

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK**

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK
AT CENTRAL ISLIP

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In re:	:	Chapter 11
	:	Case No. 05-89022-288
	:	
PC LIQUIDATION CORP. f/k/a	:	
PHOTOCIRCUITS CORPORATION	:	
	:	
Debtor.	:	
	:	
	x	

ORDER (A) APPROVING THE THIRD AMENDED DISCLOSURE STATEMENT IN RESPECT TO THE DEBTOR’S THIRD AMENDED PLAN OF LIQUIDATION, AND (B) CONFIRMING DEBTOR’S THIRD AMENDED PLAN OF LIQUIDATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

PC Liquidation Corp. f/k/a Photocircuits Corporation (the “Debtor”), as debtor and debtor in possession, having filed the Debtor’s Third Amended Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, dated as of August 21, 2006 (such Plan of Liquidation under Chapter 11 of the Bankruptcy Code, together with all of the exhibits thereto, collectively, the “Plan”), annexed hereto as Exhibit “A”, having been presented to the Court for confirmation in the Chapter 11 Case;¹ the Third Amended Disclosure Statement in respect to Debtor’s Plan (the “Disclosure Statement”) having been presented simultaneously with the Plan to the Court for entry of an order finding that the Disclosure Statement contains “adequate information” within the meaning of section 1125 of the Bankruptcy Code; and in compliance with the Order Scheduling and Providing Notice of Consolidated Hearing to Consider Approval of the Disclosure Statement and Confirmation of the Debtor’s Plan of Liquidation; Approving Dissemination of Disclosure Statement; and Granting Other Relief Relating to Plan Solicitation

¹ Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan.

and Such Consolidated Disclosure Statement Approval and Confirmation Hearing (the “Scheduling Order”), the Debtor having caused to be transmitted by first class mail, postage prepaid, on or before September 28, 2006, to all known creditors at their last known addresses, the Office of the United States Trustee for the Eastern District of New York and all other parties having filed notices of appearance in the Chapter 11 Case, (a) the Scheduling Order and Notice of Hearing on approval of the Disclosure Statement and Confirmation, (b) the Disclosure Statement and all exhibits thereto, including, the Plan annexed thereto as Exhibit “A” the Liquidation Analysis annexed thereto as Exhibits “B” respectively, (c) a ballot for each creditor, and (d) a pre-addressed and stamped return envelope for each such ballot (collectively, a “Solicitation Package”); the Scheduling Order having established (i) October 20, 2006 at 4:00 p.m. as the date and time (the “Voting Deadline”) by which all ballots must be received by Silverman Perlstein & Acampora LLP, counsel for the Debtor, in order to be counted as acceptances or rejections of the Plan; (ii) October 20, 2006 as the date (the “Objection Deadline”) for filing objections to the Plan; and (iii) October 26, 2006, at 10:00 a.m. as the date and time to consider approval of the Disclosure Statement and confirmation of the Plan (the “Confirmation Hearing”); and the Confirmation Hearing having been held on October 26, 2006; the affidavit of mailing of the Solicitation Packages (the “Affidavit of Mailing”) having been duly filed with the Court; the certification of votes having been tabulated by Debtor’s counsel, as the entity authorized by the Court pursuant to the Disclosure Statement Order to tabulate votes accepting or rejecting the Plan (the “Ballot Tabulation Certification”) and such Ballot Tabulation Certification having been duly filed with the Court; and any objections to the confirmation of the Plan having been withdrawn, rendered moot or overruled by the Court; the Court having conducted the Confirmation Hearing to consider confirmation of the Plan, and having reviewed and considered the Disclosure Statement, the Scheduling Order, the Plan, documents related to the Plan, the Affidavits of Mailing with respect to the Plan and Disclosure Statement, the Ballot

Tabulation Certification, and the entire record of the Confirmation Hearing; the Court being familiar with the Plan and other relevant factors affecting the Debtor's Chapter 11 Case; the Court having taken judicial notice of the entire record of the Chapter 11 Case; and the appearance of all interested parties having been noted in the record of the Confirmation Hearing; and after due deliberation and sufficient cause appearing therefor;

IT IS HEREBY FOUND, CONCLUDED, ORDERED, ADJUDGED, AND DECREED, AS FOLLOWS:

FINDINGS OF FACT²

Exclusive Jurisdiction; Venue; Core Proceeding; Judicial Notice; Burden of Proof

1. Pursuant to sections 157 and 1334 of Title 28 of the United States Code, this Court has jurisdiction over this Chapter 11 Case. Venue is proper pursuant to sections 1408 and 1409 of Title 28 of the United States Code. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(L), and this Court has exclusive jurisdiction to determine whether the Plan complies with the applicable provisions of the Bankruptcy Code and should be confirmed.

2. This Court takes judicial notice of the docket of the Chapter 11 Case maintained by the Clerk of the Court including, without limitation, all pleadings and other documents filed, all orders entered, and evidence and argument made, proffered, or adduced at the hearings held before the Court during the pendency of the Chapter 11 Case, including, but not limited to, the hearing to consider adequacy of the Disclosure Statement and confirmation of the Plan.

3. The Debtor has the burden of proving the elements of section 1129(a) and (b) of the Bankruptcy Code by a preponderance of evidence.

² The Findings of Fact and Conclusions of Law contained herein constitute the findings of fact and conclusions of law required to be entered by this Court pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Rules 7052 and 9014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules").

Plan Proponent; Disclosure Statement and Solicitation

4. The Debtor is an entity qualified to be a debtor under section 109 of the Bankruptcy Code, and the Debtor is a proper proponent of the Plan under section 1121(a) of the Bankruptcy Code.

5. The Disclosure Statement contains “adequate information” as required by section 1125(a) of the Bankruptcy Code.

6. All persons required to receive notice of the Confirmation Hearing have received proper, timely and adequate notice in accordance with the Scheduling Order and the Affidavit of Service on file with the Court and have had an opportunity to appear and be heard with respect thereto.

7. The Debtor has solicited and tabulated votes with respect to the Plan in good faith and in a manner consistent with the Bankruptcy Code, the Bankruptcy Rules and the Scheduling Order.

8. The Plan was voted on by all Classes of impaired Claims and Interests that were entitled to vote pursuant to the Bankruptcy Code, the Bankruptcy Rules, and the Scheduling Order.

“Best Interest” Test

9. The "best interests" test set forth in section 1129(a)(7) requires a plan proponent to demonstrate that with respect to each impaired class of claims or interests, the holder of each claim or interest has either accepted the plan or will retain or receive under the plan property of a value as of the effective date of the plan that is not less than the amount that such holder would so receive or retain if the debtor was to be liquidated under chapter 7 of the Bankruptcy Code.

10. Under the Plan, Claims or Interests in Class 5 (Unsecured Claims) and Class 6 (Interests) are impaired. (Plan, Art. IV). Consequently, each holder of a Claim or

Interest in such Classes must either accept the Plan or receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtor was liquidated under chapter 7 of the Bankruptcy Code. 11 U.S.C. § 1129(a)(7).

11. The Claims in Class 1 through 4 are not impaired under the Plan. (Plan, Art. III). Hence, each holder of a Claim in each of such classes is conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. 11 U.S.C. § 1126(f). The “best interest” test is, accordingly, not applicable to such Classes.

12. The holders of Interests in Class 6 will not receive or retain any property under the Plan and, therefore, are deemed to have rejected the Plan. 11 U.S.C § 1126(g).

13. The holders of Claims in Classes 5 of the Plan that voted on the Plan overwhelmingly voted to accept the Plan. According to the Liquidation Analysis annexed as Exhibit “C” to the Disclosure Statement, such holders, under the Plan will receive value in excess of that which they are likely to receive upon a liquidation of the Debtor. (Ballot Tabulation Certification). Accordingly, the “best interest” test is satisfied as to the holders of Claims in such Classes.

14. Based upon the Liquidation Analysis and the discussion of the “best interest” test in the Disclosure Statement, each entity that voted to reject the Plan, or that is deemed to have rejected the Plan, will receive at least as much under the Plan as it would receive in a chapter 7 liquidation. (Disclosure Statement and Exhibit “C” thereto).

Feasibility of the Plan

15. The Plan is feasible because the Debtor has determined that the conditions precedent to confirmation have been or will be satisfied, and the estate otherwise will have sufficient funds to meet the obligations under the Plan with respect to the payment of Allowed Claims pursuant to the terms of the Plan. Further, the Plan is a plan of liquidation so feasibility

is not at issue (Disclosure Statement, Record of Confirmation Hearing). Thus, the Plan meets the feasibility test of section 1129(a)(11) of the Bankruptcy Code.

The Voting Results

16. Article IV of the Plan identifies each of the following Classes as not impaired under the Plan: Class 1 (Secured Claims) Class 2 (Priority Non-Tax Claims) Class 3 (Stairway Claim) and Class 4 (CMK Parties Claims). Pursuant to section 1126(f) of the Bankruptcy Code, the holders of Claims in these Classes are unimpaired, and therefore, this Class is conclusively presumed to have accepted the Plan and their votes need not be solicited. 11 U.S.C. § 1126(f).

17. The Debtor's counsel, as the entity authorized pursuant to the Disclosure Statement Order to tabulate ballots submitted by creditors, has made a final determination of the validity of, and tabulation respecting, all acceptances and rejections of the Plan by the impaired Classes of Claims entitled to vote on the Plan, and the Ballot Tabulation Certification sets forth such results, including the amount and number of Claims of each Class voting to accept or reject the Plan. As set forth in the Ballot Tabulation Certification Class 5 has accepted the Plan by at least two-thirds in amount and a majority in number of the Claims in each such Class actually voting. (Ballot Tabulation Certification, Record of Confirmation Hearing).

18. The determination of Debtor's counsel, as ballot tabulation agent with respect to the voting on the Plan, has validly and correctly set forth the tabulation of votes as required by the Bankruptcy Code, the Bankruptcy Rules, and the Scheduling Order. (Record of Confirmation Hearing).

19. To the extent any of the foregoing findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the conclusions of law delineated below constitute findings of fact, they are adopted as such.

CONCLUSIONS OF LAW

The Disclosure Statement Satisfies Section 1125(a) of the Bankruptcy Code.

20. Section 1125(a) of the Bankruptcy Code requires that a disclosure statement contain “adequate information.” This Court finds and concludes that the Disclosure Statement contains such “adequate information” and, therefore, satisfies section 1125(a) of the Bankruptcy Code.

The Plan Satisfies Section 1129(a)(1) of the Bankruptcy Code

21. Section 1129(a)(1) of the Bankruptcy Code requires that a plan comply with the applicable provisions of the Bankruptcy Code. This Court finds and concludes that the Plan satisfies all the applicable provisions of the Bankruptcy Code, and, as required by Bankruptcy Rule 3016(b), the Plan is dated and identifies the Debtor as the proponent of the Plan.

Due and Proper Notice of the Disclosure Statement Hearing and the Confirmation Hearing was Given to all Parties in Interest

22. This Court has taken judicial notice of the affidavits of service filed in the Chapter 11 Case and finds and concludes that the Debtor has complied in all material respects in providing notices of the hearing to consider approval of the Disclosure Statement and confirmation of the Plan in accordance with the Scheduling Order. All entities (as defined in section 101(15) of the Bankruptcy Code) entitled to receive notices of the hearings with respect to the approval of the Disclosure Statement and confirmation of the Plan pursuant to the Bankruptcy Code, applicable non-bankruptcy law, and the Scheduling Order, have received due, proper, timely and adequate notices of such hearing and modifications, and have had an opportunity to appear at and be heard at such hearing. Mullane v. Central Hanover Bank & Trust Co., 339 U.S. 306, 314 (1957).

The Plan Satisfies the Requirements of Section 1123(a)(1) of the Bankruptcy Code

23. Section 1123(a)(1) of the Bankruptcy Code provides that a plan must designate classes of claims and interests. The Plan adequately and properly classifies all Claims and Interests required to be so classified, and, accordingly, satisfies section 1123(a)(1) of the Bankruptcy Code. Classes of Administrative Expenses and Priority Tax Claims are not required to be designated pursuant to section 1123(a)(1) of the Bankruptcy Code.

The Plan Satisfies the Requirements of section 1122 of the Bankruptcy Code

24. Section 1122(a) of the Bankruptcy Code provides that a plan may place a claim or interest in a particular class if such claim or interest is substantially similar to the other claims or interests of such class. A classification structure satisfies section 1122 of the Bankruptcy Code when a reasonable basis exists for the structure, and the claims or interests within each particular class are substantially similar. See In re Jersey City Medical Center, 817 F.2d 1055, 1060-61 (3d Cir. 1987); In re U.S. Truck Co., 800 F.2d 581, 586 (6th Cir. 1986); In re LeBlanc, 622 F.2d 872, 879 (5th Cir. 1986).

25. In accordance with section 1122(a) of the Bankruptcy Code, Article III of the Plan separately classifies Claims against and Interests in the Debtor together with Claims against or Interests that are substantially similar to the other Claims or Interests of such Class. The Plan, therefore, satisfies section 1122(a) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1123(a)(2) of the Bankruptcy Code

26. Section 1123(a)(2) of the Bankruptcy Code provides that a plan must specify any class of claims or interests that is not impaired under the Plan. Pursuant to Article IV of the Plan, each of Classes 5 and 6 are identified as impaired, and Classes 1, 2, 3 and 4 are identified as not impaired. Accordingly, the Plan satisfies section 1123(a)(2) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1123(a)(3) of the Bankruptcy Code

27. Section 1123(a)(3) of the Bankruptcy Code provides that a plan must specify the treatment of each impaired class of claims and Interests. Article III of the Plan specifies the treatment of each impaired class of Claims and Interests. Accordingly, the Plan satisfies section 1123(a)(3) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1123(a)(4) of the Bankruptcy Code

28. Section 1123(a)(4) of the Bankruptcy Code requires a plan to provide the same treatment for each claim or interest of a particular class, unless the holder of the claim or interest agrees to less favorable treatment of such particular claim or interest. The Plan provides the same treatment for each Claim or Interest in each Class unless the holder thereof agrees to a less favorable treatment. Accordingly, the Plan satisfies section 1123(a)(4) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1123(a)(5) of the Bankruptcy Code

29. Section 1123(a)(5) of the Bankruptcy Code provides that a plan must provide adequate means of implementation of the plan. Articles V and VII of the Plan set forth the means for implementation and execution of the Plan. In particular, Articles V and VII of the Plan provide for, among other things the (i) appointment of a Liquidation Trustee, (ii) creation of a Liquidation Trust, (iii) effectuation of the transactions contemplated by the terms and conditions of the Plan. On the Effective Date, (i) all of the Causes of Action shall be deemed to be transferred to, and shall vest in, the Liquidation Trust, free and clear of all Liens, Claims and Interests, of any kind or nature, irrevocably and unconditionally for the ultimate benefit of the holders of Allowed Claims in Class 5 in accordance with the terms and conditions of the Plan; and (ii) all Cash and other assets transferred from the Debtor (and its professionals) to the Liquidation Trustee and all proceeds remaining from the liquidation of the Debtor's assets shall be so transferred to the Liquidation Trustee free and clear of all Liens, Claims and Interests, of

any kind or nature, for the benefit of the holders of Allowed Administrative Expenses and classes of Claims, in accordance with the terms and conditions of the Plan.

30. In addition, Article V of the Plan provides for the continuation of a Post-Confirmation Committee to monitor the Debtor's and the Liquidation Trustee's implementation of the Plan. Accordingly, the Plan satisfies section 1123(a)(5) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1123(a)(6) of the Bankruptcy Code

31. Section 1123(a)(6) of the Bankruptcy Code requires a plan to provide for the inclusion in the charter of the debtor, if the debtor is a corporation, or of any corporation to which the debtor transfers all or any part of the debtor's estate or with which the debtor has merged or consolidated, a provision prohibiting the issuance of non-voting equity securities. Consistent with section 1123(a)(6), the Debtor is liquidating and will not issue any non-voting equity securities. Accordingly, the Plan satisfies section 1123(a)(6) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1123(a)(7) of the Bankruptcy Code

32. Section 1123(a)(7) of the Bankruptcy Code requires that a plan provide for the manner of selection of any director, officer or trustee of the reorganized debtor, or any successor to such officer, director or trustee, and such selection be consistent with the interests of creditors and equity security holders and with public policy. The Plan provides for a Liquidation Trustee to implement the Plan. The Liquidation Trustee is a member of the panel of Trustees and is familiar with his responsibilities under the plan.

33. On the Effective Date, Richard Stern, Esq. is hereby appointed the Liquidation Trustee with all of the rights, powers and duties set forth in this Order, the Plan and the Liquidation Trust Agreement. The Liquidation Trust Agreement, substantially annexed hereto as Exhibit "B", is approved and authorized, and the Debtor and the Post-Confirmation Committee are hereby authorized to execute and deliver the Liquidation Trust Agreement.

34. Accordingly, the Plan fully satisfies section 1123(a)(7) of the Bankruptcy Code.

The Transfers of Properties Under the Plan Are Governed by the Exemptions Provided in Section 1146(c) of the Bankruptcy Code

35. The Plan does not contemplate the sale of any real property but does contemplate the transfer of all of the Debtor's assets including the remaining sale proceeds to the Liquidation Trust. Pursuant to section 1146(c), the issuance or transfer of security, or the making or delivery of an instrument of transfer under the Plan, will not be subject to taxation under any law imposing a stamp, transfer or similar tax. In re 995 Fifth Ave. Assocs., 963 F.2d 503 (2d Cir. 1992).

The Debtor Has Satisfied section 1129(a)(2) of the Bankruptcy Code.

36. Section 1129(a)(2) of the Bankruptcy Code requires the proponent of a plan to comply with all of the applicable provisions of the Bankruptcy Code. The Debtor, as proponent of the Plan, has complied with all of the provisions of the Bankruptcy Code and the Bankruptcy Rules governing notice, disclosure and solicitation in connection with the Plan, the Disclosure Statement and all other matters considered by this Court in connection with this Chapter 11 Case. In re Johns-Manville Corp., 68 B.R. 618, 630 (Bankr. S.D.N.Y. 1986), aff'd, 78 B.R. 407 (S.D.N.Y. 1987).

37. The Debtor has substantially complied with the operating guidelines and financial reporting requirements enacted by the United States Trustee.

38. The Plan provides that the Debtor shall pay all statutory fees required to be paid during the Chapter 11 Case and file all fee statements required to be filed.

39. The Debtor has timely filed with the Court all schedules, lists of executory contracts, and statements of financial affairs.

40. Sufficient and timely notice of the Disclosure Statement and Confirmation Hearing and all other hearings in this Chapter 11 Case has been given to holders of Claims and Interests and other parties in interest pursuant to the Scheduling Order.

41. The solicitation of votes was made following dissemination of the Disclosure Statement to holders of Claims in Classes that are impaired and entitled to vote, and such solicitation was made in good faith and in compliance with the provisions of the Bankruptcy Code and the Bankruptcy Rules. The ballots of holders of Claims were properly solicited and tabulated.

42. The Debtor has complied with all applicable provisions of the Bankruptcy Code, the Bankruptcy Rules and all orders of this Court and has fulfilled all of the obligations and duties owed to its estate and creditors. Accordingly, the Debtor has satisfied section 1129(a)(2) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1129(a)(3) of the Bankruptcy Code

43. Section 1129(a)(3) of the Bankruptcy Code requires that a plan be proposed in good faith and not by any means forbidden by law. See Kane v. Johns-Manville Corp., 843 F.2d 636, 649 (2d Cir. 1988), citing Koelbl v. Glessing (In re Koelbl), 751 F.2d 137, 139 (2d Cir. 1984) (quoting Manati Sugar Co. v. Mock, 75 F.2d 284 (2d Cir. 1935)); In re Texaco Inc., 84 B.R. 893, 899 (Bankr. S.D.N.Y.), appeal dismissed, 92 B.R. 38 (S.D.N.Y. 1988).

44. This Court has examined the totality of circumstances surrounding the formulation of the Plan. The Plan is based on good faith and arms-length negotiations among the Debtor and the Committee and with input from the Office of the United States Trustee. The Plan and the Disclosure Statement reflect the culmination of such efforts. Moreover, as evidenced by the overwhelming acceptance of the Plan by creditors, the Plan achieves the goal of consensual reorganization, in this case liquidation, embodied in the Bankruptcy Code. Thus, the Debtor has

complied with the “good faith and not by any means forbidden by law” requirement of section 1129(a)(3) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1129(a)(4) of the Bankruptcy Code

45. Section 1129(a)(4) of the Bankruptcy Code requires that all payments made or to be made by the Debtor or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in or in connection with the case, or in connection with the plan and incident to the case, have been approved by, or are subject to the approval of, the court as reasonable.

46. All payments made by the Debtor or to be made to professionals retained by orders of the Court will be, as set forth in the Plan, subject to review and approval by this Court upon final application under section 330, 331 or 503(b) or 506(b) of the Bankruptcy Code. Accordingly, the Plan satisfies section 1129(a)(4) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1129(a)(5) of the Bankruptcy Code

47. Section 1129(a)(5) of the Bankruptcy Code requires the proponent of a plan to disclose the identity and affiliations of any individual proposed to serve, after confirmation, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor or a successor to the debtor under the plan, and to show that the appointment to, or continuance in, such office of such individual is consistent with the interests of creditors and equity security holders and with public policy. Section 1129(a)(5) also requires disclosure of the identity of any insider that will be employed by the reorganized debtor, and the nature of any compensation for such insider.

48. The Debtor is no longer operating and will continue to liquidate under the Plan. In addition, this Order discloses the identity of the Liquidation Trustee, and the Liquidation Trust Agreement, annexed hereto as Exhibit C describes the terms and conditions governing the retention of this professional.

49. Pursuant to the terms and conditions set forth in the Plan, the appointment of such professional is consistent with the interests of creditors and with public policy. Accordingly, the Plan fully satisfies section 1129(a)(5) of the Bankruptcy Code.

Section 1129(a)(6) of the Bankruptcy Code Is Not Applicable to the Plan

50. Section 1129(a)(6) of the Bankruptcy Code requires a debtor to obtain the approval of any governmental regulatory commission, with jurisdiction over the debtor, with respect to any rate changes provided for in the debtor's plan of reorganization. There are no government agencies that have jurisdiction of the Debtor with respect to rate changes and the Plan does not provide for any changes in rates that require regulatory approval of any governmental agency. Thus, section 1129(a)(6) of the Bankruptcy Code is inapplicable.

The Plan Satisfies the Requirements of Section 1129(a)(7) of the Bankruptcy Code

51. Section 1129(a)(7) of the Bankruptcy Code requires each creditor or equity interest holder in an impaired class to accept the plan of reorganization or receive or retain under such plan on account of such claim or interest property of a value, as of the effective date of such plan, that is not less than the amount that such holder would receive or retain if the debtor were liquidated under Chapter 7 of the Bankruptcy Code. In re Crowthers McCall Pattern, Inc., 120 B.R. 279, 297 (Bankr. S.D.N.Y. 1990).

52. Based upon the Findings of Fact contained in this Confirmation Order, the Liquidation Analysis set forth in Exhibit C to the Disclosure Statement and the related discussions set forth in the Disclosure Statement, this Court concludes that the Plan satisfies the "best interest" test under section 1129(a)(7) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1129(a)(8) of the Bankruptcy Code

53. Section 1129(a)(8) of the Bankruptcy Code requires that, with respect to each class of claims or interests under a plan, such class has either accepted the plan or is not impaired under the plan. According to the Ballot Tabulation Certification, the Class of impaired

Claims that is entitled to vote on the Plan (Class 5) voted to accept the Plan. Accordingly, the Plan complies with section 1129(a)(8) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1129(a)(9) of the Bankruptcy Code

54. Section 1129(a)(9) of the Bankruptcy Code provides for certain mandatory treatment of claims entitled to priority under the Bankruptcy Code.

55. As required by section 1129(a)(9)(A) of the Bankruptcy Code, Article IV of the Plan provides that, except as otherwise agreed to by a holder of an Allowed Administrative Expense Claim, such holder shall be paid on account of such Allowed Claim, in full, in cash, on the Effective Date. In addition, pursuant to the Plan, all payments made or to be made (as Administrative Expenses) to professionals will be subject to review and approval by this Court upon final application under section 330, 331, 503(b) or 506(b) of the Bankruptcy Code.

56. Consistent with section 1129(a)(9)(B) of the Bankruptcy Code, Article IV of the Plan provides that, except as otherwise agreed to by a holder of an Allowed Priority Non-Tax Claim, such holder shall be paid on account of such Allowed Claim, in full, in cash, as soon as practicable after the Effective Date of the Plan.

57. Accordingly, the Plan satisfies the requirements of section 1129(a)(9) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1129(a)(10) of the Bankruptcy Code

58. Section 1129(a)(10) of the Bankruptcy Code provides that at least one impaired class of claims must accept a plan of reorganization, determined without including any acceptance of such plan by any insider.

59. The Plan satisfies section 1129(a)(10) of the Bankruptcy Code because Class 5, which is the only impaired non-insider class, has voted to accept the Plan by the requisite majorities. Although such Class contains insiders, all impaired Classes entitled to vote

on the Plan have voted to accept the Plan by the requisite majorities, determined without including any acceptance of the Plan by such insiders.

The Plan Satisfies the Requirements of Section 1129(a)(11) of the Bankruptcy Code

60. Section 1129(a)(11) of the Bankruptcy Code requires that a plan be feasible and that the debtor or its successor under such plan likely would not require liquidation or further financial reorganization, except as provided under such plan. In re Clarkson, 767 F.2d 417, 420 (8th Cir. 1985) (citing Chase Manhattan Mortgage & Realty Trust v. Bergman (In re Bergman), 585 F.2d 1171, 1179 (2d Cir. 1978)); In re Texaco, Inc., 84 B.R. 893, 907 (Bankr. S.D.N.Y. 1988) (citing In re Johns-Manville Corp., 68 B.R. 618, 635 (Bankr. S.D.N.Y. 1986), aff'd, 78 B.R. 407 (S.D.N.Y. 1987)).

61. The Plan is a liquidating plan. Accordingly, this Court concludes that the Plan satisfies section 1129(a)(11) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1129(a)(12) of the Bankruptcy Code

62. Section 1129(a)(12) of the Bankruptcy Code requires that all fees payable under section 1930, title 28, United States Code, as determined by the court at the hearing on confirmation of the plan, either have been paid or the plan provides for the payment of all such fees on the effective date of the plan.

63. The Plan provides for the payment on the Effective Date (or as soon as practicable thereafter) of all fees payable under section 1930, Title 28, United States Code. All post-confirmation fees that are payable will be paid by the Liquidation Trustee pursuant to the terms of the Plan until the Chapter 11 Case is closed. Accordingly, the Plan satisfies section 1129(a)(12) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1129(a)(13) of the Bankruptcy Code

64. Section 1129(a)(13) of the Bankruptcy Code requires the continuation of payment of all retiree benefits, at the level established pursuant to section 1114 of the

Bankruptcy Code at any time prior to confirmation of the plan, for the duration of the period the debtor has obligated itself to provide such benefits.

65. The Debtor has no retirees or retiree benefits plan. Accordingly, section 1129(a)(13) of the Bankruptcy Code is inapplicable.

Section 1129(b) of the Bankruptcy Code Is Satisfied

66. Section 1129(b)(1) of the Bankruptcy Code requires that a plan of reorganization not discriminate unfairly against classes of claims or interests that have rejected or are deemed to have rejected the plan.

67. There is no Class of creditors that has rejected the Plan. (class 6) is deemed to have rejected the Plan. The Plan is a Plan of liquidation and does not discriminate against the Class of Interests. Accordingly, this Court concludes that the Plan satisfies section 1129(b) of the Bankruptcy Code.

The Plan Satisfies the Requirements of Section 1129(d) of the Bankruptcy Code

68. Section 1129(d) of the Bankruptcy Code provides that, on request of a governmental unit, the court may not confirm a plan if its principal purpose is the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933, as amended.

69. The purpose of the Plan is not avoidance of taxes or avoidance of the requirements of section 5 of the Securities Act of 1933, as amended, and there has been no objection to the Plan by any governmental unit alleging any such avoidance. Accordingly, the Plan satisfies section 1129(d) of the Bankruptcy Code.

DECRETAL PROVISIONS

NOW, THEREFORE, IT IS HEREBY ORDERED AS FOLLOWS:

1. The Disclosure Statement is hereby approved in all respects.
2. The Plan attached hereto as Exhibit "A," and incorporated herein by

reference, is hereby confirmed.

3. The record of the Confirmation Hearing is hereby closed.

4. The Effective Date of the Plan shall be as set forth in the Plan.

5. In accordance with section 1141(a) of the Bankruptcy Code and Article XIII of the Plan, upon entry of this Order, the Plan shall be binding upon, and inure to the benefit of the Debtor and its successors and assigns, the holders of Claims (whether they voted to accept the Plan, whether they are impaired under the Plan, and whether any such holder has filed or is deemed to have filed a proof of Claim). Except as otherwise provided in the Plan, on the Effective Date, all persons (as defined in section 101(41) of the Bankruptcy Code) and entities (as defined in section 101(15) of the Bankruptcy Code) shall be precluded from asserting against the Debtor, its estate, assets or properties or the Liquidation Trust, any other or further Claims or Interests based upon any act or omission, transaction, or other activity of any kind or nature that occurred prior to the Effective Date.

6. In accordance with sections 524 and 1141(d) of the Bankruptcy Code, and except as otherwise set forth in the Plan and in this Order, on and after the Effective Date, all persons (as defined in section 101(41) of the Bankruptcy Code) and entities (as defined in section 101(15) of the Bankruptcy Code) that held, hold, or may hold Claims against or Interests in the Debtor that arose or arise at any time prior to the Effective Date shall be permanently enjoined from (a) commencing or continuing in any manner any action or other proceeding of any kind against the Debtor with respect to any such Claim or Interest, (b) the enforcement, attachment, collection, or recovery by any manner or means of any judgment, award, decree, or order against the Debtor with respect to any such Claim or Interest, and (c) creating, perfecting or enforcing any Lien of any kind against the Debtor or against any property or interest in property of the Debtor with respect to any such Claim or Interest. All holders of Claims shall look solely to the rights provided to them under the Plan for the satisfaction of such Claims.

7. Except as otherwise set forth in the Plan, all injunctions or stays provided for in this Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code shall remain in full force and effect until the closing of the Chapter 11 Case. Holders of Claims shall be enjoined from instituting any suit or proceeding in any court or taking any other action to enforce any other Liens, if any, upon the Debtor, except as otherwise set forth in the Plan.

8. Property of the estate of the Debtor shall vest in the Liquidation Trust pursuant to the applicable provisions of the Plan. Except as otherwise expressly provided in the Plan and this Order, all assets and property of the Debtor shall be vested free and clear of all Liens, security interests, Claims and Interests of any kind or nature and all such Liens, security interests, Claims and Interests shall be extinguished on the Effective Date.

9. In accordance with section 1142 of the Bankruptcy Code, following entry of this Order, the Debtor (and its counsel), and the Liquidation Trustee, as the case may be, are authorized and directed to enter into all transactions described in the Plan, and are authorized and empowered to take all actions to issue, execute, deliver, file, and record all documents appropriate or necessary to implement or effectuate the transactions contemplated thereunder, including, without limitation, transferring cash to the Liquidation Trustee pursuant to Section 7.03 of the Plan.

10. In accordance with section 1142 of the Bankruptcy Code, upon entry of this Order and subject to the occurrence of the Effective Date, the provisions for implementation of the Plan contained in Articles V and VII shall be deemed authorized and approved in all respects.

11. Notwithstanding the *res judicata* effect of confirmation of the Plan, nothing contained in this Order shall be deemed to bar any objection to any Claim or the prosecution, continuation or commencement of any Cause of Action by the Liquidation Trustee under the Plan.

12. The provisions in Article IX of the Plan governing the procedures for resolving Disputed Claims, establishing the Disputed Claims Reserve and making distributions to holders of Allowed Claims are hereby approved and found to be fair and reasonable. Pursuant to Article IX of the Plan, unless otherwise ordered by the Court, following the Effective Date, the Liquidation Trustee shall have the right to file objections to Claims and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable, but in no event later than 180 days after the Effective Date. From and after the Confirmation Date, all objections shall be litigated to a Final Order except to the extent the Liquidation Trustee elects to withdraw any such objection or the Liquidation Trustee and the claimant elect to compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim with approval of the Court.

13. Pursuant to section 365 of the Bankruptcy Code and Article VIII of the Plan, all executory contracts and unexpired leases that exist between the Debtor and any Person, whether or not previously listed by the Debtor on its Schedules of Assets and Liabilities, shall be deemed rejected as of the Effective Date, except for any executory contract or unexpired lease (a) that has been assumed or rejected pursuant to an order of the Court entered prior to the Confirmation Date, or (b) as to which a motion for approval of the assumption or rejection of such contract or lease has been filed and served prior to the Effective Date.

14. Pursuant to section 1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of a security under the Plan, or the making or delivery of any deed or instrument of transfer under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or similar tax.

15. The Debtor, all holders of Claims against, or Interests in the Debtor, and the Liquidation Trustee are hereby directed to execute, deliver, file or record any document, and to take any action necessary to implement and effectuate the Plan in accordance with its terms,

and all such entities shall be bound by the terms and provisions of all documents executed and delivered by them in connection with the Plan.

16. The Debtor, with the prior written consent of the Post-Confirmation Committee and subject to further order of this Court, is hereby authorized to amend or modify the Plan at any time after entry of this Order, but only in accordance with section 1127(b) of the Bankruptcy Code and section 14.04 of the Plan.

17. Until the entry of a Final Order concluding the Debtor's Chapter 11 Case, and except as otherwise ordered by this Court, this Court shall retain jurisdiction over the Debtor and its property pursuant to Section 12.01 of the Plan. On and after the Effective Date, in accordance with sections 105(a) and 1142 of the Bankruptcy Code, this Court retains jurisdiction over, and if this Court exercises its retained jurisdiction, shall have exclusive jurisdiction over, all matters arising out of or related to this case and the Plan, or which otherwise are enumerated in Article XII of the Plan.

18. Any person or entity seeking an allowance of final compensation or reimbursement of expenses for professional services rendered to the Debtor or in relation to this Case pursuant to sections 327, 328, 330, 331, 503(b) and 1103 of the Bankruptcy Code shall serve a notice of such application for allowance of final compensation for services rendered and reimbursement of related expenses incurred on or before the Confirmation Date (each, an "Application"), on the Debtor's creditors, the Office of the United States Trustee, all entities who or which filed a notice of appearance and on each of the following entities not later than **November 21**, 2006, or by such later date as may be established by further order of the Court:

Ted A. Berkowitz, Esq.
Farrell Fritz, P.C.
Counsel to the Committee and the Post-Confirmation Committee
Rectson Plaza
Uniondale, New York 11556-1320

Gerard R. Luckman, Esq.
Silverman Perlstein & Acampora LLP
Counsel to the Debtor
100 Jericho Quadrangle, Suite 300
Jericho, New York 11753

Office of the United States Trustee
Long Island Federal Courthouse
560 Federal Plaza
Central Islip, New York 11722
Att: Terese A. Cavanagh, Esq.

19. Upon written request made to the applicable applicant, a party in interest may obtain a copy of the Application of such applicant. Any objection to any Application shall be in writing, shall set forth with specificity the basis of the objection, and shall be served on the applicant whose Application is the subject of the objection and on each of the entities listed above, and shall be filed with the Court, with a copy to Chambers, on or before December 7, 2006.

20. A hearing to consider the Applications so served and filed shall be held before the Court on December 14, 2006, at 10:30.m., or as soon thereafter as counsel may be heard, before the Judge Stan Bernstein, United States Bankruptcy Judge, in his Courtroom at the United States Bankruptcy Court for the Eastern District of New York, 290 Federal Plaza, Courtroom 860, Central Islip, New York (the "Final Fee Hearing"), or on such adjourned date and time as may be announced at the Final Fee Hearing.

21. Each Application shall comply with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Bankruptcy Rules and the Guidelines for Fees and Disbursements for Professionals in the Eastern District of New York, and shall set forth in reasonable detail, (i) the name and address of the applicant; (ii) the nature of the professional services rendered and expenses for which reimbursement is requested for all periods from the date the particular applicant was retained through the Confirmation Date, including the nature of services contemplated to be rendered by the applicant from the date of the Application to and

including the Confirmation Date; (iii) the amount of compensation and reimbursement of expenses requested; (iv) whether any payments have been received on account and, if so, the amount thereof; and (v) the amounts of compensation and reimbursement of expenses previously allowed by the Court, if any.

22. Pursuant to Article VII of the Plan and unless otherwise ordered by the Court, on the Final Distribution Date, the Post-Confirmation Committee shall be dissolved and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Case, and the retention or employment of the Committee's attorneys, accountants, and other agents, shall terminate.

23. The Liquidation Trustee shall, pursuant to Section 10.02 of the Plan and the Liquidation Trust Agreement, out of the assets held by the Liquidation Trustee, subject to the requirements for Court approval contained in the Liquidation Trust Agreement, pay the reasonable fees and expenses of the professionals employed by the Committee or the Post-Confirmation Committee, as the case may be, the Debtor and the Liquidation Trustee, in connection with the implementation and consummation of the Plan, the claims reconciliation process and any other matters as to which such professionals may be engaged.

24. Pursuant to the Plan, all fees payable pursuant to section 1930 of title 28, United States Code, as determined by the Court, shall be paid on the Effective Date or as soon as practicable thereafter. All post-confirmation fees that are due and payable shall be paid until the Chapter 11 Case are closed pursuant to section 350(a) of the Bankruptcy Code.

25. On or before the tenth (10th) Business Day following the date of entry of this Order, the Debtor shall serve notice of this Order pursuant to Bankruptcy Rule 2002(f)(7), 2002(k) and 3020(c) on all creditors and interest holders, the United States Trustee, and other parties in interest, by causing notice of entry of this Order (the "Notice of Confirmation") to be

delivered to such parties by first-class mail, postage prepaid. The notice described herein is adequate under the particular circumstances and no other or further notice is necessary.

26. Within five (5) Business Days following the occurrence of the Effective Date, the Debtor shall file notice of the occurrence of the Effective Date with the Court and serve a copy thereof on the parties listed on the Debtor's master service list maintained pursuant to Bankruptcy Rule 2002.

27. In the event of any inconsistency between the Plan, any agreement, instrument or document intended to implement the Plan, and this Order, the provisions of this Order shall govern and shall supersede any such document or order of this Court issued prior to the Effective Date.

28. The provisions of this Order are integrated with each other and are non-severable and mutually dependent.

29. The failure specifically to include any particular provision of the Plan in this Order shall not diminish or impair the efficacy of such provision, it being understood that it is the intent of this Court that the Plan be confirmed and approved in its entirety.

30. Notwithstanding anything to the contrary contained in the Plan or Confirmation Order, nothing contained in the Plan or Confirmation Order shall enlarge, reduce, modify, impair or affect in any way the parties' rights, defenses and exclusions under applicable law or under any policies of insurance or related agreements (individually or collectively, the "Insurance Agreements") entered into by the Continental Casualty Company, Transportation Insurance Company, Continental Casualty Company, American Casualty Company of Reading, Pennsylvania, CNA ClaimPlus, Inc., as successor-in-interest to RSKCo Services, Inc. for certain limited purposes, and their American insurance affiliates (collectively, the "CNA Companies") on the one hand, and the Debtor on the other hand. In particular, (i) the terms of the Plan shall have no effect whatsoever on the scope of coverage and related duties under the Insurance

Agreements, (ii) the CNA Companies shall not be barred, enjoined or restricted in any way from litigating, settling, adjusting, paying or otherwise handling workers compensation and employers liability claims in accordance with the terms of the Insurance Agreements, and (iii) the CNA Companies shall retain all of their respective rights of setoff and/or recoupment under the Insurance Agreements and applicable law, if any, provided, however, the Debtor shall retain all of its rights to object to any and all claims asserted now or in the future against the Debtor by or on behalf of the CNA Companies in connection with the Insurance Agreements, whether directly or through subrogation, on any reasonable grounds under all applicable law.

31. This Order is a final order and the period in which an appeal must be filed shall commence upon the entry hereof.

Dated: Central Islip, New York
~~October~~ November 13, 2006

s/ Stan Bernstein
STAN BERNSTEIN
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT A

The Debtor's Third Amended Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, dated as of August 21, 2006, is approved by this Order, and can be found through the Court's ECF system as Docket No. 405 in Case No. 05-89022

EXHIBIT B

The Liquidation Trust Agreement, as annexed to the Plan of Liquidation as Exhibit 1 thereto, is approved by this Order, and can be found through the Court's ECF system as Docket No. 405, Attachment #1, in Case No. 05-89022