

THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re) Chapter 11
)
MAGNATRAX CORPORATION, et. al.,) Case No. 03-11402 (PJW)
) (Jointly Administered)
)
)
Debtors.)

**ORDER (I) ESTABLISHING A RECORD DATE;
(II) ESTABLISHING NOTICE AND OBJECTION PROCEDURES
FOR CONFIRMATION OF THE PLAN; (III) APPROVING
SOLICITATION PACKAGES AND PROCEDURES FOR
DISTRIBUTION; AND (IV) APPROVING FORMS OF BALLOTS
AND ESTABLISHING PROCEDURES FOR VOTING ON THE PLAN**

Upon the motion, dated July 29, 2003 (the “Motion”), of MAGNATRAX Corporation (“MAGNATRAX”) and certain of its direct and indirect subsidiaries, as debtors and debtors in possession herein (collectively with MAGNATRAX, the “Debtors”), seeking an order (i) establishing, for voting purposes only, a record date for the holders of claims, (ii) establishing notice and objection procedures for confirmation of the Debtors’ first amended joint plan of reorganization, dated July 18, 2003 (as amended on August 18, 2003, August 22, 2003, September 4, 2003, and September 17, 2003, and thereafter, the “Plan”), (iii) approving the Solicitation Packages (as defined below) and procedures for distribution, and (iv) approving forms of ballots and establishing procedures for voting on the Plan, all as more fully set forth in the Motion; and the Debtors having filed the disclosure statement for the Plan on June 17, 2003, and first amended disclosure statement on July 18, 2003 (as amended on August 18, 2003, August 22, 2003, September 4, 2003, and September 17, 2003, and

thereafter, the “Disclosure Statement”); and it appearing that the Court has jurisdiction over this matter, and due and sufficient notice of the Plan, the Disclosure Statement and the Motion having been provided, and it appearing that no other or further notice need be provided; and the Court having considered and ruled upon the objections to the Disclosure Statement and the Motion; and the Court having held hearings on August 19, 2003, and September 5, 2003, and it appearing that the relief requested in the Motion is in the best interests of the Debtors, their estates, and all parties in interest; and the Court having determined that the legal and factual basis set forth in the Motion establish just cause for the relief granted herein;

IT IS HEREBY FOUND THAT:

A. The Disclosure Statement contains adequate information within the meaning of section 1125 of the Bankruptcy Code.

B. The forms of the ballots for the voting classes (the “Ballots”) annexed hereto as Exhibit “A” are sufficiently consistent with Official Form No. 14, adequately address the particular needs of the Debtors’ chapter 11 cases and are appropriate for each class of claims or interests entitled under the Plan to vote to accept or reject the Plan.

C. Ballots need not be provided to (i) unimpaired claims and interests in Classes 1 (Administrative Expense Claims), 2 (Other Priority Claims), 3 (Priority Tax Claims (including Secured Tax Claims), 4 (DIP Credit Facility Claims), 5 (ABCO Bondholder Claims) and 14 (Subsidiary Equity Interests) because they are unimpaired and, therefore, conclusively presumed to accept the Plan, and (ii) impaired claims and interests in Classes 10 (Vicwest Subordinated Note Related Claims), 11 (Subordinated Tranche B Transaction Claims), 12 (U.S. Intercompany Claims), 13 (Canadian

Intercompany Claims), and 15 (Magnatrax Equity Interests), because they will retain and receive no property under the Plan and, therefore, are deemed to reject the Plan.

D. The period, set forth below, during which the Debtors may solicit acceptances to the Plan is a reasonable period of time for creditors to make an informed decision to accept or reject the Plan.

E. The procedures for the solicitation and tabulation of votes to accept or reject the Plan (as more fully set forth in the Motion) provide for a fair and equitable voting process and are consistent with section 1126 of the Bankruptcy Code.

F. The procedures set forth below regarding notice (the “Confirmation Hearing Notice”) to all creditors of the time, date, and place of the hearing to confirm the Plan (the “Confirmation Hearing”) and the contents of the Solicitation Package (as defined herein) comply with Rules 2002 and 3017 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”) and constitute sufficient notice to all interested parties.

NOW, THEREFORE, IT IS:

ORDERED that the Motion is GRANTED; and it is further

ORDERED that the Disclosure Statement is APPROVED; and it is further

ORDERED that the Ballots, substantially in the forms annexed hereto, are to be distributed to the holders of claims in Classes 6 (Senior Lender Claims), 7 (Other Secured Claims), 8 (Convenience Class Claims), and 9 (General Unsecured Claims) under the Plan, which Classes shall have the opportunity to vote to accept or reject the Plan; and it is further

ORDERED that a Notice of Non-Voting Status, substantially in the forms annexed hereto as Exhibits “B” and “C”, is to be distributed to (i) holders of unimpaired claims or interests in Classes 1, 2, 3, 4, 5 and 14 who are deemed to have accepted the Plan, and (ii) all holders of claims or interests in Classes 10, 11, 12, 13 and 15 who are deemed to have rejected the Plan, which Classes are not entitled to vote to accept or reject the Plan; and it is further

ORDERED that all Ballots must be properly executed, completed, and delivered (i) **if by standard mail**, to MAGNATRAX Ballot Processing, MAGNATRAX Corporation, c/o The Garden City Group, P.O. Box 9005, Merrick, New York 11566-9804, return envelope provided with each Ballot, or (ii) **if by overnight courier or by hand delivery**, to MAGNATRAX Ballot Processing, The Garden City Group, 105 Maxess Road, Melville, New York 11747-3836, so that the Ballots are received no later than 5:00 p.m., Eastern Time, on October 22, 2003 (the “Voting Deadline”); and it is further

ORDERED that, solely for purposes of voting to accept or reject the Plan and not for the purpose of the allowance of, or distribution on account of, a claim and without prejudice to the rights of the Debtors on any other basis, each claim within a class of claims entitled to vote to accept or reject the Plan is to be temporarily allowed in an amount equal to the amount of such claim as set forth in a timely filed proof of claim, or, if no proof of claim was filed, the amount of such claim as set forth in the Debtors’ schedules of assets and liabilities filed with the Bankruptcy Court (the “Schedules”), provided that:

- a. if a claim is deemed allowed in accordance with the Plan, such claim is allowed for voting purposes in the deemed allowed amount set forth in the Plan;
- b. if a claim for which a proof of claim has been timely filed as contingent, unliquidated, disputed or undetermined, or if the precise amount of the claim is otherwise unascertainable from the proof of claim, such claim be temporarily allowed for voting purposes only, and not for purposes of allowances or distribution, at \$1.00;
- c. if a proof of claim, or multiple proofs of claim, have been filed against multiple Debtors with respect to the same liabilities, whether on the grounds of joint and several liability or otherwise, such claim or claims shall be treated as a single claim for voting purposes;
- d. if a claim has been estimated or otherwise allowed for voting purposes by order of the Court, such claim is temporarily allowed in the amount so estimated or allowed by the Court for voting purposes only, and not for purposes of allowances or distribution;
- e. if a claim is listed in the Schedules as contingent, unliquidated, or disputed and a proof of claim was not (i) filed by the applicable bar date for the filing of proofs of claim established by the Court or (ii) deemed timely filed by an order of the Court prior to the Voting Deadline, unless the Debtors have consented in writing, such claim be disallowed for voting purposes pursuant to Bankruptcy Rule 3003(c);
- f. if the Debtors have served an objection to a claim at least twenty (20) days before the Voting Deadline and the claimant does not file a response, for voting purposes only, and not for purposes of allowance or distribution, such claim be temporarily disallowed, except that to the extent the objection does not seek to disallow the claim in its entirety, such claim shall be temporarily allowed in the proposed amount and classification or priority set forth in the objection; and it is further

ORDERED that if any claimant seeks to challenge the allowance of its claim for voting purposes in accordance with the above procedures, such claimant is directed to serve on the Debtors and file with the Court (with a copy to chambers), on or before the tenth (10th) day after the later of (i)

service of the Confirmation Hearing Notice and (ii) service of notice of an objection, if any, to such claim, a motion for an order pursuant to Bankruptcy Rule 3018(a) temporarily allowing such claim in a different amount for purposes of voting to accept or reject the Plan, and the Debtors' response, if any, shall be filed and served on or before October 22, 2003; and it is further

ORDERED that as to any creditor filing a motion pursuant to Bankruptcy Rule 3018(a), such creditor's Ballot should be treated in accordance with the voting procedures unless temporarily allowed by the Court for voting purposes, after notice and a hearing; and it is further

ORDERED that if a creditor casts more than one Ballot voting the same claim before the Voting Deadline, the last Ballot received before the Voting Deadline is deemed to reflect the voter's intent and thus to supersede any prior Ballots; and it is further

ORDERED that creditors must vote all of their claims within a particular class under the Plan, whether or not such claims are asserted against the same or multiple Debtors, either to accept or reject the Plan and may not split their vote(s), and thus a Ballot that partially rejects and partially accepts the Plan within a particular class will not be counted, as the intent of the creditor shall be deemed to be unascertainable; and it is further

ORDERED that the following types of Ballots will not be counted in determining whether the Plan has been accepted or rejected: (i) any Ballot that is properly completed, executed, and timely returned to The Garden City Group ("Garden City") but does not indicate an acceptance or rejection of the Plan, or indicates both an acceptance and a rejection of the Plan; (ii) any Ballot received after the Voting Deadline unless the Debtors shall have granted an extension of the Voting Deadline with respect to such Ballot; (iii) any Ballot that is illegible or contains insufficient information to

permit the identification of the claimant or interest holder; (iv) any Ballot cast by a person or entity that does not hold a claim in a class that is entitled to vote to accept or reject the Plan; (v) any Ballot cast for a claim identified as unliquidated, contingent, or disputed for which no proof of claim was timely filed; (vi) any unsigned Ballot; and (vii) any Ballot transmitted by facsimile (items (i) through (vii) in this paragraph are collectively referred to as the “Invalid Ballots”); and it is further

ORDERED that with respect to Invalid Ballots received on or prior to October 14, 2003, Garden City shall attempt to identify such ballots and mail a corrective notice to the respective creditor advising of the defect and the opportunity to file a corrected ballot by the Voting Deadline, however the Debtors and Garden City shall have no obligation to timely identify Invalid Ballots; the Debtors and Garden City further shall have no obligation to mail corrective notices to Invalid Ballots received after October 14, 2003;

ORDERED that the Confirmation Hearing will be held at 4:00 p.m. Eastern Time on October 28, 2003; *provided, however*, that the Confirmation Hearing may be continued from time to time by the Court or the Debtors without further notice; and it is further

ORDERED that any objections to confirmation of the Plan must (i) be in writing, (ii) state the name and address of the objecting party and the nature of the claim or interest of such party, (iii) state with particularity the basis and nature of any objection or proposed modification, and (iv) be filed, together with proof of service, with the Court and served so that they are actually received no later than 4:00 p.m. Eastern Time, on October 22, 2003 by (a) the Clerk of the Bankruptcy Court, 824 Market Street, Fifth Floor, Wilmington, Delaware 19801; (b) Kaye Scholer LLP, Co-Counsel for the Debtors, 425 Park Avenue, New York, NY 10022, Attention: Andrew A. Kress, Esq., and Keith

R. Murphy, Esq.; (c) Young Conaway Stargatt & Taylor, LLP, Co-Counsel for the Debtors, The Brandywine Building, 1000 West Street, 17th Floor, Wilmington, DE 19801, Attention: Joel A. Waite, Esq. and Maureen D. Luke, Esq.; (d), Clifford Chance US LLP, Co-Counsel for (i) Canadian Imperial Bank of Commerce as Administrative Agent for the Debtors' prepetition lenders and (ii) the Debtors' postpetition lenders, 200 Park Avenue, New York, New York 10166, Attention: Madlyn Gleich Primoff, Esq.; (e) Potter Anderson & Corroon LLP, Co-Counsel for (i) Canadian Imperial Bank of Commerce as Administrative Agent for the Debtors' prepetition lenders and (ii) the Debtors' postpetition lenders, 1313 North Market Street, 6th Floor, Wilmington, DE 19895, Attention: Laurie Selber Silverstein, Esq.; (f) Foley & Lardner, Co-Counsel for the Official Committee of Unsecured Creditors appointed in these chapter 11 cases (the "Committee"); 402 West Broadway, Suite 2300, San Diego, CA 92101, Attention: Peter W. Ito, Esq.; (g) The Bayard Firm, Co-Counsel to the Committee, 222 Delaware Avenue, P.O. Box 25130, Wilmington, Delaware, 19899, Attention: Michael Vild, Esq.; and (h) The Office of the United States Trustee, 844 King Street, Room 2313, Wilmington, DE 19801, Attention: Margaret L. Harrison, Esq., the United States Trustee for the District of Delaware (the "U.S. Trustee"); and it is further

ORDERED that objections to confirmation of the Plan not timely filed and served in the manner set forth above shall not be considered and shall be overruled; and it is further

ORDERED that the form of Confirmation Hearing Notice annexed hereto as Exhibit "D" is APPROVED; and it is further

ORDERED that September 8, 2003, is the Record Date for purposes of determining which creditors are entitled to vote on the Plan; and it is further

ORDERED that the Debtors are directed to mail or cause to be mailed solicitation packages containing a copy of this Order, the Confirmation Hearing Notice, the letter to creditors entitled to vote substantially in the form annexed hereto as Exhibit "E", the Disclosure Statement, the Plan, the letter of the Committee in support of the Plan, and its relevant voting documents (the "Solicitation Packages"), by September 24, 2003, to (i) the U.S. Trustee, (ii) counsel to Canadian Imperial Bank of Commerce as Administrative Agent for the Debtors' prepetition lenders and counsel for the Debtors' postpetition lenders, (iii) counsel for Committee, (iv) the Securities and Exchange Commission, (v) all persons or entities that filed proofs of claim on or before the date of the Disclosure Statement Notice, except to the extent a claim was expunged by prior order of the Bankruptcy Court, (vi) all persons or entities listed in the Schedules, in an amount greater than zero, as holding liquidated, noncontingent, or undisputed claims, (vii) all other parties in interest that have filed a request for notice pursuant to Bankruptcy Rule 2002 in these chapter 11 cases, and (viii) any other known holders of claims against the Debtors; *provided, however*, that the Debtors are not required to distribute copies of the Plan and Disclosure Statement to (i) any holder of an unimpaired claim or interest in Classes 1, 2, 3, 4, 5 or 14 and (ii) any holder of a claim or interest in Classes 10, 11, 12, 13 or 15, unless such party makes a specific request in writing for the same; and it is further

ORDERED that in addition, holders of claims in classes entitled to vote to accept or reject the Plan shall receive, as part of their Solicitation Packages, a Ballot and Ballot return envelopes; and it is further

ORDERED that, pursuant to sections 1126(f) and (g) of the Bankruptcy Code and Bankruptcy Rule 3017(d), Solicitation Packages for holders of claims against or interests in any Debtor

in a class under the Plan that is conclusively presumed to accept or is deemed to reject the Plan under section 1126(f) or (g) of the Bankruptcy Code will not include a Ballot; and it is further

ORDERED that the Debtors shall publish the Confirmation Hearing Notice, substantially in the form annexed hereto as Exhibit "D," once not less than twenty five (25) days before the Confirmation Hearing in the national edition of *The Wall Street Journal*; and it is further

ORDERED that, with respect to addresses from which notices of the hearing for approval of the Disclosure Statement were returned as undeliverable by the United States Postal Service, the Debtors are excused from mailing Solicitation Packages to those entities listed at such addresses unless the Debtors are provided with accurate addresses for such entities on or before September 18, 2003; and it is further

ORDERED that failure to mail Solicitation Packages to such entities will not constitute inadequate notice of the Confirmation Hearing, the Voting Deadline, or violation of Bankruptcy Rules 2002 or 3017(d); and it is further

ORDERED that the Debtors are authorized to take or refrain from taking any action necessary or appropriate to implement the terms of and the relief granted in this Order without seeking further order of the Court; and it is further

ORDERED that the Debtors with the consent of the Administrative Agent, are authorized to make changes to the Disclosure Statement to reflect the resolution of certain objections or technical changes, in accordance with the record of the hearing, without further order of the Court, and it is further

ORDERED that the Debtors with the consent of the Administrative Agent are authorized to make nonsubstantive changes to the Disclosure Statement, the Plan, and related documents without further order of the Court, including, without limitation, changes to correct technical, typographical and grammatical errors and to make conforming changes among the Disclosure Statement, the Plan, and any other materials in the Solicitation Package prior to their mailing; and it is further

ORDERED, that any objections, to the extent not settled, preserved for consideration in connection with the confirmation of the Plan or withdrawn on the record of the hearing, are overruled.

Dated: Wilmington, Delaware
September 17, 2003

/s/ Peter J. Walsh
UNITED STATES BANKRUPTCY JUDGE