

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

-----X		
In re:	:	Chapter 11 Case
	:	
SK GLOBAL AMERICA, INC.,	:	No. 03-14625 [CB]
	:	
Debtor.	:	
	:	
-----X		

**DEBTOR'S DISCLOSURE STATEMENT PURSUANT TO SECTION 1125  
OF THE BANKRUPTCY CODE FOR ITS PLAN OF LIQUIDATION**

**THIS IS NOT A SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE DEBTOR'S PLAN OF LIQUIDATION DATED JUNE 23, 2004. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE SOUTHERN DISTRICT OF NEW YORK. THIS DISCLOSURE STATEMENT, AS MAY BE AMENDED, WILL BE SUBMITTED FOR APPROVAL, BUT HAS NOT YET BEEN APPROVED BY THE COURT. INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT.**

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Dated: New York, New York  
June 23, 2004

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## **TABLE OF EXHIBITS**

Exhibit 1: Plan

Exhibit 2: Form of Ballots

## I.

### INTRODUCTION

SK Global America, Inc., as debtor and debtor-in-possession (the "Debtor"), makes this Disclosure Statement, pursuant to section 1125 of the United States Bankruptcy Code, 11 U.S.C. §§ 101 et seq. (the "Bankruptcy Code"), for creditors of the Debtor (collectively, the "Creditors") in connection with (i) the solicitation of acceptances or rejections from Creditors of the Plan of Liquidation dated June 23, 2004 (the "Plan"), proposed by the Debtor and filed with the United States Bankruptcy Court for the Southern District of New York (the "Bankruptcy Court"), and (ii) the hearing on confirmation of the Plan scheduled for \_\_\_\_\_, 2004 at \_\_\_\_\_. Unless otherwise defined herein, all capitalized terms contained in this Disclosure Statement will have the meanings ascribed to them in the Plan, a copy of which is annexed as Exhibit 1 hereto.

The Plan is the product of extensive negotiations among the Debtor, SK Networks Co., Ltd. (the Debtor's corporate parent in Korea), Cho Hung and KEB. Embodied in the Plan are various compromises, settlements and concessions, which the Debtor believes will result in Creditors achieving a greater and more expeditious recovery than would otherwise be available under an alternative plan of reorganization or in a Chapter 7 liquidation. The Plan, which this Disclosure Statement describes, is intended to resolve all Claims against, and Equity Interests in, the Debtor, and provides a mechanism for the liquidation of all the Debtor's remaining assets and the Distribution of the proceeds to the Debtor's Creditors. This Plan contemplates the wind down of the Debtor's remaining operations, the liquidation of certain assets and distribution of Cash proceeds to certain Creditors.

The Plan resolves disputes and avoids costly litigation over the extent and validity of the Secured Claims asserted by Cho Hung and KEB. In addition to satisfying the Secured Claims held by Cho Hung and compromising and settling the Junior Secured Claims held by KEB, the Plan provides for a 100% Distribution, in Cash, to holders of Allowed Administrative Expense Claims, Allowed Priority Claims and Allowed General Unsecured Claims. The Plan further contemplates the transfer of the Debtor's remaining assets to a liquidating trust to be formed and administered for the benefit of Allowed Unsecured Liquidating Trust Claims (and, to the extent applicable, Allowed KEB Junior Secured Claims). Upon the liquidation and/or transfer of its assets, the Debtor will dissolve in accordance with applicable state law.

On July \_\_, 2004, after notice and a hearing, the Bankruptcy Court approved this Disclosure Statement as containing information of a kind and in sufficient detail adequate to enable hypothetical, reasonable investors typical of the Creditors in each Class under the Plan to make an informed judgment as to whether to accept or reject the Plan. **APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT OF THE FAIRNESS OR THE MERITS OF THE PLAN.**

**EACH CREDITOR SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE OTHER EXHIBITS TO THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING ON THE PLAN.**

**PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE OTHER EXHIBITS AND SCHEDULES HERETO AND THERETO, AND ANY OTHER DOCUMENTS REFERENCED HEREIN OR THEREIN. IN THE EVENT OF ANY DISCREPANCY BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS AND CONDITIONS OF THE PLAN SHALL GOVERN.**

Pursuant to the provisions of the Bankruptcy Code, only classes of claims that are "impaired" and that are not deemed to have rejected a plan under section 1126(g) of the Bankruptcy Code are entitled to vote to accept or reject the plan. Any class of claims that is "unimpaired" is not entitled to vote to accept or reject a plan and is conclusively presumed to have accepted the plan. As set forth in section 1124 of the Bankruptcy Code, a class is "impaired" if legal, equitable, or contractual rights attaching to the claims or equity interests of that class are modified.

Pursuant to the Plan, Classes 1 and 2 are not impaired and each such Class is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, the holders of Claims in Classes 1 and 2 are not receiving a Ballot to vote to accept or reject the Plan. Classes 3, 4, 5, 6, 7 and 8 are impaired under the Plan, and the holders of Claims in such Classes are entitled to vote to accept or reject the Plan and are receiving herewith a Ballot for such purpose. Claims and Equity Interests in Classes 9 and 10 are also impaired under the Plan. However, holders of Claims and Equity Interests in Classes 9 and 10 will not receive any Distribution or retain any interest in the Debtor and are, thus, deemed to have rejected the Plan.

The Bankruptcy Code requires, as a condition to confirmation of a consensual plan, that each class of claims against, or equity interests in, a debtor that is impaired under a proposed plan vote to accept such plan. The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the allowed claims in that class that cast ballots for acceptance or rejection of the plan.

For the Plan to be confirmable under section 1129(a) of the Bankruptcy Code, the Plan must be accepted by the requisite majorities of holders of Claims in Classes 3, 4, 5, 6, 7 and 8.

The Debtor may seek to confirm the Plan under section 1129(b) of the Bankruptcy Code, notwithstanding the nonacceptance of the Plan by one or more impaired Classes of Claims. Section 1129(b) of the Bankruptcy Code permits the confirmation of a plan notwithstanding the nonacceptance of the plan by one or more impaired classes of claims or equity interests. Under that Bankruptcy Code section, a



plan may be confirmed if it does not discriminate unfairly and is "fair and equitable" with respect to the non-accepting class.

After carefully reviewing this Disclosure Statement, including the Exhibits hereto, each Creditor holding an Allowed Claim in an impaired Class should vote using the enclosed Ballot and return the Ballot in the pre-addressed envelope so that it is actually received no later than 5:00 p.m. New York Time on \_\_\_\_\_, 2004 (the "Voting Deadline"). Please vote and return your Ballot to the Debtor's agent for purposes of receiving and tabulating Ballots ("Voting Agent"), as follows:

(If By Courier or Hand)	(If By Mail)
SK Global Solicitation Agent Bankruptcy Services, LLC 757 Third Avenue, Third Floor New York, New York 10017 Attention: SK Global America, Inc. Voting Department	SK Global Solicitation Agent P.O. Box 5014 FDR Station New York, NY 10150-5014

If you have any questions about this Disclosure Statement or the Plan, contact the Debtor's attorneys. If you have questions on procedures for voting, or if you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please call counsel for the Debtor, Togut, Segal & Segal LLP, Attn: Ms. Dawn Person at (212) 594-5000.

**TO BE COUNTED, YOUR BALLOT MUST BE SIGNED AND RECEIVED BY THE VOTING AGENT AT THE ADDRESS SPECIFIED ABOVE BY 5:00 P.M. NEW YORK TIME ON OR BEFORE \_\_\_\_\_, 2004. ANY BALLOT RECEIVED THAT DOES NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE PLAN (OR THAT INDICATES BOTH ACCEPTANCE AND REJECTION) WILL NOT BE CONSIDERED IN THE TABULATION OF VOTES OF THE PLAN.**

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider the confirmation of the Plan (the "Confirmation Hearing") on \_\_\_\_\_, 2004 at \_\_\_\_\_ before the Honorable Cornelius Blackshear, United States Bankruptcy Judge, Courtroom 601, United States Bankruptcy Court, Southern District of New York, One Bowling Green, New York, New York 10004. The Bankruptcy Court has directed that objections, if any, to the confirmation of the Plan be served upon counsel for (i) the Debtor; (ii) SK Networks Co., Ltd.; (iii) Cho Hung Bank; (iv) Korea Exchange Bank; and (v) the U.S. Trustee and filed through the Bankruptcy Court's electronic filing system (see the Court's Website for instructions for electronic filing or contact the Bankruptcy Court's technical support at (212) 668-2870, ext. 3522, M-F, 8:30 a.m. to 5:00 p.m.) with a paper copy delivered to the Chambers of the Honorable Cornelius Blackshear, at the Bankruptcy Court, so as to be received on or before \_\_\_\_\_, 2004 at 5:00 p.m. New York Time. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of an adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE BEST POSSIBLE RECOVERIES TO ITS CREDITORS. THE DEBTOR THEREFORE BELIEVES THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF EACH AND EVERY CLASS OF CREDITORS AND RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

UNLESS OTHERWISE INDICATED, ALL DOLLAR AMOUNTS USED OR REFERENCED HEREIN OR IN THE PLAN ARE STATED IN UNITED STATES DOLLARS.

## II.

### OVERVIEW OF THE PLAN

#### A. GENERAL

The following discussion of the Plan is a summary only and is qualified in its entirety by reference to the provisions of the Plan, a copy of which is annexed hereto as Exhibit 1.

Under the Plan, all of the Debtor's assets will be utilized to make the Distributions to Creditors. These assets include the Debtor's Cash, accounts receivable and inventory. The assets under the Plan dedicated for Distributions to Creditors will be administered, liquidated and distributed either by the Debtor or through the Creditor Trust established as of the Effective Date.

The Debtor believes that substantially all of its assets, except Cash on hand as of the Petition Date to the extent not traceable as proceeds, are subject to the Liens held by Cho Hung and KEB. In accordance with the terms and conditions of the Plan, Cho Hung (as holder of a first priority Secured Claim with Liens on substantially all of the Debtor's assets) will receive approximately \$89 million in Cash, plus interest, on the Effective Date. KEB asserts Secured Claims of approximately \$77.4 million against the Debtor. As part of a compromise and settlement reached with KEB concerning the extent and validity of its Secured Claim, KEB will received a Distribution of approximately \$55 million in Cash, payable in three equal installments. The Debtor will use its remaining Cash to: (A) fully satisfy Allowed Administrative Expense Claims, Allowed Priority Claims, and Allowed General Unsecured Claims, which the Debtor estimates will aggregate approximately \$11.6 million and (B) provide the initial funding for the Creditor Trust that is to be created on the Effective Date of the Plan for the benefit of holders of Allowed Claims in Classes 5, 6, 7 and 8 (and, to the extent applicable, Classes 1, 3 and 4).

The Plan contemplates the liquidation of the Debtor's remaining assets through the Creditor Trust and Distributions of the proceeds thereof (A) to fully satisfy KEB, on account of the second and third installments due on the Allowed KEB Junior Secured Claims (or to reimburse the Parent to the extent it makes any of the installment payments due KEB), and (b) to satisfy, on a *pari passu* basis, the outstanding principal

balance of FRN Unsecured Claims, Unsecured Bank Claims, SK Group Trade Claims and SKN Trade Claims.

Holders of SKN Affiliate Trade Claims and Equity Interests in the Debtor will receive no Distributions under the Plan.

**B. CLASSIFICATION AND TREATMENT SUMMARY**

The following table briefly summarizes the classification and treatment of Claims against, and Equity Interests in, the Debtor under the Plan.

<u>CLASSES</u>	<u>TYPE OF CLAIM AND TREATMENT</u>
<u>Administrative Expense Claims</u> (No Class Designation)	<ul style="list-style-type: none"><li>• The Debtor estimates that the aggregate amount of Allowed Administrative Expense Claims will not exceed \$4 million.</li><li>• Except to the extent the Debtor or the Creditor Trustee, as the case may be, and the holder of an Allowed Administrative Expense Claim agree to a different treatment, Administrative Expense Claims shall be paid in Cash, in full, on the later of (a) the Effective Date, if such Claim is Allowed as of that date, and (b) ten (10) days after a Final Order of the Bankruptcy Court allowing such Administrative Expense Claim.</li><li>• See Section 3.1 of the Plan.</li></ul>
<u>Priority Tax Claims</u> (No Class Designation)	<ul style="list-style-type: none"><li>• The Debtor estimates that the aggregate amount of Allowed Priority Tax Claims will not exceed \$1.5 million.</li><li>• On the Effective Date, if such Claim is Allowed as of that date, or as soon as practicable after such Claim becomes</li></ul>

an Allowed Claim if the date of allowance is later than the Effective Date, each holder of an Allowed Priority Tax Claim will receive a Distribution on account of such Allowed Priority Tax Claim (i) in Cash, in full, or (ii) in such amounts and on such other terms as may be agreed on by the holder of such Claim and the Debtor or as permitted by statute.

- See Section 3.2 of the Plan.

Priority Non-Tax Claims  
(Class 1)

- The Debtor estimates that the aggregate amount of Allowed Priority Non-Tax Claims will not exceed \$100,000.
- Each holder of an Allowed Priority Non-Tax Claim will receive a payment in Cash equal to the amount of such holder's Allowed Priority Non-Tax Claim on (i) the Effective Date or (ii) as soon as practicable after such Claim becomes Allowed if allowance is later than the Effective Date.
- The Class 1 Claims are Unimpaired.
- See Section 5.2.1 of the Plan.

Cho Hung Senior Secured Claims  
(Class 2)

- In full and complete satisfaction of the Cho Hung Senior Secured Claims (including, but not limited to, pre- or post-petition interest, fees, expenses, etc.), Cho Hung shall receive Cash in the amount of \$88,993,908 on the Effective Date, together with interest on such sum at the contractual non-default rate for the period commencing on the Petition Date through and including the Effective Date of the Plan; provided, however, that any interest, including prepetition interest, paid prior to the Effective Date by the

Parent to Cho Hung shall be paid in reimbursement in Cash directly to the Parent by the Debtor on the Effective Date.

- The Class 2 Claims are not impaired.
- See Section 5.2.2 and Article XVI of the Plan.

KEB Junior Secured Claims  
(Class 3)

- KEB has asserted Secured Claims against the Debtor in the approximate amount of \$77.4 million. The Debtor and KEB have agreed to compromise and settle certain disputes regarding KEB's asserted Secured Claims and fix the Allowed KEB Junior Secured Claims at \$55,119,837. KEB shall have no other Claims against the Debtor. The Debtor shall also release and discharge KEB from Liabilities arising from or relating to Avoidance Actions or Causes of Action.
- In full and complete satisfaction of the KEB Junior Secured Claims, KEB shall receive aggregate Cash payments equal to \$55,119,837, payable in three equal installments in the amount of \$18,373,279 each on July 31, 2004, September 30, 2004 and December 31, 2004; provided, however, that if any such installment payments are made by the Parent on behalf of the Debtor, such installment payment shall be paid in reimbursement in Cash directly by the Debtor and/or Creditor Trustee to the Parent on the later of (a) the Effective Date and (b) the date that such installment payment is made.
- The first installment payment due on July 31, 2004 shall be made by the Debtor or the Parent, with the two remaining installments paid by the Debtor, Parent or the Creditor Trust.

The payments due KEB under the Plan on account of the KEB Junior Secured Claims shall be guaranteed by the Parent.

- The Class 3 Claims are Impaired.
- See Section 5.2.3 and Article XVI of the Plan.

General Unsecured Claims  
(Class 4)

- The Debtor estimates that the aggregate amount of Allowed General Unsecured Claims will not exceed \$5 million.
- On the Effective Date, or as soon as practicable after such Claim becomes an Allowed Claim if the date of allowance is later than the Effective Date, each holder of an Allowed General Unsecured Claim shall be entitled to receive Cash equal to 100% of the Allowed amount of such holder's General Unsecured Claim.
- The Class 4 Claims are Impaired.
- See Section 5.2.4 of the Plan.

FRN Unsecured Claims  
(Class 5)

- The Debtor estimates that the aggregate amount of Allowed FRN Unsecured Claims will be approximately \$71 million.
- In full settlement, release and discharge of their Class 5 Claims, as soon as practicable after the later of the Effective Date and the date on which the final installment of the Distribution on the Allowed KEB Junior Secured Claims is either made pursuant to Section 5.2.3 of the Plan or set aside in the KEB Account, the holders of

Allowed FRN Unsecured Claims shall receive periodic Distributions from the Creditor Trust, on a *pari passu* basis as the holders of other Unsecured Liquidating Trust Claims, in an aggregate amount of up to 100% of the Allowed FRN Unsecured Claims.

- The Class 5 Claims are Impaired.
- See Section 5.2.5 of the Plan.

Unsecured Bank Claims  
(Class 6)

- The Debtor estimates that the aggregate amount of Allowed Unsecured Bank Claims will be approximately \$347.2 million, consisting of Allowed Foreign Unsecured Banks Claims in the amount of \$153.3 million and Allowed Korean Unsecured Bank Claims in the amount of \$193.9 million.
- In full settlement, release and discharge of their Class 6 Claims, as soon as practicable after the later of the Effective Date and the date on which the final installment of the Distribution on the Allowed KEB Junior Secured Claims is either made pursuant to Section 5.2.3 of the Plan or set aside in the KEB Account, the holders of Allowed Unsecured Bank Claims shall receive periodic Distributions from the Creditor Trust, on a *pari passu* basis as
- the holders of other Unsecured Liquidating Trust Claims, in an aggregate amount up to 100% of the Allowed Unsecured Bank Claims.
- The Class 6 Claims are Impaired.
- See Section 5.2.6 of the Plan.

SK Group Trade Claims  
(Class 7)

- The Debtor estimates that the aggregate amount of Allowed SK Group Trade Claims will not exceed \$441 million.
- In full settlement, release and discharge of their Class 7 Claims, as soon as practicable after the later of the Effective Date and the date on which the final installment of the Distribution on the Allowed KEB Junior Secured Claims is either made pursuant to Section 5.2.3 of the Plan or set aside in the KEB Account, each holder of an Allowed SK Group Trade Claim shall receive periodic Distributions from the Creditor Trust, on a *pari passu* basis as the holders of other Unsecured Liquidating Trust Claims, in an aggregate amount up to 100% of the Allowed SK Group Trade Claims.
- The Class 7 Claims are Impaired.
- See Section 5.2.7 of the Plan.

SKN Trade Claims  
(Class 8)

- The Debtor estimates that the aggregate amount of Allowed SKN Trade Claims will not exceed \$1.21 billion.
- In full settlement, release and discharge of their Class 8 Claims, as soon as practicable after the later of the Effective Date and the date on which the final installment of the Distribution on the Allowed KEB Junior Secured Claims is either made pursuant to Section 5.2.3 of the Plan or set aside in the KEB Account, each holder of an Allowed SKN Trade Claim shall receive periodic Distributions from the Liquidating Creditor Trust, on a *pari passu* basis as the holders of other



Unsecured Liquidating Trust Claims,  
in an aggregate amount up to 100% of  
the Allowed SKN Trade Claims.

- The Class 8 Claims are Impaired.
- See Section 5.2.8 of the Plan.

SKN Affiliate Trade Claims  
(Class 9)

- The Debtor estimates that the aggregate amount of Allowed SKN Affiliate Trade Claims will not exceed \$558 million.
- Holders of SKN Affiliate Trade Claims will receive no Distributions or other value under the Plan on account of such Claims; provided, however, that the holders of SKN Affiliate Trade Claims shall not be prejudiced or limited with respect to any legal rights any such holder may have to recover the amount of its Allowed Claim against an obligation due and owing to the Debtor.
- Holders of Class 9 Claims are Impaired.
- See Section 5.2.9 of the Plan.

Equity Interests  
(Class 10)

- Holders of Equity Interests in the Debtor shall receive no Distribution or retain any property under the Plan on account of their Allowed Equity Interests and all Class 10 Equity Interests shall be deemed cancelled, null and void and of no force and effect without further act or action under any applicable law, regulation, order, rule or agreement.
- See Section 5.2.10 of the Plan.

**C. SOURCE OF PLAN FUNDING**

All Distributions required to be made by the Debtor on account of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Non-Priority Tax Claims, Allowed Cho Hung Senior Secured Claims and Allowed General Unsecured Claims shall be made by the Debtor from Available Cash, including Available Cash held in the Debtor's Disputed Claims Reserve. Distributions required to be made under the Plan on account of Allowed KEB Junior Secured Claims shall be made, in the discretion of the Debtor, by the Debtor from Available Cash and/or by the Creditor Trustee from the proceeds of the Creditor Trust. All Distributions to holders of Allowed Unsecured Liquidating Trust Claims shall be made from the Creditor Trust after either payment in full of the Allowed KEB Junior Secured Claims or establishment of the KEB Account. All Distributions on account of Allowed Administrative Expense Claims, Rejection Claims and Disputed Claims for which the Creditor Trustee has responsibility for prosecuting objections shall be made by the Creditor Trustee from Cash held in its Disputed Claims Reserve.

**III.**

**BACKGROUND HISTORY OF THE DEBTOR AND  
EVENTS LEADING TO THE CHAPTER 11 FILING**

**A. FORMATION, BUSINESS AND  
DEBT STRUCTURE OF DEBTOR**

**1. Formation and History of Debtor.**

The Debtor is a corporation formed under the laws of the State of New York. The Debtor was incorporated in New York in 1975 under the name of Sunkyoung International Ltd. In 1976, it changed its name to Sunkyoung International, Inc. and, in 1988, to Sunkyoung America, Inc. In 1997, it adopted its current name, SK Global America, Inc.

The executive offices of the Debtor have been located at One Parker Plaza, 400 Kelby Street, Fort Lee, New Jersey since August 2002, having previously been located in Manhattan. As of the Petition Date, the Debtor was a majority-owned subsidiary of SK Networks Co., Ltd. formerly known as SK Global Co., Ltd., a company incorporated under the laws of the Republic of Korea (the "Parent"). The Parent owns 85% of the Debtor's equity indirectly through its wholly owned holding company, SKG Holdings, Inc., a Delaware corporation. SK Corp., an affiliate of the Parent, owns the remaining 15% of the Debtor's equity. The Debtor's business is closely connected to and dependent upon the business and financial condition of the Parent. The Parent, including its various subsidiaries located around the world, comprise the trading arm of the SK Group, Korea's third largest conglomerate. The SK Group is made up of 40 member companies, including seven that are listed on the Korea Stock Exchange, that

employ approximately 25,000 people on six continents. The SK Group is one of the largest business enterprises in Asia, and its various member companies are leading international names in a myriad of businesses and industrial fields, including energy and chemicals, telecommunications, finance and trade.

The Debtor has two wholly-owned subsidiaries: (i) Ecoban, Ltd., a New York corporation, which does not currently have any significant operations, assets or liabilities (but was previously engaged in trade financing and related activities in Latin America); and (ii) 17160 South Avalon Blvd. Corp., a California corporation ("South Avalon Corporation"), which owns a warehouse location in Carson, California that the Debtor leases.

## 2. Debt Structure.

Information concerning the assets and liabilities of the Debtor as of the Petition Date is found in the Schedules filed by the Debtor with the Bankruptcy Court. The following discussion is based on the information contained in the Schedules.

As of the Petition Date, the Debtor had assets with a stated book value of approximately \$3.2 billion, approximately \$2.7 billion of which represented SK Group-related receivables. As of the Petition Date, the Debtor had approximately \$86 million in Cash on hand, approximately \$20 million in inventory and approximately \$30 million in non-affiliated trade receivables.

As of the Petition Date, the Debtor's books and records reflected liabilities of approximately \$3 billion. These liabilities consist of loan payables and other obligations due and outstanding to various banks in the aggregate amount of approximately \$570 million, including a Secured Claim asserted by Cho Hung of approximately \$89 million and a Secured Claim asserted by KEB of approximately \$70.7 million. Virtually all of the Debtor's bank debt was guaranteed by the Parent. Cho Hung and KEB each asserted that their respective Claims were fully secured by the Debtor's assets.

## **B. CIRCUMSTANCES SURROUNDING THE CHAPTER 11 FILING**

On March 11, 2003, Korean public prosecutors announced alleged accounting irregularities in the Parent's financial statements amounting to approximately \$1.25 billion. As a result of this crisis, confidence in the Parent's financial condition rapidly deteriorated.

The March 11, 2003 announcement led Hana Bank ("Hana"), the main Korean creditor bank of the Parent, to convene a meeting on March 12 of the Parent's Korea-based financial institution creditors (the "Korean Creditors") to address the Parent's financial condition. On the same day, the governor of Korea's Financial Supervisory Service requested that the Korean Creditors forbear from taking enforcement actions against the Parent.

On March 19, 2003, the Korean Creditors initiated a proceeding under a Korean restructuring law, the Corporate Restructuring Promotion Act of 2001 (the "CRPA"), for the purpose of restructuring the Parent. The CRPA essentially formalizes an out-of-court restructuring between large financially troubled Korean companies and their Korean financial institution creditors. Also on March 19, 2003, and as contemplated by the CRPA, the Korean Creditors formed the Korean Council of Financial Institution Creditors (the "Council"). In accordance with its duties, the Council selected financial and legal advisors to assess the viability of the Parent and otherwise assist with its restructuring.

As a consequence of the CRPA proceeding, the Parent's debt service payments to Korean Creditors were deferred. The Korean Creditors are also currently barred from taking collection and/or enforcement actions against the Parent.

The Korean Creditors, led by Hana, attempted to persuade non-Korean financial institution creditors (the "Foreign Creditors") to join voluntarily the debt deferment. On April 8, 2003, Foreign Creditors met in Tokyo and formed the Foreign Bank Steering Committee for the purpose of entering into restructuring discussions with the Parent and the Korean Creditors represented by the Council.

Notwithstanding these global efforts, a handful of banks commenced collection actions against the Parent and its foreign subsidiaries, including the Debtor, seeking to obtain monetary judgments and to attach assets. In response to several such actions brought here in the United States, Hana commenced an ancillary proceeding in the Bankruptcy Court on April 10, 2003, pursuant to section 304 of the Bankruptcy Code, seeking to enjoin collection and/or enforcement actions against the Parent (the "Ancillary Proceeding"). A motion to dismiss the Ancillary Proceeding has recently been filed by Hana and is scheduled to be heard by the Bankruptcy Court on July 14, 2004.

The unilateral collection and/or enforcement actions of a few banks threatened the global restructuring effort and risked the piecemeal liquidation of the Debtor's assets. This Chapter 11 case was commenced to prevent the liquidation of the Debtor, to preserve the integrity of the global restructuring effort, and to promulgate and confirm a plan for the Debtor consistent with the rehabilitation of the Parent.

### **C. THE GLOBAL RESTRUCTURING**

After the Petition Date, on July 30, 2003, the Foreign Bank Steering Committee and the Parent reached an agreement in principle to restructure the debt held by the Foreign Creditors, subject to several conditions, including ratification by the Foreign Creditors and the completion of definitive documentation.

On October 27, 2003, the Parent completed the purchase of all of the claims held by the Foreign Creditors against the Parent's overseas subsidiaries (the "Foreign Exchange") other than two claims held by two small creditors of SK Global Asia-Pacific. Pursuant to the Foreign Exchange, all Claims (approximately \$152.6 million) held by the

Foreign Creditors against the Debtor were purchased by the Parent and, in exchange, Foreign Creditors would receive 43% of the principal amount of their claims in the form of Promissory Notes and 5% of the principal amount of their claims in the form of bonds with warrants. The payment obligations of the Parent under the Foreign Exchange are fully secured by a pledge by the Parent of marketable securities and cash.

Also on October 27, 2003, the Parent completed the restructuring of claims held by the Korean Creditors against the Parent and the Parent's overseas subsidiaries (the "Korean Restructuring" and, together with the Foreign Exchange, the "Global Restructuring"). In connection with the Global Restructuring, the Parent purchased approximately \$71 million in FRN Unsecured Claims held against the Debtor arising under the floating rate notes issued by the Debtor, as well as all of the Claims (approximately \$190 million) held by the Korean Creditors (with the exception of Cho Hung and KEB) against the Debtor.

#### **IV.**

#### **CORPORATE GOVERNANCE OF THE DEBTOR DURING THE CASE**

##### **A. BOARD OF DIRECTORS**

On the Petition Date, the Debtor's Board of Directors (the "Board") consisted of the following:

Moon Ho Kim  
Seung Jae Kim

The Board presently has one member, as is permitted by the Debtor's corporate governance documents, Moon Ho Kim.

##### **B. MANAGEMENT**

The senior management of the Debtor currently consists of Moon Ho Kim, President and Treasurer, and Gary Whitaker, Esq., Secretary.

**V.**

**SIGNIFICANT DEVELOPMENTS IN THE CASE**

**A. SIGNIFICANT CASE ADMINISTRATION ORDERS**

On or shortly after the Petition Date, the Debtor sought certain relief from the Bankruptcy Court for the efficient administration of the Case and to facilitate the Debtor's transition to debtor-in-possession status.

Among the orders entered by the Bankruptcy Court were:

<u>Relief Granted</u>	<u>Purpose</u>
1. Retention of Togut, Segal & Segal LLP	Debtor's bankruptcy legal counsel
2. Retention of KPMG LLP	Debtor's accountants and financial advisors
3. Payment of prepetition employee wage, salary and benefit claims	Ensure uninterrupted payroll and benefits to employees during transition into debtor-in-possession status
4. Continued use of existing cash management system, bank accounts, business forms and records	Allow for continuity in use of business forms and records, bank accounts and interaction with suppliers and customers
5. Deeming the Debtor's utility service providers adequately assured of future performance and establishing procedures for determining requests for additional adequate assurances	Prohibit the unilateral termination of service by the Debtor's utility service providers and establish procedures for utility service providers to request additional adequate assurances
6. Retention of Bankruptcy Services LLC as claims and noticing agent	To manage the claims administration process in the Case and provide notices to Creditors

**B. CLAIMS BAR DATE**

By order dated October 17, 2003, the Bankruptcy Court fixed November 24, 2003 as the last date (the "Bar Date") by which non-government entities must file a proof of Claim in the Case.

### **C. REAL ESTATE MATTERS**

At the Petition Date, the Debtor held leasehold interests in various real property located throughout the United States. The leasehold estates were located (i) in Fort Lee, New Jersey (the "Fort Lee Office Lease"); (ii) 1385 Broadway, New York (the "New York Office Lease"); (iii) 616 FM 1960 West Street, Houston, Texas (the "Vista Division Office Lease"); (iv) the Stanford Shopping Center, Palo Alto, California (the "Stanford Lease"); (v) 660 Newport Center Drive, Newport, California (the "Irvine Lease"); (vi) Paseo de la Reforma, Col. Juarez, Mexico (the "Mexico Lease"); (vii) 1300 Post Oak Boulevard, Houston, Texas (the "Houston Lease"); and (viii) Carson, California (the "Warehouse Lease").

The Warehouse Lease is between the Debtor and South Avalon Corporation, the Debtor's wholly-owned subsidiary. The only asset owned by South Avalon Corporation is the real property and building located at 17106 South Avalon Boulevard, Carson, California (the "Avalon Property"). As of June 1, 2004, the Avalon Property was encumbered by a mortgage loan held by GMAC Financing Corp. in the aggregate outstanding principal amount of approximately \$1.9 million, and the Debtor estimates that the aggregate fair market value of the Avalon property is \$3.5 million. South Avalon Corporation is currently marketing the Avalon Property.

During the Case, the Debtor rejected the Stanford Lease, the New York Office Lease, the Irvine Office Lease and the Houston Lease; the Mexico Lease expired by its own terms.

In connection with the Stanford Lease, the Debtor, with the consent of the Stanford landlord, entered into five licenses and related service agreements (collectively, the "License Agreements"), each granting the respective licensee the right to use and occupy a portion of the Stanford office premises and obtain basic office services (e.g., use of receptionist, furniture, fixtures and equipment) upon payment of a monthly licensing fee. As part of the rejection of the Stanford Lease, the Debtor also rejected the License Agreements.

As of the date hereof, the Debtor retains leasehold interests in the Fort Lee Office, the Vista Division Office and the Warehouse Lease. Pursuant to Order of the Court dated June 18, 2004, the Debtor's time to assume or reject its real property lease was extended to and including September 20, 2004. The Debtor anticipates rejecting the leases for the Fort Lee Office and Vista Division Office by August 2004; the Warehouse Lease will be deemed rejected as of the Effective Date.

### **D. EMPLOYEE ISSUES**

Prior to the Petition Date, the Debtor had approximately 70 employees on its payroll. The continued employment of the Debtor's employees during the Case was essential to the Debtor's ability to maximize recoveries for its Creditors. The Debtor had to ensure that its employees would remain with the Debtor while the Case was

administered for the benefit of its Creditors. Following consummation of the Global Restructuring, the Debtor commenced the process of winding down its operations. Because the Debtor's employees were being asked to continue working during the wind down, and in the face of imminent termination, the Debtor was required to formulate a retention and severance program to ensure its employees would continue their employment with the Debtor.

The Debtor prepared two retention and severance programs: The first was designed to incentivize the Debtor's employees at its Vista Grain division (the "Vista Employee Program"). The second provided retention and severance benefits to certain employees employed by the Debtor's other divisions (the "General Severance Program")

Pursuant to the Vista Employee Program, the Debtor sought to pay a success fee, severance and other benefits to the Vista Employees. The Debtor's Vista Grain division involves highly complex grain trading operations and the Vista Employees have many years of experience in trading and marketing grain. The Debtor's books reflected accounts receivable and inventory at the Vista Grain division valued at approximately \$38 million as of August 2003. Without the continued employment and efforts of the Vista Employees to wind down the Vista Grain operations and dispose of its assets in an orderly fashion, the Debtor's estate would severely jeopardize the recovery of these assets. Due to their extensive knowledge, experience and expertise with Vista Grain's operations, the Vista Employees are vital to the wind-down and disposition of Vista Grain's assets for maximum value. As part of the Vista Employee Program, the Debtor offered the Vista Employees a success fee (the "Success Fee") in the event the Vista Employees met certain financial goals through November 30, 2004.

After filing the Motion to approve the Vista Employee Program, Cho Hung and KEB advised the Debtor and the Vista Employees of their objections to the Vista Employee Program and requested additional information from the Debtor and the Vista Employees regarding the Success Fee payments. After continued discussions among the Debtor, the Vista Employees, Cho Hung and KEB over the parameters of the Success Fee arrangement, a consensual resolution concerning the Vista Employee Program and the Success Fee was reached. Under the revised Success Fee terms, the Vista Employees agreed to reduce the maximum success fee payable. The Vista Employee Program (with the revised Success Fee arrangement) was ultimately approved by Order of the Court dated February 4, 2004. As of June 1, 2004, approximately \$16 million in net proceeds have been collected by the Vista Employees and deposited with the Debtor.

The Court approved the General Severance Program on April 21, 2004. Pursuant to the General Severance Program, certain of the Debtor's employees were paid severance and other benefits in exchange for their continued employment with the Debtor and their release of any and all claims that they may have against the Debtor.

#### **E. PLAN PROCESS**

The Plan is the product of extensive negotiations among the Debtor, the Parent, Cho Hung and KEB.



Prior to the Petition Date, each of Cho Hung and KEB filed certain financing statements under the Uniform Commercial Code purportedly perfecting for their individual, respective benefit, security interests in, and liens upon, certain of the Debtor's assets, including inventory and/or accounts receivable. Following the Petition Date, Cho Hung and KEB asserted an interest in the Debtor's "cash collateral" and requested that the Debtor furnish them with adequate protection under section 361 of the Bankruptcy Code as a condition to the Debtor's continued use of the cash collateral. After extensive due diligence concerning the nature of Cho Hung's and KEB's claims and security interests, the Debtor and each of Cho Hung and KEB agreed to enter into stipulations (together, the "Cash Collateral Stipulations") each of which authorized the Debtor to continue using cash collateral, while reserving the rights of the Debtor to contest the validity of the secured claims asserted by Cho Hung and KEB.

After filing the application to approve the Cash Collateral Stipulations, several parties in interest raised certain objections to the terms of the stipulations. After modifying the terms, the Court approved the Cash Collateral Stipulations, on an interim basis, on November 19, 2003 and, on a final basis, on December 3, 2003.

Discussions among the Debtor, the Parent, Cho Hung and KEB concerning the parameters of a Chapter 11 plan began in earnest after the Cash Collateral Stipulations were approved and following consummation of the Global Restructuring. In connection with the Global Restructuring, the Parent purchased approximately \$190 million of Korean Unsecured Bank Claims, \$153 million of Foreign Unsecured Bank Claims and more than \$70 million in FRN Unsecured Claims held against the Debtor. Other than the purchased Unsecured Bank Claims, the Parent also holds approximately \$1.21 billion in unsecured trade Claims against the Debtor. Thus, the Parent is by far the single largest Creditor in the Case, holding more than 50% of the unsecured Claims against the Debtor.

In connection with the plan negotiations, the parties addressed the extent and validity of the Secured Claims asserted by the Cho Hung and KEB. After extensive discussions, the Debtor and Parent agreed to treat Cho Hung's Claims as fully secured and pay such Claims in full, plus interest at the contractual non-default rate. The plan negotiations grew to encompass a complete settlement and compromise of various disputed issues among the parties, including, but not limited to, certain disputes the Debtor had with Claims and security interests asserted by KEB. The Debtor, the Parent and KEB reached an agreement in principle that would settle and compromise KEB's Claims against the Debtor and provide for a Distribution of approximately \$55 million in Cash to KEB in full satisfaction of its Claims, which represents a Distribution of approximately 70% of KEB's asserted Claims. Term sheets containing possible plan structures were circulated among the parties over the last several weeks and served as the basis for serious negotiations.

Throughout the negotiations, the Debtor insisted that any Chapter 11 plan should provide for the payment in full of Allowed General Unsecured Claims, which consist of Claims held mostly by non-affiliated trade creditors. Among other things, the

Plan also provides for payment in full of Allowed Administrative Expense Claims, Priority Claims and Allowed General Unsecured Claims.

## VI.

### SUMMARY OF THE PLAN

#### A. GENERAL

This section of the Disclosure Statement summarizes the Plan, a copy of which appears as Exhibit 1 hereto. YOU SHOULD READ THE PLAN IN ITS ENTIRETY, AND DISCUSS THE DISTRIBUTIONS AND RIGHTS TO WHICH YOU ARE ENTITLED THEREUNDER WITH YOUR ADVISORS.

In general, a Chapter 11 plan (i) divides claims and equity interests into separate classes, (ii) specifies the property that each class is to receive under the plan, and (iii) contains other provisions necessary to the reorganization of the debtor. Under the Bankruptcy Code, "claims" and "equity interests" are classified rather than "creditors" and "shareholders" because such entities may hold claims or equity interests in more than one class. For purposes of this Disclosure Statement, the terms "Creditor" and "Equity Interest Holder" refer to the holder, whether legal or beneficial, of a "Claim" or "Equity Interest," respectively, in a particular Class under the Plan. If such Claims and Equity Interests are "impaired" under the Plan, their holders are receiving this Disclosure Statement (and the related Ballots and other materials delivered together herewith) for the purpose of voting to accept or reject the Plan.

A Chapter 11 plan may specify that certain classes of claims or equity interests are either to be paid in full on the effective date of the plan or are to have their claims or equity interests remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are conclusively deemed to accept the plan. Accordingly, under section 1126(f) of the Bankruptcy Code, it is not necessary to solicit acceptances from the holders of claims or equity interests in such unimpaired classes. Under the Plan, Class 1 Priority Non-Tax Claims and Class 2 Cho Hung Senior Secured Claims are not impaired and, therefore, Creditors in these Classes are conclusively deemed to have accepted the Plan.

A Chapter 11 plan also may specify that certain classes of claims or equity interests will not receive or retain any property on the effective date of the plan. These are impaired claims or equity interests, but unlike those that are afforded some treatment by a plan, they receive no treatment and are discharged and extinguished. Under section 1126(f) of the Bankruptcy Code, such classes are conclusively deemed to reject the plan and, therefore, need not be solicited to vote to accept or reject the plan. Under the Plan, only SKN Affiliate Trade Claims (Class 9) and Equity Interests (Class 10) are deemed impaired because they will not be receiving or retaining any distribution and/or value under the Plan. Accordingly, holders of Claims in Class 9 and holders of Equity Interests in Class 10 are deemed to have rejected the Plan and their votes will not be solicited.

The "Effective Date" of the Plan means the date that is at least (11) eleven days (calculated under Rule 9006 of the Bankruptcy Rules) after the Confirmation Date if no stay of the Confirmation Order is then in effect. On the Effective Date, the transactions and distributions contemplated under the Plan are to be effected; provided, however, that in no event will the Effective Date occur earlier than the date of the satisfaction of the conditions precedent to the occurrence of the Effective Date of the Plan specified in Section 11.2 of the Plan, unless waived as provided in Section 11.3 of the Plan.

**B. DESCRIPTION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN**

1. Unclassified Claims.

a. Administrative Expense Claims.

Creditors holding Allowed Administrative Expense Claims are those Entities holding Claims against the Debtor entitled to priority under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including: (i) all actual and necessary costs and expenses of preserving the Debtor's estate; (ii) any allowances of compensation and reimbursement of expenses to the extent allowed by Final Order under sections 330 or 331 of the Bankruptcy Code, whether fixed before or after the Effective Date; (iii) the Vista Employees, to the extent they recover funds in accordance with the Vista Order; and (iv) any fees and charges assessed against the Debtor's estate under Chapter 123, title 28, United States Code, including post-Confirmation Date fees and charges.

Subject to the Administrative Bar Date and except to the extent the Debtor or the Creditor Trustee, as the case may be, and the holder of an Allowed Administrative Expense Claim agree to a different treatment, the Debtor shall pay each holder of an Allowed Administrative Expense Claim, in full satisfaction, settlement, release and discharge of such Allowed Administrative Expense Claim, an amount, in Cash, equal to the amount of such Allowed Administrative Expense Claim upon the later of (i) the Effective Date, or (ii) the date that is ten (10) Business Days after the date on which such Claim becomes an Allowed Administrative Expense Claim, or as soon thereafter as is practicable.

To the extent that the Administrative Bar Date applies, failure to file a request for payment of an Administrative Expense Claim prior to the Administrative Bar Date shall result in such Administrative Expense Claim being forever barred and discharged.

b. Priority Tax Claims.

Creditors holding Priority Tax Claims are governmental units with Claims against the Debtor entitled to priority under section 507(a)(8) of the Bankruptcy Code. Such Claims are for taxes based on income or gross receipts, property taxes, taxes of

other parties required to be collected or withheld by the Debtor on behalf of governmental units, excise taxes, transfer taxes, custom duties and penalties for actual pecuniary loss related to the foregoing.

On the Effective Date, or as soon as practicable after such Claim becomes an Allowed Claim if the date of allowance is later than the Effective Date, each holder of an Allowed Priority Tax Claim, in full satisfaction, settlement, release and discharge of such Allowed Priority Tax Claim, will be paid in Cash, in full, or in such amounts and on such terms either as may be agreed on by the holder of such Allowed Claim and the Debtor.

2. Classified Claims and Equity Interests.

a. Priority Non-Tax Claims (Class 1).

Holders of Class 1 Claims are those Creditors holding Claims against the Debtor, other than Administrative Expense Claims and Priority Tax Claims, that are entitled to priority under section 507(a) of the Bankruptcy Code. These Claims may include employee wages, salaries and commissions and contributions to employee benefit plans (subject in all such cases to certain limitations prescribed by the Bankruptcy Code).

The Debtor does not believe that there will be any Allowed Claims in Class 1 as of the Effective Date because, among other things, the Debtor was authorized by the Bankruptcy Court early in the Case to pay all accrued and outstanding payroll and employee benefits as of the Petition Date. Accordingly, the Debtor believes any such Class 1 Claims have already been satisfied.

If any such Class 1 Allowed Priority Non-Tax Claims do exist as of the Effective Date, then on the Effective Date, or as soon as practicable after such Claims become Allowed Claims if the date of allowance is later than the Effective Date, each holder of an Allowed Priority Non-Tax Claim, in full settlement, release and discharge of its Class 1 Claim, shall receive a payment, in Cash, equal to the amount of such holder's Allowed Priority Non-Tax Claim.

Class 1 Priority Non-Tax Claims are not impaired under the Plan.

b. Cho Hung Senior Secured Claims (Class 2).

Pursuant to the Plan, the Senior Secured Claims will be deemed Allowed Secured Claims in the aggregate amount of \$88,993,908. On the Effective Date, in full settlement, release and discharge of the Cho Hung Senior Secured Claims, Cho Hung will receive Cash in the amount of Eighty-Eight Million, Nine Hundred Ninety-Three Thousand, Nine Hundred and Eight Dollars (\$88,993,908), plus interest on such sum at the non-default rate set forth in the Cho Hung Financing Documents for the period commencing on the Petition Date through and including the Effective Date; provided, however, any interest, including pre-Petition Date interest, paid prior to the Effective Date to Cho Hung by the Parent on account of the Cho Hung Senior Secured Claims

shall be paid in reimbursement in Cash directly by the Debtor to the Parent on the Effective Date.

The Class 2 Claims are not impaired under the Plan.

c. KEB Junior Secured Claims (Class 3).

Pursuant to the Plan, the KEB Junior Secured Claims will be deemed Allowed Secured Claims in the aggregate amount of \$55,119,837. In full settlement and compromise of the KEB Junior Secured Claims, KEB will receive Cash in the amount of Fifty-Five Million, One Hundred and Nineteen Thousand, Eight Hundred and Thirty-Seven Dollars (\$55,119,837), payable in three equal installments in the amount of Eighteen Million, Three Hundred Seventy-Three Thousand, Two Hundred Seventy-Nine Dollars (\$18,373,279) each, on July 31, 2004, September 30, 2004 and December 31, 2004. The first installment payment due on July 31, 2004 shall be made by the Debtor or the Parent, with the two remaining installments paid by the Debtor, the Parent or the Creditor Trust. The payments due KEB under the Plan on account of the KEB Junior Secured Claims shall be guaranteed by the Parent. If any of the installment payments to KEB are made by the Parent on behalf of the Debtor, such installment payment shall be paid in reimbursement in Cash directly by the Debtor and/or Creditor Trustee to the Parent on the later of (a) the Effective Date and (b) the date that such installment payment is made. The Debtor will also discharge and release KEB from Liabilities arising from or relating to any and all Avoidance Actions or Causes of Action.

The Class 3 Claims are impaired under the Plan.

d. General Unsecured Claims (Class 4).

Class 4 Claims consist of Allowed General Unsecured Claims against the Debtor. The Debtor estimates that there will be an aggregate of approximately \$5 million in Allowed Claims in Class 4 as of the Effective Date.

On or as soon as practicable after the later of the Effective Date and the date on which a Disputed General Unsecured Claim becomes an Allowed Claim, the holder of an Allowed General Unsecured Claim, in full settlement, release and discharge of its Class 4 Claim, shall receive a Cash payment equal to 100% of the Allowed General Unsecured Claim.

Class 4 Claims are impaired under the Plan.

e. FRN Unsecured Claims (Class 5).

Class 5 Claims consist of Allowed FRN Unsecured Claims against the Debtor. The FRN Unsecured Claims arise from the Debtor's issuance of unsecured "floating rate notes". The FRN Unsecured Claims were purchased by the Parent in connection with the Global Restructuring. The Debtor estimates that there will be an aggregate of approximately \$71 million in Allowed Claims in Class 5 as of the Effective Date.

As soon as practicable after the later of the Effective Date and the date on which the final installment of the Distribution on the Allowed KEB Junior Secured Claims is either made pursuant to Section 5.2.3 of the Plan or set aside in the KEB Account, the holders of Allowed FRN Unsecured Claims, in full settlement, release and discharge of their Class 5 Claims, shall receive periodic Distributions from the Creditor Trust, on a *pari passu* basis as the holders of other Unsecured Liquidating Trust Claims, in an aggregate amount up to 100% of the Allowed FRN Unsecured Claims.

Class 5 Claims are impaired under the Plan.

f. Unsecured Bank Claims (Class 6).

Class 6 Claims consist of Allowed Foreign Unsecured Bank Claims and the Allowed Korean Unsecured Bank Claims against the Debtor. The Foreign Unsecured Bank Claims and Korean Unsecured Bank Claims were purchased by the Parent in connection with the Global Restructuring. The Debtor estimates that there will be an aggregate of approximately \$347.2 million in Allowed Claims in Class 6 as of the Effective Date.

As soon as practicable after the later of the Effective Date and the date on which the final installment of the Distribution on the Allowed KEB Junior Secured Claims is either made pursuant to Section 5.2.3 of the Plan or set aside in the KEB Account, the holders of Allowed Unsecured Bank Claims, in full settlement, release and discharge of their Class 6 Claims, shall receive periodic Distributions from the Creditor Trust, on a *pari passu* basis as the holders of other Unsecured Liquidating Trust Claims, in an aggregate amount up to 100% of the Allowed Unsecured Bank Claims.

The Class 6 Claims are impaired under the Plan.

h. SK Group Trade Claims (Class 7).

Class 7 Claims consist of Allowed SK Group Trade Claims against the Debtor. The Debtor estimates that there will be an aggregate of approximately \$441 million in Allowed Claims in Class 7 as of the Effective Date.

As soon as practicable after the later of the Effective Date and the date on which the final installment of the Distribution on the Allowed KEB Junior Secured Claims is either made pursuant to Section 5.2.3 of the Plan or set aside in the KEB Account, the holders of Allowed SK Group Trade Claims, in full settlement, release and

discharge of their Class 7 Claims, shall receive periodic Distributions from the Creditor Trust, on a *pari passu* basis as the holders of other Unsecured Liquidating Trust Claims, in an aggregate amount up to 100% of the Allowed SK Group Trade Claims.

The Class 7 Claims are impaired under the Plan.

i. SKN Trade Claims (Class 8).

Class 8 Claims consist of Allowed SKN Trade Claims against the Debtor. The Debtor estimates that there will be an aggregate of approximately \$1.21 billion in Allowed Claims in Class 8 as of the Effective Date.

As soon as practicable after the later of the Effective Date and the date on which the final installment of the Distribution on the Allowed KEB Junior Secured Claims is either made pursuant to Section 5.2.3 of the Plan or set aside in the KEB Account, each holder of an Allowed SKN Trade Claim, in full settlement, release and discharge of their Class 8 Claims, shall receive periodic Distributions from the Creditor Trust, on a *pari passu* basis as the holders of other Unsecured Liquidating Trust Claims, in an aggregate amount up to 100% of the Allowed SKN Trade Claims.

The Class 8 Claims are impaired under the Plan.

j. SKN Affiliate Trade Claims (Class 9).

Class 9 Claims consist of SKN Affiliate Trade Claims against the Debtor. The Debtor estimates that there will be an aggregate of approximately \$558 million in Claims in Class 9 as of the Effective Date.

Holders of SKN Affiliate Trade Claims will receive no Distributions or other value under the Plan on account of such Claims; provided, however, that the holders of SKN Affiliate Trade Claims shall not be prejudiced or limited with respect to any legal rights any such holder may have to recover the amount of its Allowed Claim against an obligation due and owing to the Debtor.

The Class 9 Claims are impaired under the Plan.

k. Equity Interests (Class 10).

The Equity Interests in the Debtor are held by SK Corp. and SKG Holdings.

On the Effective Date, holders of Equity Interests in the Debtor shall receive no distribution or retain any property under the Plan on account of their respective Allowed Equity Interests and all Class 10 Equity Interests shall be deemed canceled, null and void and of no force and effect without further act or action under any applicable law, regulation, order, rule or agreement.

Class 10 Equity Interests are impaired under the Plan.

**C. TREATMENT OF DISPUTED CLAIMS, ADMINISTRATIVE EXPENSE CLAIMS AND REJECTION CLAIMS UNDER THE PLAN**

**1. Prosecution of Objections.**

The Debtor or the Creditor Trustee, as the Debtor determines on or prior to the Effective Date, shall be responsible for pursuing any objection to the allowance of any Disputed Claim, Rejection Claim and Administrative Expense Claim. The Debtor or the Creditor Trustee, as the case may be, may compromise and settle any Disputed Claim (including Disputed Rejection Claims and Administrative Expense Claims). The Bankruptcy Court may approve any compromises and settlements in accordance with Bankruptcy Rule 9019(a). Unless otherwise provided herein or ordered by the Bankruptcy Court, all objections to Disputed Claims shall be served and filed no later than one hundred twenty (120) days after the Effective Date, except for objections to Administrative Expense Claims or Rejection Claims, which may be served and filed no later than one hundred twenty (120) days after the Administrative Bar Date or applicable Rejection Bar Date.

**2. No Distributions Pending Allowance.**

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

**3. Distributions After Allowance.**

Distributions to each holder of a Disputed Claim, to the extent that such Claim ultimately becomes an Allowed Claim, shall be made in accordance with the provisions of the Plan governing the Class of Claims in which such Claim is classified. Any Disputed Claim that becomes an Allowed Claim prior to the Effective Date shall receive such treatment as the Plan prescribes for Claims in the Class in which the Allowed Claim is classified. As for Disputed Claims, Administrative Expense Claims or Rejection Claims that become Allowed Claims subsequent to the Effective Date, as soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim, Administrative Expense Claim or Rejection Claim becomes a Final Order or that such Claim is otherwise Allowed, the Debtor or the Creditor Trustee, as the case may be, shall distribute to the holder of such Claim any payment that would have been distributed to such holder if the Claim had been Allowed on the Effective Date, plus any payments that would have been made on account of such Allowed Claim after the Effective Date, without any interest thereon.

**4. Disputed Claims Reserve.**

On the Effective Date, each of the Debtor and the Creditor Trustee shall establish a Disputed Claims Reserve. If, and when, a Disputed Claim, Administrative Expense Claim or Rejection Claim for which the Debtor or the Creditor Trustee, as the



case may be, has responsibility for prosecuting objections and making Distributions becomes an Allowed Claim, the Debtor or the Creditor Trustee, as the case may be, shall utilize funds in the appropriate Disputed Claims Reserve to make Distributions on account of such Allowed Claim.

In the event that, after a Disputed Claim, Administrative Expense Claim or Rejection Claim is resolved, there remain funds in the Disputed Claims Reserves attributable to such Claims, such funds shall be made available for Distribution in accordance with the Plan's treatment of Allowed Claims.

**D. EXECUTORY CONTRACTS AND UNEXPIRED LEASES UNDER THE PLAN**

In accordance with Article X of the Plan, the Plan constitutes a motion by the Debtor to reject, as of the Effective Date, all Executory Contracts to which the Debtor is a party, except for any Executory Contract that (a) has been assumed or rejected pursuant to a Final Order of the Bankruptcy Court prior to the Effective Date, or (b) is the subject of a separate motion filed under section 365 of the Bankruptcy Code and pending on the Effective Date.

Any Entity with a Claim against the Debtor by virtue of the rejection of an Executory Contract (a "Rejection Claim") must, if such Rejection Claim is not already evidenced by a filed proof of Claim, file such Rejection Claim with the Bankruptcy Court and serve a copy of same upon the Debtor, the Creditor Trustee and their counsel in accordance with the notice provisions of the Plan within thirty (30) days after the Rejection Bar Date. If such Rejection Claim is not filed on or before the Rejection Bar Date, the holder thereof shall be forever barred from asserting such Claim against the Debtor, the Creditor Trustee or their property and assets.

Any Rejection Claim filed will be treated as a Disputed Claim until the period of time has elapsed within which the Debtor may file an objection to such Claim. Unless such objection is filed within the prescribed period under the Plan, the Claim shall be deemed as of the expiration of said period to be an Allowed General Unsecured Claim, and the holder thereof have the rights of a holder of an Allowed General Unsecured Claim.

**E. CONDITIONS PRECEDENT TO THE CONFIRMATION DATE AND THE EFFECTIVE DATE OF THE PLAN**

**1. Conditions Precedent to Confirmation of the Plan.**

The Plan may not be confirmed unless each of the following conditions have been satisfied: (a) the Disclosure Statement Order shall have been entered and have become a Final Order; (b) the Confirmation Order, as presented to the Bankruptcy Court at the conclusion of the Confirmation Hearing, shall be in a form reasonably acceptable to the Debtor, the Parent, Cho Hung, and KEB; and (c) all provisions, terms and conditions of the Plan are approved in the Confirmation Order.

**2. Conditions Precedent to the Effective Date.**

The occurrence of the Effective Date is subject to satisfaction of the following conditions: (a) the Confirmation Order shall have been entered and become a Final Order; and (b) all actions and documents necessary to implement the provisions of the Plan shall have been effected or executed and delivered.

**F. WAIVER OF CONDITIONS PRECEDENT**

Each of the conditions precedent in Sections [11.1 and 11.2] of the Plan as described above may be waived or modified, in whole or in part, upon the consent of the Debtor, the Parent, Cho Hung, and KEB. Any such waiver or modification of a condition precedent in Section 11.1 or Section 11.2 of the Plan may be effected at any time, without notice, without leave or order of the Bankruptcy Court or any other formal action.

**VII.**

**MEANS OF IMPLEMENTATION OF THE PLAN**

**A. GENERAL**

Each of the transactions required to implement the Plan will be implemented in accordance with the provisions of the Plan, including Article VII thereof, together with the Creditor Trust Agreement.

## **B. THE CREDITOR TRUST**

### **1. Establishment of the Creditor Trust.**

On the Effective Date, the Debtor, on its own behalf and on behalf of holders of Allowed Claims in Classes 5, 6, 7 and 8 (and, to the extent applicable, Classes 1, 3 and 4) and holders of all applicable Allowed Administrative Expense Claims and Priority Tax Claims, will execute the Creditor Trust Agreement and take all steps necessary to establish the Creditor Trust. The Creditor Trust Agreement will contain provisions customarily found in trust agreements utilized in comparable circumstances, including provisions regarding the rights, powers, obligations and appointment and removal of the Creditor Trustee and to ensure that the Creditor Trust is treated as a liquidating trust for federal income tax purposes. On the Effective Date, the Debtor will transfer to the Creditor Trust all of its right, title, and interest in all of the Creditor Trust Assets, free and clear of any Lien, Claim or interest in such property of any other Person, as well as Claims, Liabilities or legal obligations accrued up to the Effective Date that could necessitate payment by the Creditor Trust, except as provided in the Plan. Title to all Creditor Trust Assets shall vest in the Creditor Trust on the Effective Date.

### **2. Purpose of the Creditor Trust.**

The Creditor Trust is being established for the sole purpose of liquidating the Creditor Trust Assets and distributing the proceeds thereof to certain Creditors, as identified in, and as prescribed by, the Plan. The Creditor Trust will not continue or engage in the conduct of any trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Creditor Trust. Unless otherwise required by law, it is intended that all parties shall treat the Creditor Trust as a liquidating trust for all federal income tax purposes.

### **3. Transfer of Assets.**

(a) The transfer of the Creditor Trust Assets to the Creditor Trust is for the benefit of the holders of Allowed Claims in Classes 5, 6, 7 and 8 (and, to the extent applicable, Classes 1, 3 and 4) and holders of all applicable Allowed Administrative Expense Claims and Priority Tax Claims, whether Allowed on or after the Effective Date. In this regard, the Creditor Trust Assets will be transferred to the Creditor Trust to be held for the benefit of such holders of Allowed Claims in Classes 5, 6, 7 and 8 (and, to the extent applicable, Classes 1, 3 and 4) and, in respect of any Disputed Claims and applicable Disputed Administrative Claims and Rejection Claims to the Disputed Claims Reserve established and maintained by the Creditor Trustee, to be held, in each case, by the Creditor Trustee. The Creditor Trustee shall then distribute the proceeds generated by the Creditor Trust to the holders of the Allowed Claims as provided by the Plan and subject to the conditions set forth in the Creditor Trust Agreement. Upon the transfer of the Creditor Trust Assets, the Debtor shall have no further interest in or with respect to the Creditor Trust Assets or the Creditor Trust. The Creditor Trust Assets to be transferred to the Creditor Trust will include, among other things, the Debtor's loans receivable, accounts receivable and inventory.

(b) For all federal income tax purposes only, all parties (including, without limitation, the Debtor, the Creditor Trustee, and the holders of Allowed Claims in Classes 5, 6, 7 and 8 (and, to the extent applicable, Classes 1, 3 and 4) and holders of all applicable Allowed Administrative Expense Claims and Priority Tax Claims are to treat the transfer of the Creditor Trust Assets to the Creditor Trust, in accordance with the terms of the Plan, as a transfer to the holders of Allowed Claims in Classes 5, 6, 7 and 8 (and, to the extent applicable, Classes 1, 3 and 4) (and in respect of any Disputed Claims and applicable Administrative Expense Claims and Rejection Claims, to the Disputed Claims Reserve) followed by a transfer by such holders to the Creditor Trust, and the beneficiaries of the Creditor Trust (or Disputed Claims Reserve) shall be treated as the grantors and owners thereof. The Creditor Trustee shall cause a valuation to be made of the Creditor Trust Assets and that valuation shall be used by the Creditor Trustee and the beneficiaries for U.S. federal income tax purposes.

4. Termination.

The Creditor Trust will terminate, at the discretion of the beneficiaries of the Creditor Trust, on such date that is no later than \_\_\_\_\_, 2009; provided, however, that, within six (6) months of such termination, the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Creditor Trust for one (1) year if it is in the best interests of the beneficiaries. Notwithstanding the foregoing, multiple extensions can be obtained so long as Bankruptcy Court approval is obtained within six (6) months of the expiration of each extended term; provided, however, that the aggregate of all such extensions shall not exceed three (3) years, unless the Creditor Trustee receives a favorable ruling from the IRS that any further extension would not adversely affect the status of the trust as a liquidating trust.

5. Appointment of Creditor Trustee.

On or prior to the Effective Date, the Debtor and the Parent shall appoint a Creditor Trustee or co-Creditor Trustees as provided in the Creditor Trust Agreement. The powers, responsibilities, duties, authority and compensation for the Creditor Trustee will be as prescribed by the Creditor Trust Agreement. For purposes of administering and liquidating the Creditor Trust Assets, the Creditor Trustee will be deemed the Estate's representative in accordance with section 1123 of the Bankruptcy Code and shall have all of the powers, authority and responsibilities specified in the Creditor Trust Agreement.

C. PLAN FUNDING

Except as otherwise set forth in Section 7.2 of the Plan, all Distributions required to be made by the Debtor on account of Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Non-Priority Tax Claims, Allowed Cho Hung Senior Secured Claims and Allowed General Unsecured Claims shall be made by the Debtor from Available Cash, including Available Cash held in the Debtor's Disputed Claims Reserve. Distributions required to be made under the Plan on account of

Allowed KEB Junior Secured Claims shall be made, in the discretion of the Debtor, by the Debtor from Available Cash and/or by the Creditor Trustee from the proceeds of the Creditor Trust. All Distributions to holders of Allowed Unsecured Liquidating Trust Claims shall be made from the Creditor Trust after either payment in full of the Allowed KEB Junior Secured Claims or establishment of the KEB Account. All Distributions on account of Allowed Administrative Expense Claims, Rejection Claims and Disputed Claims for which the Creditor Trustee has responsibility for prosecuting objections shall be made by the Creditor Trustee from Cash held in its Disputed Claims Reserve.

#### **D. DISTRIBUTIONS UNDER THE PLAN**

##### **1. Date of Distributions.**

Any Distributions and deliveries to be made under the Plan are to be made on the Effective Date, or as soon as practicable thereafter, unless otherwise specifically provided for under the Plan. If any payment or act under the Plan is required on a date other than a Business Day, such payment or performance may be completed on the next succeeding Business Day, but will be deemed to have been completed as of the required date under the Plan.

##### **2. Delivery of Distributions.**

Subject to Rule 9010 of the Bankruptcy Rules, and except as otherwise provided for in the Plan, Distributions to holders of Allowed Claims will be sent to the address of each of such holders as evidenced in the Schedules filed with the Bankruptcy Court unless superseded by an address set forth on a proof of claim form filed by such holders (or at the last known address of such holders if no proof of claim is filed or if the Debtor has been notified in writing of a change of address). If a Distribution to any holder is returned as undeliverable, reasonable efforts shall be taken to determine the current address of such holder, but no Distribution to any such holder shall be made unless and until it has been determined what the then current address of such holder is, at which time such Distribution to such holder shall be made to such holder without interest. Amounts for any undeliverable Distributions made shall be returned to the Debtor, the Disbursing Agent, or the Creditor Trustee, as the case may be, until such Distributions are claimed. If such Distributions are not claimed by the expiration of the later of (a) one (1) year after the Effective

Date or (b) one year from the actual date of the making of such Distribution (the "Unclaimed Distribution Date"), such Distributions will be deemed unclaimed property under section 347(b) of the Bankruptcy Code. If no proofs of Claim are filed and the Schedules filed with the Bankruptcy Court fail to state addresses for holders of Allowed Claims, Distributions that would have been made on account of such Allowed Claims shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code at the expiration of the Unclaimed Distribution Date. After the Unclaimed Distribution Date, all unclaimed property shall be transferred to the Debtor, the General Unsecured Claims Fund, or the Creditor Trust, as the case may be, for Distribution to holders of Allowed Claims in each such Class and the Claim of any holder to such property shall be discharged and forever barred.

3. Time Bar to Cash Payments.

Checks issued by the Debtor or the Creditor Trustee, as the case may be, on account of Allowed Claims will be null and void if not negotiated within eighty (80) days after the date of issuance thereof. Requests for reissuance of any check must be in writing to the Debtor or the Creditor Trustee, as the case may be, by the holder of the Allowed Claim to which such check originally was issued.

4. Manner of Payment Under the Plan.

At the option of the Debtor and the Creditor Trustee, any Cash Distribution to be made pursuant to the Plan may be made by a check or wire transfer.

5. Distributions After Effective Date.

Distributions made after the Effective Date to holders of Claims that are not Allowed Claims as of the Effective Date, but which later become Allowed Claims, shall be deemed to have been made on the Effective Date.

**VIII.**

**EFFECTS OF CONFIRMATION OF THE PLAN**

**A. DISCHARGE OF DEBTOR**

Pursuant to section 1141(d)(3) of the Bankruptcy Code, occurrence of the Effective Date will not discharge the Claims against the Debtor; provided, however, that no holder of a Claim against the Debtor may, on account of such Claim, seek or receive any payment from, or seek recourse against, the Debtor, the Creditor Trust, the Parent, their property, successor and assigns, except as expressly provided in this Plan.

**B. BINDING EFFECT**

Section 12.2 of the Plan provides that except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, on and after the Effective Date, the provisions of the Plan shall bind all present and former holders of Claims against, or Equity Interests in, the Debtor and its successors and assigns, whether the Claim or Equity Interest of such holder is impaired under the Plan and whether such holder has filed a Proof of Claim or Equity Interest or accepted the Plan. The Confirmation Order shall provide that the terms and provisions of the Plan and the Confirmation Order shall survive and remain effective after entry of any order which may be entered converting the Case to a case under Chapter 7 of the Bankruptcy Code, and the terms and provisions of the Plan shall continue to be effective in this or any superseding case under the Bankruptcy Code.

**C. CONTINUED EXISTENCE OF THE DEBTOR**

Pursuant to Section 12.3 of the Plan, from and after the Confirmation Date, the Debtor shall continue in existence solely for the purpose of (i) winding up its affairs as expeditiously as reasonably possible, (ii) liquidating, by conversion to Cash or other methods, of any remaining assets of the Estate, as expeditiously as reasonably possible, (iii) enforcing and prosecuting of claims, interests, rights and privileges of the Debtor, including, without limitation, the prosecution of Avoidance Actions in conjunction with the marshalling of the Debtor's assets, (iv) resolving those Disputed Claims, Administrative Expense Claims and Rejection Claims against which it has responsibility for prosecuting objections, (v) administering the Plan, (vi) filing appropriate tax returns, and (vii) making Distributions in accordance with the Plan.

From and after the Confirmation Date, the then current officers and directors of the Debtor shall continue to serve in their respective capacities through the earlier of the date the Debtor is dissolved under applicable state law and the date such officer or director resigns, is replaced or terminated. The officer and directors of the Debtor shall continue to serve in their respective capacities on the same terms, conditions and rights they are presently entitled to receive from the Debtor.

Pursuant to Section 12.4 of the Plan, upon completion of its duties and purposes enumerated in Section 12.3 of the Plan, the Debtor shall be dissolved in accordance with applicable New York State law. Immediately prior to such dissolution, all remaining Available Cash shall be made available for Distribution in accordance with the Plan's treatment of Allowed Claims.

**D. VESTING AND LIENS**

Except as otherwise provided in the Plan or the Confirmation Order, on the Effective Date, all Liens against any property of the Debtor shall be deemed extinguished and discharged, and the Debtor will be revested with the assets, if any, of the Debtor not distributed or otherwise transferred under this Plan, free and clear of all Liabilities and Liens.

**E. EXCULPATION**

Pursuant to Section 13.1 of the Plan, as of the Effective Date, the Debtor, the Creditor Trustee, the Parent, Cho Hung, KEB and their respective officers, directors, members, attorneys or other professionals, employees or agents (collectively, the "Releasees") shall have no liability to any holder of a Claim or Equity Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates, or any of their successors or assigns, for any actions taken or not taken in connection with or related to: (a) the Case; (b) the Plan; (c) the Disclosure Statement; (d) Distributions, payments or transfers made under the Plan; (e) acts performed pursuant to the Plan; (f) any contract, release, or other agreement or

document created or entered into, or any other action taken or omitted to be taken, in connection with the Plan; or (g) any Claim settled or released under or pursuant to the Plan; provided, however, that the foregoing release shall not release the Releasees (i) from their obligations under the Plan, and (ii) for any acts, or omissions to act, evidencing and/or constituting gross negligence or willful misconduct.

#### **F. TERMINATION OF BANKRUPTCY INJUNCTIONS OR STAYS**

The Debtor shall seek the entry of a Confirmation Order that provides for an injunction to permanently enjoin and restrain all Entities from taking any actions against the Debtor, the Creditor Trustee, the Parent, or their respective property, assets, or interests in property that may interfere with the implementation or consummation of the Plan.

#### **G. AVOIDANCE ACTIONS AND OTHER CAUSES OF ACTIONS**

##### **1. The Bankruptcy Code Avoidance Actions.**

As of the Effective Date, the Debtor shall transfer to the Creditor Trust the right to prosecute, on behalf of itself and the Estate, any avoidance or recovery action under sections 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code or any other Causes of Action, or rights to payment of claims, that belong to or could have been raised by or on behalf of the Debtor or the Estate; provided, however, that the Debtor expressly retains the right to assert such claims as defenses to, and setoffs against, Disputed Claims. The Debtor may retain the right to prosecute any such actions (if any) that may be pending on the Effective Date.

##### **2. Other Causes of Action.**

All Causes of Action, whether retained by the Debtor or transferred under the Plan to the Creditor Trust, and whether asserted or not as of the Effective Date, are specifically preserved by the Plan and will survive the occurrence of the Effective Date. Any Cause of Action asserted or commenced as of the Effective Date shall be prosecuted, settled, withdrawn or otherwise disposed of by the Debtor or the Creditor Trustee, as the case may be, in their sole discretion, subject, only to applicable judicial requirements or duties or requirements imposed under the Plan or the Creditor Trust Agreement.

#### **H. RETENTION OF JURISDICTION**

Section 15.1 of the Plan provides that, as of the Effective Date, the Bankruptcy Court will retain jurisdiction over the matters listed below. If the Bankruptcy Court exercises its retained jurisdiction, it will have exclusive jurisdiction over all matters arising out of, and relating to, the Case and the Plan pursuant to, and for



the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (1) To hear and determine pending applications for the assumption and assignment or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of Claims resulting therefrom;
- (2) To determine any and all adversary proceedings, applications and contested matters;
- (3) To ensure that Distributions to holders of Allowed Claims are accomplished as provided for under the Plan;
- (4) To hear and determine any timely objections to Administrative Expense Claims, Priority Claims or to proofs of claim filed, before and after the Confirmation Date, including any objections to the classification of any Claim, and to allow or disallow any Disputed Claim, in whole or in part;
- (5) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated;
- (6) To issue such orders in aid of execution of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code;
- (7) To consider any modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;
- (8) To hear and determine all applications for awards of compensation for services rendered and reimbursement of expenses relating to implementation and effectuation of the Plan;
- (9) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;
- (10) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- (11) To compel the conveyance of property and other performance contemplated under the Plan and documents executed in connection herewith;
- (12) To enforce remedies upon any default under the Plan;
- (13) To enforce all orders, judgments and rulings entered in connection with the Case (whether or not the Case has been closed);

(14) To resolve any cases, controversies, suits or disputes that may arise in connection with the consummation, interpretation or enforcement of the Plan, or any person's or Entity's obligations incurred in connection herewith;

(15) To issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any person or Entity with the occurrence of the Effective Date or enforcement of the Plan;

(16) To determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order;

(17) To hear and determine all matters and disputes arising out of, or relating to, the conduct and operation of the Creditor Trust; and

(18) To enter a final decree closing the Case.

## **I. MODIFICATION OF THE PLAN**

Section 14.4 of the Plan provides that at any time prior to substantial consummation of the Plan, modifications of the Plan may be proposed in writing by the Debtor, but shall not be effective without the consent of the Parent; provided, however, that the Plan, as modified, satisfies the requirements of sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified under section 1129 of the Bankruptcy Code and the circumstances warrant such modifications. A holder of a Claim that has accepted the Plan shall be deemed to have accepted the Plan as modified in accordance with Section 14.4 of the Plan if the proposed modification does not materially and adversely change the treatment of the Claim of such holder.

## **J. NOTICES**

To be effective under the Plan, all notices, requests and demands must be in writing (including by facsimile transmission) and, unless otherwise expressly provided under the Plan, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

To the Debtor:

SK Global America, Inc.  
One Parker Plaza  
400 Kelby Street  
Fort Lee, New Jersey 07024  
Attn: Mr. Moon Ho Kim  
Telephone: (201) 363-8200  
Telecopier: (201) 363-8393

with copies to:

Togut, Segal & Segal LLP  
One Penn Plaza  
Suite 3335  
New York, New York 10119  
Attn: Scott E. Ratner, Esq.  
Telephone: (212) 594-5000  
Telecopier: (212) 967-4258

To the Parent:

Cleary, Gottlieb, Steen & Hamilton  
One Liberty Plaza  
New York, New York 10006  
Attn: James Bromley, Esq.  
Telephone: (212) 225-2000  
Telecopier: (212) 225-3999

[To the Creditor Trust:]

Attn: \_\_\_\_\_, Esq.  
Telephone: \_\_\_\_\_  
Telecopier: \_\_\_\_\_

## **IX.**

### **CERTAIN U.S. TAX CONSEQUENCES OF THE PLAN**

The Debtor has not evaluated the tax consequences of the Plan to holders of Claims and Equity Interests. EACH HOLDER OF A CLAIM AGAINST, OR EQUITY INTEREST IN, THE DEBTOR IS URGED TO CONSULT ITS OWN TAX ADVISOR AS TO THE CONSEQUENCES OF THE PLAN UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND FOREIGN TAX LAWS.

## **X.**

### **VOTING AND CONFIRMATION OF THE PLAN**

For the Plan to be confirmed, various statutory conditions prescribed by the Bankruptcy Code must be satisfied, including (i) acceptance of the Plan by at least one impaired Class entitled to vote on the Plan; (ii) provision for payment or distribution under the Plan to each claimant of money and/or other property at least

equal in value to what the claimant would have received in a liquidation of the Debtor under Chapter 7 of the Bankruptcy Code; (iii) a finding by the Bankruptcy Court that the Plan is feasible; and (iv) for each Class, either acceptance by that Class or a finding by the Bankruptcy Court that the Plan is "fair and equitable" and does not "discriminate unfairly" against that Class.

The Disclosure Statement has been approved by order of the Bankruptcy Court, dated \_\_\_\_\_ 2004. Accordingly, this Disclosure Statement is being used in connection with the solicitation of acceptances of the Plan from those Creditors holding Claims in Classes entitled to vote on the Plan.

#### **A. WHO MAY VOTE**

Only the holder of a Claim in a Class that is impaired under the Plan and that is not deemed to have rejected the Plan is entitled to vote on acceptance or rejection of the Plan. Generally, section 1124 of the Bankruptcy Code provides that a class of claims or interests is considered impaired unless the proposed plan leaves unaltered the legal, equitable and contractual rights of the holder of the claim or interest. In addition, those classes are impaired unless all outstanding defaults, other than defaults relating to the solvency or financial condition of the debtor or the commencement of the Chapter 11 case, have been cured and the holders of claims or interests in these classes have been compensated for any damages incurred as a result of any reasonable reliance on any contractual provisions or applicable law to demand accelerated payment.

Classes 1 and 2 under the Plan are unimpaired, and the holders of Claims in each such Class are conclusively deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code and will not be entitled to vote on the Plan.

Classes 3, 4, 5, 6, 7 and 8 are impaired under the Plan, and the holders of Claims in these Classes are entitled to vote on the Plan.

The holders of Claims in Class 9 and Equity Interests in Class 10 will not receive any Distribution or retain any value under the Plan on account of their Claims and/or Equity Interests. Therefore, Classes 9 and 10 are impaired and conclusively deemed to have rejected the Plan.

An Entity is entitled to vote only if either (i) its Claim or Equity Interest has been scheduled by the Debtor as not disputed, contingent or unliquidated, or (ii) it has filed a proof of Claim on or before the applicable Bar Date that is not (a) contingent in nature and/or unliquidated in amount or (b) the subject of a pending objection.

The holder of a Disputed Claim, or a Claim which is unliquidated and/or contingent, is not entitled to vote unless the Creditor has obtained a Final Order of the Bankruptcy Court temporarily allowing the Claim for the purpose of voting on the Plan. If a Creditor has filed an unliquidated or contingent proof of Claim, *i.e.*, the Creditor failed to specify the dollar amount in the proof of Claim, then pursuant to Bankruptcy Rule 3018(a), a dollar value for each such Claim may be estimated and allowed by the

Bankruptcy Court solely for voting purposes. A Creditor's vote may be disregarded if the Bankruptcy Court determines that its acceptance or rejection was not solicited or procured in accordance with the provisions of the Bankruptcy Code.

## **B. VOTING PROCEDURES**

Each Creditor entitled to vote may do so by signing and returning the Ballot or Ballots (if the Creditor holds Claims in more than one impaired Class entitled to vote) that were sent to such Creditor with this Disclosure Statement.

### **1. Solicitation Period.**

To be counted, a Ballot must be RECEIVED by the Voting Agent at the following address no later than 5:00 P.M., New York Time on \_\_\_\_\_:

(If By Courier or Hand)

SK Global Solicitation Agent  
Bankruptcy Services, LLC  
757 Third Avenue, Third Floor  
New York, New York 10017  
Attention: SK Global America, Inc.  
Voting Department

(If By Mail)

SK Global Solicitation Agent  
P.O. Box 5014  
FDR Station  
New York, New York 10150-5014  
Attention: SK Global America, Inc.  
Voting Department

### **2. Ballots.**

A Ballot, substantially in the form annexed as Exhibit 2 hereto, is enclosed herewith for each holder of a Claim eligible to vote on the Plan, which will serve as the official Ballot for indicating acceptance or rejection of the Plan pursuant to the requirements of sections 1125 and 1126 of the Bankruptcy Code and Bankruptcy Rule 3018(c). In voting for or against the Plan, a Creditor must use only the Ballot sent with this Disclosure Statement.

Holders of Claims in more than one Class under the Plan will receive multiple Ballots. IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A SEPARATE CLAIM AND SHOULD COMPLETE AND RETURN ALL OF SUCH BALLOTS. IF A BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE ANY QUESTIONS REGARDING THE VOTING PROCEDURES, CALL (212) 594-5000, ATTENTION: MS. DAWN PERSON.

YOU SHOULD COMPLETE AND SIGN EACH ENCLOSED BALLOT AND RETURN IT IN THE ENCLOSED ENVELOPE TO:

(If By Courier or Hand)

SK Global Solicitation Agent  
Bankruptcy Services, LLC  
757 Third Avenue, Third Floor  
New York, New York 10017  
Attention: SK Global America, Inc.  
Voting Department

(If By Mail)

SK Global Solicitation Agent  
P.O. Box 5014  
FDR Station  
New York, New York 10150-5014  
Attention: SK Global America, Inc.  
Voting Department

TO BE COUNTED, BALLOTS MUST BE RECEIVED BY 5:00 P.M. (NEW YORK TIME)  
ON \_\_\_\_\_ 2004 .

For the Plan to be accepted by a Class, at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the Claims of each impaired Class that are actually voted must be cast for acceptance of the Plan. Thus, only Creditors who actually vote on the Plan (*i.e.*, complete and return a Ballot) are counted in determining whether the Plan has been accepted or rejected.

Further information about the Plan, the Disclosure Statement, the voting process or other aspects of the Case may be obtained by contacting:

Togut, Segal & Segal LLP  
One Penn Plaza  
Suite 3335  
New York, New York 10119  
(212) 594-5000  
Attention: Ms. Dawn Person

**C. CONFIRMATION AND CONSUMMATION OF THE PLAN**

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

1. Confirmation Hearing.

Section 1129(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of the Plan. The Bankruptcy Court has scheduled the Confirmation Hearing for \_\_\_\_\_, 2004 at \_\_:00 \_\_.m. in Courtroom 601 located on the sixth floor of the United States Bankruptcy Court, Alexander Hamilton Customs House, One Bowling Green, New York, N.Y. 10004.

2. Objections to Confirmation of the Plan.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan, regardless of whether it is entitled to vote thereon.

Pursuant to the Disclosure Statement Order, the Bankruptcy Court has directed that, on or before \_\_\_\_\_ by 5:00 p.m. (New York Time), any written objections to the Plan must be filed with the Bankruptcy Court and a copy served upon counsel for the Debtor and other parties in interest. Unless the Bankruptcy Court schedules a separate hearing to consider objections to confirmation of the Plan, all properly filed and served objections will be considered by the Bankruptcy Court at the Confirmation Hearing. The hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the hearing or any adjourned hearing. While the Debtor anticipates that any hearing to consider objections to the confirmation of the Plan will be held in conjunction with the Confirmation Hearing, there can be no assurance that such will be the case.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. **UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY FILED AND SERVED IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

3. Requirements for Confirmation of the Plan.

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of sections 1129(a) of the Bankruptcy Code have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. These requirements include:

(a) "Best Interests Test" - Confirmation of the Plan requires that, with respect to each impaired Class of Claims, each holder of an Allowed Claim in the Class has either accepted the Plan or will receive a Distribution under the Plan of property (such as Cash) of a value, as of the Effective Date, that is not less than the amount the holder would receive or retain if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code.

(b) Feasibility of the Plan - For the Plan to be confirmed, the Bankruptcy Court must determine that it is feasible; that is, as a practical matter, the Debtor has sufficient resources to meet the obligations prescribed under the Plan on a timely basis according to its terms. The Debtor believes the Plan is feasible. See the Balance Sheet of the Debtor, which is contained in the financial appendix annexed hereto as Exhibit 4.

(c) Acceptance by Impaired Classes - Section 1129(a)(8) of the Bankruptcy Code generally requires that each impaired Class must accept the Plan by the requisite votes for confirmation to occur. A Class of impaired Claims will have accepted the Plan if at least two-thirds in dollar amount and more than one-half in number of Claims actually voting in the Class have voted in favor of the Plan. In the

event any Class of Claims that is impaired under the Plan fails to accept the Plan by the minimum percentage of votes, the Debtor may seek to modify the Plan or seek confirmation pursuant to the so-called "cram-down" provisions of section 1129(b) of the Bankruptcy Code with respect to the "dissenting" Class.

4. Fair and Equitable Test (In Cram-Down).

Under section 1129(b) of the Bankruptcy Code, "fair and equitable" has different meanings for Secured Claims, Unsecured Claims and Equity Interests:

(a) For secured claims, "fair and equitable" means either (i) the impaired secured creditor retains its liens to the extent of its allowed secured claim and receives deferred cash payments at least equal to the allowed amount of its claim with a present value as of the effective date of the plan at least equal to the value of its interest in the property securing its liens; (ii) if property subject to the lien of the impaired secured creditor is sold free and clear of its lien, the impaired secured creditor receives a lien attaching to the proceeds of the sale; or (iii) the impaired secured creditor realizes the "indubitable equivalent" of its claim under the plan.

(b) For unsecured claims, "fair and equitable" means either (i) the impaired unsecured creditor receives property of a value, as of the effective date, equal to the amount of its allowed claim; or (ii) the holders of all claims and interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan.

(c) For equity interests, "fair and equitable" means either (i) each holder of an interest in such class receives or retains, on account of such interest, property of a value equal to the greater of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or (ii) the holder of any interest that is junior to the interest of such class will not receive or retain any property on account of such junior interest.

**D. LIQUIDATION ANALYSIS**

To confirm the Plan, the Bankruptcy Court must determine that the Plan is in the "best interests" of each holder of a Claim in any such impaired Class that has not voted to accept the Plan. Accordingly, if an impaired Class does not unanimously accept the Plan, the "best interests" test requires that the Bankruptcy Court find that the Plan provides to each dissenting member of such impaired Class a recovery on account of the holder's Claim that has a value, as of the Effective Date, at least equal to the value of the distribution that such Creditor would receive if the Debtor and its property were liquidated under Chapter 7 of the Bankruptcy Code on such date.

To estimate what the members of each impaired Class of Claims would receive if the Debtor were liquidated under Chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be



available if the Case were converted to a case under Chapter 7 of the Bankruptcy Code and the Debtor's assets were liquidated by a Chapter 7 trustee (the "Liquidation Value"). The Liquidation Value of the Debtor would consist of the net proceeds from the disposition of the assets of the Debtor, augmented by any Cash held by the Debtor.

The Liquidation Value available to Creditors holding Allowed General Unsecured Claims and Unsecured Liquidating Trust Claims would be reduced by, among other things: (a) the amount required to satisfy Secured Claims, to the extent of the value of the underlying Collateral; (b) the costs, fees, and expenses of the liquidation, as well as other administrative expense claims incurred in connection with the Debtor's Chapter 7 case, including tax liabilities for any gain arising from the disposition of assets in the liquidation; (c) unpaid Administrative Expense Claims incurred in the Case prior to conversion to Chapter 7; and (d) Priority Claims, including Priority Tax Claims. The Debtor's costs of liquidation in a Chapter 7 case thus would include the compensation of a trustee, counsel, and other professionals retained by a trustee, asset disposition expenses, applicable taxes, litigation costs, Claims arising from the operation of the Debtor during the pendency of the Chapter 7 case, and all unpaid Administrative Expense Claims incurred by the Debtor during the Case. These Claims are required to be paid in full out of the net liquidation proceeds, after payment of Secured Claims, before any balance would be made available to pay General Unsecured Claims and Unsecured Liquidating Trust Claims.

Secured Claims asserted against the Debtor aggregate approximately \$167 million, plus interest. Administrative Expense Claims and Allowed Priority Claims are estimated at approximately \$4 million. Pursuant to the Plan, holders of Allowed General Unsecured Claims (which the Debtor estimates will not exceed \$5 million) are receiving 100% of their Allowed Claims. Thus, for holders of Allowed Unsecured Liquidating Trust Claims to obtain any recovery in a hypothetical Chapter 7 liquidation, the Liquidation Value would have to exceed \$176 million by an amount sufficient to cover the costs, fees and expenses of the liquidation, including the compensation of a trustee, counsel and other professionals retained by a trustee.

As at May 31, 2004, the Debtor had total assets at net book value of \$436 million, including cash on hand of \$111 million, accounts receivable of \$218 million, advances of \$85 million (of which \$63 million is deemed by management to be unrecoverable), and inventory of \$6 million. Approximately \$212 million of the net book value of accounts receivable is due from related parties. The Liquidation Value of related-party receivables is assumed to be zero because the parties have defenses that they could assert, such as setoff, recoupment and other defenses. Consequently, the value of assets to be liquidated for the benefit of Creditors, before any discount required to liquidate the assets, totals approximately \$161 million. This amount is insufficient to satisfy the asserted Secured Claims, with the result that holders of Claims in Classes 4, 5, 6, 7, 8 and 9 would not receive any recovery in a hypothetical Chapter 7 liquidation.

Moreover, the liquidation of the Debtor's remaining assets under Chapter 7 would entail the appointment of a trustee who would not have any experience with the Debtor's records, and remaining assets to be liquidated. A substantial period of education would be required for the trustee, who would retain his own professionals

(i.e., attorneys, accountants, etc.), to conclude the liquidation of the Debtor's Estate and would add an additional layer of administration costs to this Estate. The conversion of the Debtor's case to Chapter 7 would significantly delay distributions to the holders of Allowed Claims. Substantial cost and delay will be avoided by a largely consensual plan. Consequently, the Plan will provide a greater return, in the most expeditious manner, to holders of Allowed Claims than would dismissal of the Chapter 11 Case or a Chapter 7 liquidation. Moreover, given the fact that the Plan proposes to make Distributions to Creditors in accordance with so-called "absolute priority" scheme of the Bankruptcy Code, the Plan, by definition, provides Creditors with at least as much as they would receive in a liquidation under Chapter 7.

The liquidation analysis is based on a number of estimates and assumptions that are subject to significant uncertainties. Although the Debtor believes that these estimates and assumptions are reasonable for the purpose of preparing a hypothetical Chapter 7 liquidation analysis, there can be no assurance that such estimates and assumptions will be the same if the Debtor were in fact liquidated. In all liquidations under Chapter 7, significant delays in distributions on claims can be expected. This is due to the fact that the process of conversion and the examination and analysis by a Chapter 7 trustee of the assets of and claims against a debtor by its very nature and purpose, requires delay in disposition of bankruptcy estate assets. Such delay in a Chapter 7 case could materially reduce the amount determined on a present value basis as of the proposed reorganization plan's effective date to be available for distribution to creditors in a liquidation. In the Case, the Debtor believes that delays attendant to a conversion will adversely affect the values realizable in a liquidation of the Debtor's assets (such as the collection of accounts receivable and disposition of the Debtor's real estate interests) to an extent that cannot be estimated at this time.

The hypothetical liquidation analysis indicates that the aggregate proceeds of liquidation of the Debtor in a case under Chapter 7 of the Bankruptcy Code would be less than the Distributions to be made to the holders of General Unsecured Claims and Unsecured Liquidating Trust Claims under the Plan. See "Summary of the Plan for the Debtor -- Description and Treatment of Claims and Equity Interests Under the Plan." The Debtor therefore believes that the Plan provides for recoveries equal to or greater than those that would be realized in a Chapter 7 liquidation of the Debtor, and that the Plan thus satisfies the "best interests" test embodied in section 1129(a)(7) of the Bankruptcy Code as to all Classes of Claims.

**[concluded on the following page]**

**XI.**

**CONCLUSION**

The Debtor urges all Creditors entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they will be received on or before 5:00 p.m. New York Time on \_\_\_\_\_, 2004.

DATED: New York, New York  
June 23, 2004

SK GLOBAL AMERICA, INC.

By: /s/ Moon Ho Kim  
Moon Ho Kim  
President and Treasurer

**COUNSEL:**

Albert Togut (AT-9759)  
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One Penn Plaza, Suite 3335  
New York, New York 10119  
(212) 594-5000

Attorneys for SK Global America, Inc.  
Debtor and Debtor-in-Possession

**EXHIBIT “1”  
TO  
DISCLOSURE STATEMENT**

**Plan of Liquidation**

**Filed Separately with the Bankruptcy Court**

**EXHIBIT “2”  
TO  
DISCLOSURE STATEMENT**

**Ballot Forms**

**MUST BE RECEIVED BY 5:00 PM EASTERN DAYLIGHT TIME**, 2004

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_X  
In re: : Chapter 11 Case  
: No. 03-14625 [CB]  
SK GLOBAL AMERICA, INC., :  
: **Ballot for Plan of Liquidation**  
Debtor. :  
:  
\_\_\_\_\_X

**CLASS 3 - KEB JUNIOR SECURED CLAIMS**

1. **VOTE ON PLAN** NOTE: PLEASE CHECK ONLY ONE BOX. IF NO BOXES ARE CHECKED, OR IF BOTH BOXES ARE CHECKED, THIS BALLOT WILL NOT BE COUNTED IN THE VOTING ON THE PLAN. A BALLOT THAT IS NOT SIGNED WILL NOT COUNT.

**ACCEPT PLAN**

☐

**REJECT PLAN**

☐

2. **TAX INFORMATION** Under penalties of perjury, claimant certifies that:

1. Claimant's correct taxpayer identification number is:  
(Social Security Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
(or Employer Identification Number) \_\_\_\_\_-\_\_\_\_\_; and

2. Please check the Appropriate Box(es):

Claimant is not subject to backup withholding because:

☐

(a) Claimant is exempt from backup withholding:

☐

(b) Claimant has not been notified by the Internal Revenue Service ("IRS") that Claimant is subject to backup withholding as a result of a failure to report all interest or dividends; or

☐

(c) The IRS has notified Claimant that Claimant is no longer subject to backup withholding.

3. **SIGNATURE** By signing this Ballot, the undersigned certifies that it is either: (a) a creditor with a claim to which this Ballot pertains that is designated in the above-referenced Class pursuant to the Plan; or (b) an authorized signatory of such creditor, and has the full power and authority to vote to accept or reject the Plan. The undersigned also acknowledges that such vote is subject to all the terms and conditions of the Disclosure Statement and the Plan.

**Print or Type Name of Claimant:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**If by Authorized Agent, Name and Title:** \_\_\_\_\_

**Street Address:** \_\_\_\_\_

**City, State, Zip Code:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_

**PLEASE MAKE SURE YOU HAVE PROVIDED ALL INFORMATION REQUESTED ON THIS BALLOT. PLEASE SEE REVERSE SIDE FOR IMPORTANT VOTING INSTRUCTIONS.**

On \_\_\_\_\_, 2004, the United States Bankruptcy Court for the Southern District of New York (the "Court") approved the Disclosure Statement filed by SK Global America, Inc. on June \_\_\_, 2004 (the "Disclosure Statement") and directed the Debtor to solicit votes with regard to the approval or rejection of the Debtor's Plan of Liquidation dated June \_\_\_, 2004, which is attached as Exhibit "1" to the Disclosure Statement.

#### INSTRUCTIONS

**TO HAVE YOUR VOTE COUNT, YOU MUST COMPLETE, SIGN AND RETURN THIS ORIGINAL BALLOT SO THAT IT IS RECEIVED BY BANKRUPTCY SERVICES, LLC, VOTING AGENT FOR THE DEBTOR, NOT LATER THAN 5:00 P.M. EASTERN DAYLIGHT TIME, ON \_\_\_\_\_, 2004 (THE "VOTING DEADLINE"). FACSIMILE OR PHOTOCOPIED BALLOTS WILL NOT BE COUNTED. ALL BALLOTS REQUIRE AN ORIGINAL SIGNATURE. BALLOTS ARE TO BE RETURNED TO THE FOLLOWING ADDRESS:**

(A) Regular Mail, to SK Global America, Inc., c/o Bankruptcy Services, LLC at:

[Address]

(B) Overnight Courier or Personal Delivery, to SK Global America, Inc., c/o Bankruptcy Services, LLC, 70 East 55th Street, 6th Floor, New York, New York 10022.

**BALLOTS MUST BE RECEIVED BY THE VOTING AGENT NO LATER THAN 5:00 PM, E.D.T. ON \_\_\_\_\_, 2004. IF A BALLOT IS RECEIVED AFTER THIS DATE AND TIME, IT WILL NOT BE COUNTED.**

It is important that you vote. The Plan can be confirmed by the Court and thereby made binding on you if it is accepted by the holders of at least 2/3 in amount and more than 1/2 in number of claims actually voting in each voting class of claims. The votes of the claims actually voted in your class will bind those who do not vote. In the event that the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if at least one impaired class of claims has accepted the Plan and the Court finds that it accords fair and equitable treatment to, and does not discriminate unfairly against, the class(es) rejecting it and otherwise satisfies the requirements of section 1129(b) of title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code").

Your signature is required in order for your vote to be counted. If the claim is held by a partnership, the ballot should be executed in the name of the partnership by a general partner. If the claim is held by a corporation, the ballot must be executed by an officer. If you are signing in a representative capacity, also indicate your title where requested.

This ballot has been prepared to reflect the class(es) in which you are eligible to vote. IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A CLAIM IN A SEPARATE CLASS AND YOU SHOULD COMPLETE AND RETURN ALL OF THEM. If you have any questions, please contact the Voting Agent, Bankruptcy Services, LLC at (212) 376-8900.

Ballots are being sent to all holders of claims entitled to vote on the Plan as of the voting record date of \_\_\_\_\_, 2004. Pursuant to section 502 of the Bankruptcy Code and Bankruptcy Rule 3018, the Court may estimate and temporarily allow a claim for purposes of voting on the Plan. The Debtor may seek an order of the Court, temporarily allowing, for voting purposes only, certain disputed claims. If the Debtor avails itself of this right, allowance for voting purposes does not constitute allowance for purposes of distributions under the Plan.

**This ballot is for voting purposes only and does not constitute and shall not be deemed a proof of claim or an admission by the Debtor of the validity of a claim.**

If your ballot is damaged or lost or if you did not receive a ballot, you may request a replacement by addressing a written request to Bankruptcy Services, LLC, 70 East 55th Street, 6th Floor, New York, New York 10022 or by calling (212) 376-8900.

If a claim is disputed as of the Voting Deadline, the ballot submitted with respect to that claim shall not be counted, except to the extent the Debtor's objection to that claim states otherwise or the Court orders otherwise upon the timely application of the claim holder in accordance with the Court's Order dated \_\_\_\_\_, 2004 inter alia, establishing (a) procedures for the estimation of claims for voting purposes and (b) voting procedures and approving forms of ballots, respectively.

**MUST BE RECEIVED BY 5:00 PM EASTERN DAYLIGHT TIME**, 2004

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_  
In re: \_\_\_\_\_X  
: Chapter 11 Case  
: No. 03-14625 [CB]  
SK GLOBAL AMERICA, INC., :  
: **Ballot for Plan of Liquidation**  
Debtor. :  
:  
\_\_\_\_\_  
X

**CLASS 4 - GENERAL UNSECURED CLAIMS**

1. **VOTE ON PLAN** NOTE: PLEASE CHECK ONLY ONE BOX. IF NO BOXES ARE CHECKED, OR IF BOTH BOXES ARE CHECKED, THIS BALLOT WILL NOT BE COUNTED IN THE VOTING ON THE PLAN. A BALLOT THAT IS NOT SIGNED WILL NOT COUNT.

**ACCEPT PLAN**

☐

**REJECT PLAN**

☐

2. **TAX INFORMATION** Under penalties of perjury, claimant certifies that:

1. Claimant's correct taxpayer identification number is:  
(Social Security Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
(or Employer Identification Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_; and

2. Please check the Appropriate Box(es):

Claimant is not subject to backup withholding because:

☐

(a) Claimant is exempt from backup withholding:

☐

(b) Claimant has not been notified by the Internal Revenue Service ("IRS") that Claimant is subject to backup withholding as a result of a failure to report all interest or dividends; or

☐

(c) The IRS has notified Claimant that Claimant is no longer subject to backup withholding.

3. **SIGNATURE** By signing this Ballot, the undersigned certifies that it is either: (a) a creditor with a claim to which this Ballot pertains that is designated in the above-referenced Class pursuant to the Plan; or (b) an authorized signatory of such creditor, and has the full power and authority to vote to accept or reject the Plan. The undersigned also acknowledges that such vote is subject to all the terms and conditions of the Disclosure Statement and the Plan.

**Print or Type Name of Claimant:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**If by Authorized Agent, Name and Title:** \_\_\_\_\_

**Street Address:** \_\_\_\_\_

**City, State, Zip Code:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_

**PLEASE MAKE SURE YOU HAVE PROVIDED ALL INFORMATION REQUESTED ON THIS BALLOT. PLEASE SEE REVERSE SIDE FOR IMPORTANT VOTING INSTRUCTIONS.**



On \_\_\_\_\_, 2004, the United States Bankruptcy Court for the Southern District of New York (the "Court") approved the Disclosure Statement filed by SK Global America, Inc. on June \_\_\_, 2004 (the "Disclosure Statement") and directed the Debtor to solicit votes with regard to the approval or rejection of the Debtor's Plan of Liquidation dated June \_\_\_, 2004, which is attached as Exhibit "1" to the Disclosure Statement.

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Your signature is required in order for your vote to be counted. If the claim is held by a partnership, the ballot should be executed in the name of the partnership by a general partner. If the claim is held by a corporation, the ballot must be executed by an officer. If you are signing in a representative capacity, also indicate your title where requested.

This ballot has been prepared to reflect the class(es) in which you are eligible to vote. IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A CLAIM IN A SEPARATE CLASS AND YOU SHOULD COMPLETE AND RETURN ALL OF THEM. If you have any questions, please contact the Voting Agent, Bankruptcy Services, LLC at (212) 376-8900.

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**MUST BE RECEIVED BY 5:00 PM EASTERN DAYLIGHT TIME**, 2004

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_  
In re: \_\_\_\_\_X  
: Chapter 11 Case  
: No. 03-14625 [CB]  
SK GLOBAL AMERICA, INC., :  
: **Ballot for Plan of Liquidation**  
Debtor. :  
:  
\_\_\_\_\_  
X

**CLASS 5 - FRN UNSECURED CLAIMS**

1. **VOTE ON PLAN** NOTE: PLEASE CHECK ONLY ONE BOX. IF NO BOXES ARE CHECKED, OR IF BOTH BOXES ARE CHECKED, THIS BALLOT WILL NOT BE COUNTED IN THE VOTING ON THE PLAN. A BALLOT THAT IS NOT SIGNED WILL NOT COUNT.

**ACCEPT PLAN**

☐

**REJECT PLAN**

☐

2. **TAX INFORMATION** Under penalties of perjury, claimant certifies that:

1. Claimant's correct taxpayer identification number is:  
(Social Security Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
(or Employer Identification Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_; and

2. Please check the Appropriate Box(es):

Claimant is not subject to backup withholding because:

☐

(a) Claimant is exempt from backup withholding:

☐

(b) Claimant has not been notified by the Internal Revenue Service ("IRS") that Claimant is subject to backup withholding as a result of a failure to report all interest or dividends; or

☐

(c) The IRS has notified Claimant that Claimant is no longer subject to backup withholding.

3. **SIGNATURE** By signing this Ballot, the undersigned certifies that it is either: (a) a creditor with a claim to which this Ballot pertains that is designated in the above-referenced Class pursuant to the Plan; or (b) an authorized signatory of such creditor, and has the full power and authority to vote to accept or reject the Plan. The undersigned also acknowledges that such vote is subject to all the terms and conditions of the Disclosure Statement and the Plan.

**Print or Type Name of Claimant:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**If by Authorized Agent, Name and Title:** \_\_\_\_\_

**Street Address:** \_\_\_\_\_

**City, State, Zip Code:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_

**PLEASE MAKE SURE YOU HAVE PROVIDED ALL INFORMATION REQUESTED ON THIS BALLOT. PLEASE SEE REVERSE SIDE FOR IMPORTANT VOTING INSTRUCTIONS.**

On \_\_\_\_\_, 2004, the United States Bankruptcy Court for the Southern District of New York (the "Court") approved the Disclosure Statement filed by SK Global America, Inc. on June \_\_\_, 2004 (the "Disclosure Statement") and directed the Debtor to solicit votes with regard to the approval or rejection of the Debtor's Plan of Liquidation dated June \_\_\_, 2004, which is attached as Exhibit "1" to the Disclosure Statement.

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Your signature is required in order for your vote to be counted. If the claim is held by a partnership, the ballot should be executed in the name of the partnership by a general partner. If the claim is held by a corporation, the ballot must be executed by an officer. If you are signing in a representative capacity, also indicate your title where requested.

This ballot has been prepared to reflect the class(es) in which you are eligible to vote. IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A CLAIM IN A SEPARATE CLASS AND YOU SHOULD COMPLETE AND RETURN ALL OF THEM. If you have any questions, please contact the Voting Agent, Bankruptcy Services, LLC at (212) 376-8900.

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_  
In re: \_\_\_\_\_X  
: Chapter 11 Case  
: No. 03-14625 [CB]  
SK GLOBAL AMERICA, INC., :  
: **Ballot for Plan of Liquidation**  
Debtor. :  
:  
\_\_\_\_\_  
X

**CLASS 6 - UNSECURED BANK CLAIMS**

1. **VOTE ON PLAN** NOTE: PLEASE CHECK ONLY ONE BOX. IF NO BOXES ARE CHECKED, OR IF BOTH BOXES ARE CHECKED, THIS BALLOT WILL NOT BE COUNTED IN THE VOTING ON THE PLAN. A BALLOT THAT IS NOT SIGNED WILL NOT COUNT.

**ACCEPT PLAN**

☐

**REJECT PLAN**

☐

2. **TAX INFORMATION** Under penalties of perjury, claimant certifies that:

1. Claimant's correct taxpayer identification number is:  
(Social Security Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
(or Employer Identification Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_; and

2. Please check the Appropriate Box(es):

Claimant is not subject to backup withholding because:

☐

(a) Claimant is exempt from backup withholding:

☐

(b) Claimant has not been notified by the Internal Revenue Service ("IRS") that Claimant is subject to backup withholding as a result of a failure to report all interest or dividends; or

☐

(c) The IRS has notified Claimant that Claimant is no longer subject to backup withholding.

3. **SIGNATURE** By signing this Ballot, the undersigned certifies that it is either: (a) a creditor with a claim to which this Ballot pertains that is designated in the above-referenced Class pursuant to the Plan; or (b) an authorized signatory of such creditor, and has the full power and authority to vote to accept or reject the Plan. The undersigned also acknowledges that such vote is subject to all the terms and conditions of the Disclosure Statement and the Plan.

**Print or Type Name of Claimant:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**If by Authorized Agent, Name and Title:** \_\_\_\_\_

**Street Address:** \_\_\_\_\_

**City, State, Zip Code:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_

**PLEASE MAKE SURE YOU HAVE PROVIDED ALL INFORMATION REQUESTED ON THIS BALLOT. PLEASE SEE REVERSE SIDE FOR IMPORTANT VOTING INSTRUCTIONS.**

On \_\_\_\_\_, 2004, the United States Bankruptcy Court for the Southern District of New York (the "Court") approved the Disclosure Statement filed by SK Global America, Inc. on June \_\_\_, 2004 (the "Disclosure Statement") and directed the Debtor to solicit votes with regard to the approval or rejection of the Debtor's Plan of Liquidation dated June \_\_\_, 2004, which is attached as Exhibit "1" to the Disclosure Statement.

#### INSTRUCTIONS

**TO HAVE YOUR VOTE COUNT, YOU MUST COMPLETE, SIGN AND RETURN THIS ORIGINAL BALLOT SO THAT IT IS RECEIVED BY BANKRUPTCY SERVICES, LLC, VOTING AGENT FOR THE DEBTOR, NOT LATER THAN 5:00 P.M. EASTERN DAYLIGHT TIME, ON \_\_\_\_\_, 2004 (THE "VOTING DEADLINE"). FACSIMILE OR PHOTOCOPIED BALLOTS WILL NOT BE COUNTED. ALL BALLOTS REQUIRE AN ORIGINAL SIGNATURE. BALLOTS ARE TO BE RETURNED TO THE FOLLOWING ADDRESS:**

(D) Regular Mail, to SK Global America, Inc., c/o Bankruptcy Services, LLC at:

[Address]

(B) Overnight Courier or Personal Delivery, to SK Global America, Inc., c/o Bankruptcy Services, LLC, 70 East 55th Street, 6th Floor, New York, New York 10022.

**BALLOTS MUST BE RECEIVED BY THE VOTING AGENT NO LATER THAN 5:00 PM, E.D.T. ON \_\_\_\_\_, 2004. IF A BALLOT IS RECEIVED AFTER THIS DATE AND TIME, IT WILL NOT BE COUNTED.**

It is important that you vote. The Plan can be confirmed by the Court and thereby made binding on you if it is accepted by the holders of at least 2/3 in amount and more than 1/2 in number of claims actually voting in each voting class of claims. The votes of the claims actually voted in your class will bind those who do not vote. In the event that the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if at least one impaired class of claims has accepted the Plan and the Court finds that it accords fair and equitable treatment to, and does not discriminate unfairly against, the class(es) rejecting it and otherwise satisfies the requirements of section 1129(b) of title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code").

Your signature is required in order for your vote to be counted. If the claim is held by a partnership, the ballot should be executed in the name of the partnership by a general partner. If the claim is held by a corporation, the ballot must be executed by an officer. If you are signing in a representative capacity, also indicate your title where requested.

This ballot has been prepared to reflect the class(es) in which you are eligible to vote. IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A CLAIM IN A SEPARATE CLASS AND YOU SHOULD COMPLETE AND RETURN ALL OF THEM. If you have any questions, please contact the Voting Agent, Bankruptcy Services, LLC at (212) 376-8900.

Ballots are being sent to all holders of claims entitled to vote on the Plan as of the voting record date of \_\_\_\_\_, 2004. Pursuant to section 502 of the Bankruptcy Code and Bankruptcy Rule 3018, the Court may estimate and temporarily allow a claim for purposes of voting on the Plan. The Debtor may seek an order of the Court, temporarily allowing, for voting purposes only, certain disputed claims. If the Debtor avails itself of this right, allowance for voting purposes does not constitute allowance for purposes of distributions under the Plan.

**This ballot is for voting purposes only and does not constitute and shall not be deemed a proof of claim or an admission by the Debtor of the validity of a claim.**

If your ballot is damaged or lost or if you did not receive a ballot, you may request a replacement by addressing a written request to Bankruptcy Services, LLC, 70 East 55th Street, 6th Floor, New York, New York 10022 or by calling (212) 376-8900.

If a claim is disputed as of the Voting Deadline, the ballot submitted with respect to that claim shall not be counted, except to the extent the Debtor's objection to that claim states otherwise or the Court orders otherwise upon the timely application of the claim holder in accordance with the Court's Order dated \_\_\_\_\_, 2004 inter alia, establishing (a) procedures for the estimation of claims for voting purposes and (b) voting procedures and approving forms of ballots, respectively.

**MUST BE RECEIVED BY 5:00 PM EASTERN DAYLIGHT TIME**, 2004

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_  
In re: \_\_\_\_\_X  
: Chapter 11 Case  
: No. 03-14625 [CB]  
SK GLOBAL AMERICA, INC., :  
: **Ballot for Plan of Liquidation**  
Debtor. :  
:  
\_\_\_\_\_  
X

**CLASS 7 - SK GROUP TRADE CLAIMS**

1. **VOTE ON PLAN** NOTE: PLEASE CHECK ONLY ONE BOX. IF NO BOXES ARE CHECKED, OR IF BOTH BOXES ARE CHECKED, THIS BALLOT WILL NOT BE COUNTED IN THE VOTING ON THE PLAN. A BALLOT THAT IS NOT SIGNED WILL NOT COUNT.

**ACCEPT PLAN**

☐

**REJECT PLAN**

☐

2. **TAX INFORMATION** Under penalties of perjury, claimant certifies that:

1. Claimant's correct taxpayer identification number is:  
(Social Security Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
(or Employer Identification Number) \_\_\_\_\_-\_\_\_\_\_; and

2. Please check the Appropriate Box(es):

Claimant is not subject to backup withholding because:

☐

(a) Claimant is exempt from backup withholding:

☐

(b) Claimant has not been notified by the Internal Revenue Service ("IRS") that Claimant is subject to backup withholding as a result of a failure to report all interest or dividends; or

☐

(c) The IRS has notified Claimant that Claimant is no longer subject to backup withholding.

3. **SIGNATURE** By signing this Ballot, the undersigned certifies that it is either: (a) a creditor with a claim to which this Ballot pertains that is designated in the above-referenced Class pursuant to the Plan; or (b) an authorized signatory of such creditor, and has the full power and authority to vote to accept or reject the Plan. The undersigned also acknowledges that such vote is subject to all the terms and conditions of the Disclosure Statement and the Plan.

**Print or Type Name of Claimant:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**If by Authorized Agent, Name and Title:** \_\_\_\_\_

**Street Address:** \_\_\_\_\_

**City, State, Zip Code:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_

**PLEASE MAKE SURE YOU HAVE PROVIDED ALL INFORMATION REQUESTED ON THIS BALLOT. PLEASE SEE REVERSE SIDE FOR IMPORTANT VOTING INSTRUCTIONS.**

On \_\_\_\_\_, 2004, the United States Bankruptcy Court for the Southern District of New York (the "Court") approved the Disclosure Statement filed by SK Global America, Inc. on June \_\_\_, 2004 (the "Disclosure Statement") and directed the Debtor to solicit votes with regard to the approval or rejection of the Debtor's Plan of Liquidation dated June \_\_\_, 2004, which is attached as Exhibit "1" to the Disclosure Statement.

#### INSTRUCTIONS

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**BALLOTS MUST BE RECEIVED BY THE VOTING AGENT NO LATER THAN 5:00 PM, E.D.T. ON \_\_\_\_\_, 2004. IF A BALLOT IS RECEIVED AFTER THIS DATE AND TIME, IT WILL NOT BE COUNTED.**

It is important that you vote. The Plan can be confirmed by the Court and thereby made binding on you if it is accepted by the holders of at least 2/3 in amount and more than 1/2 in number of claims actually voting in each voting class of claims. The votes of the claims actually voted in your class will bind those who do not vote. In the event that the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if at least one impaired class of claims has accepted the Plan and the Court finds that it accords fair and equitable treatment to, and does not discriminate unfairly against, the class(es) rejecting it and otherwise satisfies the requirements of section 1129(b) of title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code").

Your signature is required in order for your vote to be counted. If the claim is held by a partnership, the ballot should be executed in the name of the partnership by a general partner. If the claim is held by a corporation, the ballot must be executed by an officer. If you are signing in a representative capacity, also indicate your title where requested.

This ballot has been prepared to reflect the class(es) in which you are eligible to vote. IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A CLAIM IN A SEPARATE CLASS AND YOU SHOULD COMPLETE AND RETURN ALL OF THEM. If you have any questions, please contact the Voting Agent, Bankruptcy Services, LLC at (212) 376-8900.

Ballots are being sent to all holders of claims entitled to vote on the Plan as of the voting record date of \_\_\_\_\_, 2004. Pursuant to section 502 of the Bankruptcy Code and Bankruptcy Rule 3018, the Court may estimate and temporarily allow a claim for purposes of voting on the Plan. The Debtor may seek an order of the Court, temporarily allowing, for voting purposes only, certain disputed claims. If the Debtor avails itself of this right, allowance for voting purposes does not constitute allowance for purposes of distributions under the Plan.

**This ballot is for voting purposes only and does not constitute and shall not be deemed a proof of claim or an admission by the Debtor of the validity of a claim.**

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If a claim is disputed as of the Voting Deadline, the ballot submitted with respect to that claim shall not be counted, except to the extent the Debtor's objection to that claim states otherwise or the Court orders otherwise upon the timely application of the claim holder in accordance with the Court's Order dated \_\_\_\_\_, 2004 inter alia, establishing (a) procedures for the estimation of claims for voting purposes and (b) voting procedures and approving forms of ballots, respectively.

**MUST BE RECEIVED BY 5:00 PM EASTERN DAYLIGHT TIME**, 2004

UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_  
In re: \_\_\_\_\_X  
: Chapter 11 Case  
: No. 03-14625 [CB]  
SK GLOBAL AMERICA, INC., :  
: **Ballot for Plan of Liquidation**  
Debtor. :  
:  
\_\_\_\_\_  
X

**CLASS 8 - SKN TRADE CLAIMS**

1. **VOTE ON PLAN** NOTE: PLEASE CHECK ONLY ONE BOX. IF NO BOXES ARE CHECKED, OR IF BOTH BOXES ARE CHECKED, THIS BALLOT WILL NOT BE COUNTED IN THE VOTING ON THE PLAN. A BALLOT THAT IS NOT SIGNED WILL NOT COUNT.

**ACCEPT PLAN**

☐

**REJECT PLAN**

☐

2. **TAX INFORMATION** Under penalties of perjury, claimant certifies that:

1. Claimant's correct taxpayer identification number is:  
(Social Security Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
(or Employer Identification Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_; and

2. Please check the Appropriate Box(es):

Claimant is not subject to backup withholding because:

☐

(a) Claimant is exempt from backup withholding:

☐

(b) Claimant has not been notified by the Internal Revenue Service ("IRS") that Claimant is subject to backup withholding as a result of a failure to report all interest or dividends; or

☐

(c) The IRS has notified Claimant that Claimant is no longer subject to backup withholding.

3. **SIGNATURE** By signing this Ballot, the undersigned certifies that it is either: (a) a creditor with a claim to which this Ballot pertains that is designated in the above-referenced Class pursuant to the Plan; or (b) an authorized signatory of such creditor, and has the full power and authority to vote to accept or reject the Plan. The undersigned also acknowledges that such vote is subject to all the terms and conditions of the Disclosure Statement and the Plan.

**Print or Type Name of Claimant:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**If by Authorized Agent, Name and Title:** \_\_\_\_\_

**Street Address:** \_\_\_\_\_

**City, State, Zip Code:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_

**PLEASE MAKE SURE YOU HAVE PROVIDED ALL INFORMATION REQUESTED ON THIS BALLOT. PLEASE SEE REVERSE SIDE FOR IMPORTANT VOTING INSTRUCTIONS.**



On \_\_\_\_\_, 2004, the United States Bankruptcy Court for the Southern District of New York (the "Court") approved the Disclosure Statement filed by SK Global America, Inc. on June \_\_\_, 2004 (the "Disclosure Statement") and directed the Debtor to solicit votes with regard to the approval or rejection of the Debtor's Plan of Liquidation dated June \_\_\_, 2004, which is attached as Exhibit "1" to the Disclosure Statement.

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It is important that you vote. The Plan can be confirmed by the Court and thereby made binding on you if it is accepted by the holders of at least 2/3 in amount and more than 1/2 in number of claims actually voting in each voting class of claims. The votes of the claims actually voted in your class will bind those who do not vote. In the event that the requisite acceptances are not obtained, the Court may nevertheless confirm the Plan if at least one impaired class of claims has accepted the Plan and the Court finds that it accords fair and equitable treatment to, and does not discriminate unfairly against, the class(es) rejecting it and otherwise satisfies the requirements of section 1129(b) of title 11, United States Code, 11 U.S.C. §§ 101 *et seq.* (the "Bankruptcy Code").

Your signature is required in order for your vote to be counted. If the claim is held by a partnership, the ballot should be executed in the name of the partnership by a general partner. If the claim is held by a corporation, the ballot must be executed by an officer. If you are signing in a representative capacity, also indicate your title where requested.

This ballot has been prepared to reflect the class(es) in which you are eligible to vote. IF YOU RECEIVE MORE THAN ONE BALLOT, YOU SHOULD ASSUME THAT EACH BALLOT IS FOR A CLAIM IN A SEPARATE CLASS AND YOU SHOULD COMPLETE AND RETURN ALL OF THEM. If you have any questions, please contact the Voting Agent, Bankruptcy Services, LLC at (212) 376-8900.

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UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK

\_\_\_\_\_  
In re: \_\_\_\_\_X  
: Chapter 11 Case  
: No. 03-14625 [CB]  
SK GLOBAL AMERICA, INC., :  
: **Ballot for Plan of Liquidation**  
Debtor. :  
:  
\_\_\_\_\_  
X

**CLASS 9 - SKN AFFILIATE TRADE CLAIMS**

1. **VOTE ON PLAN** NOTE: PLEASE CHECK ONLY ONE BOX. IF NO BOXES ARE CHECKED, OR IF BOTH BOXES ARE CHECKED, THIS BALLOT WILL NOT BE COUNTED IN THE VOTING ON THE PLAN. A BALLOT THAT IS NOT SIGNED WILL NOT COUNT.

**ACCEPT PLAN**

☐

**REJECT PLAN**

☐

2. **TAX INFORMATION** Under penalties of perjury, claimant certifies that:

1. Claimant's correct taxpayer identification number is:  
(Social Security Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_  
(or Employer Identification Number) \_\_\_\_\_-\_\_\_\_\_-\_\_\_\_\_; and

2. Please check the Appropriate Box(es):

Claimant is not subject to backup withholding because:

☐

(a) Claimant is exempt from backup withholding:

☐

(b) Claimant has not been notified by the Internal Revenue Service ("IRS") that Claimant is subject to backup withholding as a result of a failure to report all interest or dividends; or

☐

(c) The IRS has notified Claimant that Claimant is no longer subject to backup withholding.

3. **SIGNATURE** By signing this Ballot, the undersigned certifies that it is either: (a) a creditor with a claim to which this Ballot pertains that is designated in the above-referenced Class pursuant to the Plan; or (b) an authorized signatory of such creditor, and has the full power and authority to vote to accept or reject the Plan. The undersigned also acknowledges that such vote is subject to all the terms and conditions of the Disclosure Statement and the Plan.

**Print or Type Name of Claimant:** \_\_\_\_\_

**Signature:** \_\_\_\_\_

**If by Authorized Agent, Name and Title:** \_\_\_\_\_

**Street Address:** \_\_\_\_\_

**City, State, Zip Code:** \_\_\_\_\_

**Telephone Number:** \_\_\_\_\_

**Date Completed:** \_\_\_\_\_

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