moreover, if an alternative plan could not be agreed to, it is likely that the Debtors would have no option other than to seek conversion of these Chapter 11 Cases to chapter 7. Once converted, the chapter 7 fees and expenses would be senior to and, thus, paid prior to the chapter 11 administrative expenses and general unsecured claims. As such, it is highly likely that holders of Allowed Claims would receive less than they would have received pursuant to the Plan.

7.2 CLAIMS ESTIMATION & CASH AVAILABLE AFTER DISTRIBUTION.

There can be no assurance that the estimated amount of Claims and Interests set forth herein are correct, and the actual allowed amounts of Claims and Interests may differ from the estimates. The estimated amounts are subject to certain risks, uncertainties and assumptions, including, without limitation, that unanticipated proofs of claim are filed against the Estate prior to the Administrative Claims Bar Date and Claims Bar Date and such Claims are either not subject to a valid objection by the Debtors or such objections are overruled by the Bankruptcy Court.

7.3 CERTAIN LITIGATION.

The Liquidating Trust is retaining the right to pursue certain Causes of Action for the benefit of holders of Allowed Claims and Interests, except those previously waived or released by the Debtors, by informal demand and/or commencement of litigation. If the Liquidating Trust is unsuccessful in prosecuting such Causes of Action, the Liquidating Trust may not recover

related assets for distribution under the Plan. Litigation is inherently uncertain and there can be no guarantee of any outcome. The Liquidating Trustee, pursuant to the terms of the Liquidating Trust Agreement, may decide to settle Causes of Action and such settlements may be significantly less than the damages which were caused and/or the transfers to be recovered.

IX. CONCLUSION.

It is important that you exercise your right to vote on the Plan. It is the Debtors' belief and recommendation that the Plan fairly and equitably provides for the treatment of all Claims against and Interests in the Debtors.