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

-----X  
In re:

PC LIQUIDATION CORP., f/k/a  
PHOTOCIRCUITS CORPORATION,

Chapter 11  
Case No. 05-89022-288

Debtor.

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**DEBTOR’S THIRD AMENDED PLAN OF LIQUIDATION**

The following Third Amended Plan of Liquidation (the “Plan”) is hereby proposed and filed by Photocircuits Corporation (“Photocircuits” or the “Debtor”), by its attorneys, Silverman Perlstein & Acampora LLP, under Chapter 11 of Title 11 of the United States Code.

**ARTICLE I**

**DEFINITIONS**

For purposes of the Plan, the following terms shall have the respective meanings hereinafter set forth (such meanings to be equally applicable to the singular and plural forms of the terms defined), unless a different meaning is clearly required by and explained in the text. Terms used in this Plan which are defined in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned therein unless herein defined.

1.01 “Administrative Expense” shall mean any cost or expense of administration of the Chapter 11 Case entitled to priority in accordance with the provisions of §§503(b) & 507(a)(1) of the Bankruptcy Code, including, without limitation: (i) any actual, necessary costs and expenses of preserving the Debtor’s estate and of operating the Debtor’s business (other than such Claims or portions thereof which, by their express terms, are not due

or payable by the Effective Date); (ii) all allowances of compensation for legal or other services or reimbursement of costs and expenses under §330 or §503 of the Bankruptcy Code or otherwise allowed by the Bankruptcy Court; and (iii) all fees or charges assessed against the Debtor's estate under Chapter 123 of Title 28, United States Code.

1.02 "Affiliate" shall have the meaning set forth in §101(2) of the Bankruptcy Code and shall include, but not be limited to, any entity in which an affiliate has a direct or indirect equity interest.

1.03 "Allowed Administrative Expense" shall mean all or that portion of any Administrative Expense which has been allowed by a Final Order of the Bankruptcy Court or for which no objection is filed prior to the final date permitted for the filing of such objection set forth in the Plan, Confirmation Order or such other applicable period of limitation fixed by the Bankruptcy Code or the Bankruptcy Rules.

1.04 "Allowed Claim" shall mean a Claim, other than an Administrative Expense, Disputed Claim or an Interest, which is: (i) listed in the Debtor's Schedules (including any amendments thereto), filed in the Chapter 11 Case as of the Effective Date, and not listed therein as disputed, contingent, unliquidated or unknown and as to which no objection to the allowance thereof is filed prior to the final date permitted for the filing of such objection set forth in the Plan, Confirmation Order or such other applicable period of limitation fixed by the Bankruptcy Code or the Bankruptcy Rules; (ii) set forth in a proof of Claim timely and properly filed in the Chapter 11 Case on or before the date fixed by the Bankruptcy Court (or by applicable rule or statute) as the last day for filing such proof of Claim, or late filed with leave of the Bankruptcy Court after notice and opportunity for hearing given to counsel for the Debtor and counsel to the Committee, and as to which no objection to the allowance thereof is filed prior to the final date permitted for the filing of such objection set forth in the Plan, Confirmation Order or such other applicable period of limitation fixed by the Bankruptcy Code or the Bankruptcy Rules; or (iii) determined to be allowed by a Final Order of the Bankruptcy Court.

Except as otherwise specified in this Plan or a Final Order, an Allowed Claim shall not include unpaid interest on such Claim from and after the Petition Date.

1.05 "Allowed Secured Claim" shall mean that portion of an Allowed Claim which is secured by a valid perfected lien on property of the Debtor, to the extent of the value of the interest of the holder of such Allowed Secured Claim in the property of the Debtor as determined by the Bankruptcy Court pursuant to §506(a) of the Bankruptcy Code, together with such interest (including interest accrued on or after the Petition Date), fees, costs and charges as may be allowed by the Bankruptcy Court under §506(b) of the Bankruptcy Code.

1.06 "Allowed Priority Tax Claim" shall mean any Allowed Claim or portion thereof entitled to priority in payment under §507(a)(8) of the Bankruptcy Code.

1.07 "Allowed Unsecured Claim" shall mean any Allowed Claim, or portion thereof, which is not an Allowed Administrative Expense, a Priority Claim, an Allowed Secured Claim or an Allowed Priority Tax Claim.

1.08 "Amended Sale Order" shall mean that Second Amended Order Approving Sale of Assets Under 11 U.S.C. 363, entered by the Bankruptcy Court in the Chapter 11 Case on April 11, 2006.

1.09 "AMPAC" shall mean American Pacific Financial Corporation or its designee, Photocircuits Corporation, a Nevada Corporation, as the purchaser of substantially all of the Debtor's assets under an Asset Purchase Agreement approved by the Bankruptcy Court pursuant to the Amended Sale Order.

1.10 "AMPAC Notes" shall mean the series of six non interest bearing contingent promissory notes payable to the Debtor's estate as part of the consideration for AMPAC's purchase of the Debtor's Assets.

1.11 "Asset Purchase Agreement" shall mean that certain asset purchase agreement between the Debtor and AMPAC providing for the purchase by AMPAC of substantially all of the Debtor's business assets.

1.12 "Avoidance Actions" shall mean any and all Causes of Action that may exist under sections 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 or 553 of the Bankruptcy Code or under similar state laws.

1.13 "Bankruptcy Code" shall mean Title 11 of the United States Code, as amended from time to time, as applicable during the Chapter 11 Case.

1.14 "Bankruptcy Court" shall mean the United States Bankruptcy Court for the Eastern District of New York in which the Debtor's Chapter 11 Case, pursuant to which the Plan is proposed, is pending, and the United States District Court for the Eastern District of New York to the extent that in respect of the Chapter 11 Case such District Court may have withdrawn the reference, shall have determined to exercise original jurisdiction, or shall have sole authority to enter a final order or judgment, both such courts being referred to in the Plan as the "Bankruptcy Court," unless otherwise provided.

1.15 "Bankruptcy Rules" shall mean the Federal Rules of Bankruptcy Procedure, as amended from time to time, governing procedure in United States Bankruptcy Courts, as promulgated under § 2075 of Title 28 of the United States Code and the Local Rules of the United States Bankruptcy Court for the Eastern District of New York, as applicable during the Chapter 11 Case.

1.16 "Business Day" shall mean any day other than a Saturday, Sunday or legal holiday (as defined in Bankruptcy Rule 9006(a)).

1.17 "Cash" shall mean cash and cash equivalents, and other readily marketable securities or instruments, including, but not limited to, bank deposits, checks and other similar items.

1.18 "Causes of Action" shall mean any and all claims, suits, actions and causes of action of the Debtor or the Debtor's estate, whether known or unknown, reduced to judgment or not reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, and whether asserted or assertable

directly or derivatively, in law equity or otherwise, including, without limitation, the Avoidance Actions.

1.19 "Chapter 11" shall mean Chapter 11 of the Bankruptcy Code.

1.20 "Chapter 11 Case" shall mean, the case under Chapter 11 concerning the Debtor and commenced on the Petition Date.

1.21 "Claim" shall mean a claim against the Debtor, as defined in §101(5) of the Bankruptcy Code, whether or not asserted.

1.22 "Claimant" shall mean the holder of a Claim.

1.23 "Claim Administration Fund" shall mean the sum of Seventy Five Thousand and 00/100 Dollars (\$75,000.00) in cash to be reserved by the Liquidation Trustee from the assets distributed to the Liquidation Trust, to be used for (i) the post-Confirmation Date expenses incurred by the professionals retained in this case for the administration of Claims, objections to Claims and pursuit of Causes of Action, (ii) payment of quarterly fees of the United States Trustee and, to the extent not exhausted by the foregoing, (iii) the costs of making Distributions under the Plan. In the event the Claims Administration Fund is exhausted, post-Confirmation Date expenses incurred by the professionals retained in this case for the administration of Claims, objections to Claims and pursuit of Causes of Action, and quarterly fees owed to the United States Trustee shall be paid from the Distribution Fund.

1.24 "Class" shall mean any class into which Allowed Claims and Allowed Interests are classified pursuant to Article II of the Plan.

1.25 "CMK Parties" shall mean CMK Corporation and Matsushita Electric Works which together are participants as lenders in a junior secured credit facility (the "Junior Credit Facility") with, among other parties, the Debtor.

1.26 "CMK Parties Claim" shall mean any Claim arising under or in connection with the Junior Credit Facility held by any of the CMK Parties.

1.27 “Collateral” shall mean that part of the Debtor’s assets which are subject to valid, perfected and enforceable security interests, including furniture, fixtures, equipment, tax refunds, accounts receivable and inventory.

1.28 “Committee” shall mean the Official Committee of Unsecured Creditors in appointed in this Chapter 11 Case as the same may be constituted from time to time.

1.29 “Confirmation Date” shall mean the date the Confirmation Order is entered by the Bankruptcy Court.

1.30 “Confirmation Hearing” shall mean the hearing held by the Bankruptcy Court to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

1.31 “Confirmation Order” shall mean the Order of the Bankruptcy Court confirming this Plan and approving the transactions contemplated therein in accordance with §1129 of the Bankruptcy Code.

1.32 “Creditor” has the meaning set forth in §101(10) of the Bankruptcy Code.

1.33 “Cure Payment” shall mean the payment the Debtor is required to make out of sales proceeds in order to deliver a particular asset to AMPAC or such other purchaser or assignee of the Debtor’s rights regarding such asset.

1.34 “Debtor” shall mean PC Liquidation Corp., f/k/a Photocircuits Corporation the Debtor and Debtor-in-possession in this Chapter 11 Case.

1.35 “Disallowed Claim” shall mean any Claim or portion thereof which has been disallowed by a Order of the Bankruptcy Court.

1.36 “Disputed Claim” shall mean a Claim (other than an Allowed Claim): (i) listed by the Debtor in its Schedules, as they may from time to time be amended in accordance with the Bankruptcy Rules, as disputed, contingent, unliquidated or unknown, or proof of which has been filed with the Bankruptcy Court and an objection to the allowance of which has been or is interposed prior to the final date permitted for the filing of such objection set forth in the

Plan, Confirmation Order or such other applicable period of limitation fixed by the Bankruptcy Code or the Bankruptcy Rules, and as to which such dispute or objection has not been determined by a Final Order; and (ii) pursuant to a judgment or order of a court of competent jurisdiction which judgment or order has been stayed or as to which judgment or order (or any revision, modification or amendment thereof) the Debtor's time to appeal or seek review of rehearing has not expired by reason of statute or otherwise; provided, however, that with respect to any Disputed Claim for which a proof of Claim has not been filed with the Bankruptcy Court in the amount of a sum certain and which has not been fixed by the Bankruptcy Court at a sum certain, the amount of such Disputed Claim, may, for purposes of the Plan, be fixed or liquidated by the Bankruptcy Court prior to the Confirmation Date under §502(c) of the Bankruptcy Code or may be fixed by an agreement in writing between the attorneys for Debtors and the holder thereof, or such Disputed Claims may be fixed or determined by a Final Order entered after the Confirmation Date. All Claims that have not been scheduled by the Debtor as liquidated, noncontingent and undisputed, shall constitute Disputed Claims until the final date permitted for filing objections to Claims has passed.

1.37 "Distribute" or "Distribution" shall mean a payment by the Liquidation Trustee which shall be a payment in full settlement, release and discharge of all rights of the holder of such Claims or Interest, unless otherwise specifically set forth herein.

1.38 "Distribution Date" shall mean any date, subsequent to the Effective Date, on which a Distribution under the Plan is to be made to the holders of Allowed Claims.

1.39 "Distribution Fund" shall mean the fund or account established by the Liquidation Trustee in the name of the Liquidating Trustee to hold all Funds necessary to make Distributions and other disbursements required under the Plan.

1.40 "Effective Date" shall mean the date on which the Plan becomes effective pursuant to Article VI of the Plan.

1.41 "Final Order" shall mean: (i) an order or a judgment or other decree of the Bankruptcy Court, or (ii) a stipulation or other agreement entered into which is "so ordered" by the Bankruptcy Court, the operation or effect of which has not been reversed, stayed, modified or amended and as to which order, judgment, stipulation, decree or agreement (or any revision, modification or amendment thereof), (a) any appeal that has been taken has been finally determined or dismissed, or (b) the time to appeal or seek reconsideration has expired by reason of statute or otherwise and as to which no appeal or petition for review or certiorari or reconsideration has been taken or is pending (or if such appeal or petition has been granted, it has been finally decided), as a result of which such order, judgment, stipulation, decree or agreement (or any revision, modification or amendment thereof) shall have become final in accordance with applicable law.

1.42 "Funds" shall mean any and all Cash collected from the liquidation or collection of the estate's or Liquidating Trust's assets including, but not limited to, proceeds from the Causes of Action.

1.43 "Initial Unsecured Creditor Distribution" shall mean the first Distribution, if any, of Cash to be made to the holders of Allowed Class 5 Claims as soon as practicable after the Effective Date, after payment of, or reserve for, Cash necessary for the following: the Claim Administration Fund, Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Secured Claims, Allowed Priority Non-Tax Claims and the Reserve Fund.

1.44 "Insider" shall have the meaning set forth in §101(31) of the Bankruptcy Code, and shall include, but not be limited to, any entity in which an Insider has a direct or indirect equity interest.

1.45 "Interest" shall mean any rights of a shareholder in respect of his equity interest in the Debtor.

1.46 "Lien" shall have the meaning set forth in §101(37) of the Bankruptcy Code.



1.47 "Liquidation Trust" shall mean the Liquidation Trust to be established on the Effective Date in accordance with Article VII of the Plan.

1.48 "Liquidation Trust Agreement" shall mean that certain agreement, substantially in the form annexed hereto as Exhibit "1", and which shall be in form and substance reasonably acceptable to the Committee, to be executed as of the Effective Date establishing and delineating the terms and conditions of the Liquidation Trust as set forth in the Plan.

1.49 "Liquidation Trustee" shall mean the person described in and appointed pursuant to the Liquidating Trust Agreement, and any successor appointed pursuant to the Liquidating Trust Agreement, for the purposes of acting as trustee of the Liquidating Trust in accordance with the terms of the Liquidating Trust Agreement.

1.50 "Person" shall have the meaning set forth in §101(41) of the Bankruptcy Code.

1.51 "Petition Date" shall mean October 14, 2005, the date on which the Debtor commenced its Chapter 11 Case.

1.52 "Plan" shall mean this Third Amended Chapter 11 Plan of Liquidation, together with all exhibits hereto, as the same may be amended or modified from time to time.

1.53 "Post-Confirmation Committee" shall mean the committee appointed by the Committee that shall consist of up to three (3) voting members and that shall be established as of the Effective Date.

1.54 "Post-Confirmation Debtor" shall mean PC Liquidation Corp., f/k/a Photocircuits Corporation on and after the Confirmation Date.

1.55 "Priority Non-Tax Claim" shall mean any Claim that is entitled to priority of payment under §507(a) of the Bankruptcy Code other than Priority Tax Claims and Administrative Expense Claims.

1.56 "Priority Tax Claim" shall mean any Claim for taxes entitled to priority in payment under §502(i) or §507(a)(8) of the Bankruptcy Code, but specifically excluding any penalty thereon.

1.57 "Pro Rata" shall mean the proportion that the Allowed Claim bears to the sum of all Allowed Claims, Disputed Claims and Undetermined Claims of that particular Class on that particular date, unless this Plan provides otherwise.

1.58 "Reserve Fund" shall mean the aggregate amount of Cash of the Liquidating Trust to be withheld from Distribution on account of Disputed Claims.

1.59 "Schedules" shall mean the schedules of assets and liabilities, lists and statement of financial affairs and executory contracts filed with the Bankruptcy Court by the Debtors, as may be amended, modified or supplemented from time to time in accordance with Bankruptcy Rule 1009 or orders of the Bankruptcy Court.

1.60 "Secured Claim" means any Claim--including Claims held by the City of Glen Cove but excluding Claims held by Stairway or the CMK Parties--(i) to the extent reflected in the Schedules or upon a proof of claim as a Secured Claim, which is secured by a Lien on Collateral to the extent of the value of the Debtor's interest in the Collateral, as determined in accordance with section 506(a) of the Bankruptcy Code or (ii) that is subject to a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

1.61 "Stairway" shall mean Stairway Capital Management, L.P.

1.62 "Stairway Claim" shall mean any Claim held by Stairway.

1.63 "Stairway/CMK Settlement" shall mean the settlement reached by and among the Debtor, the Committee, Stairway and the CMK Parties which was approved by Order of the Bankruptcy Court dated March 10, 2006.

1.64 "Unsecured Claim" shall mean any Claim that is not a Secured Claim, Stairway Claim, CMK Parties Claim, Administrative Expense Claim, Priority Tax Claim or Priority Claim.

1.65 “Unsecured Creditor” shall mean the holder of an Unsecured Claim.

## **ARTICLE II**

### **TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS**

2.01 Administrative Expenses. All Allowed Administrative Expense Claims, to the extent not assumed by AMPAC pursuant to the Asset Purchase Agreement, shall be paid (i) in full, in cash, paid as soon as practicable after the Effective Date, but in no event later than (a) thirty (30) days after of the Effective Date and (b) ten (10) days after the date such Administrative Expense Claim becomes an Allowed Administrative Expense Claim or (ii) at such other later date and upon such other terms as may be agreed upon by the holder of the Administrative Expense Claim and the Post-Confirmation Debtor. In the event of any subsequent conversion of the Chapter 11 Case to a case under Chapter 7 of the Bankruptcy Code, all payments on account of any Administrative Expense Claims shall be deemed to have been made in the ordinary course of the Debtor's business and shall not be deemed preferential under §547 of the Bankruptcy Code. Prior to the Confirmation Date, each professional retained in the Debtor's Chapter 11 Case shall submit an estimate of such professional's Administrative Expense Claim through the Confirmation Date. The Liquidation Trustee shall reserve Funds sufficient to pay all such estimated amounts. Any excess from such reserve after payment of the Allowed Administrative Claims of the professionals shall be deposited into the Distribution Fund.

2.02 Priority Tax Claims. Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtor prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Tax Claim shall receive, at the sole option of the Post-Confirmation Debtor Cash in an amount equal to such Allowed Priority Tax Claim, to be paid as soon as practicable after the Effective Date, but in no event later than thirty (30) days

after the Effective Date and ten (10) days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim.

### **ARTICLE III**

#### **CLASSIFICATION OF CLAIMS AND INTERESTS**

3.01 General Classification Rule. A proof of Claim or Interest which asserts a Claim or Interest which is properly includable in more than one Class is in a Class to the extent it qualifies within the description of such Class and is in a different Class to the extent it qualifies within the description of such different Class.

3.02 Classification. For purposes of the Plan, all Allowed Claims shall be placed in the following Classes, which Classes shall be mutually exclusive:

Class 1 - Secured Claims

Class 2 - Priority Non-Tax Claims

Class 3 - Stairway Claims

Class 4 - CMK Parties Claims

Class 5 - Unsecured Claims

Class 6 - Interests

### **ARTICLE IV**

#### **TREATMENT AND IMPAIRED STATUS OF CLASSES**

4.01 Class 1 - Secured Claims. All known Secured Claims, other than certain Secured Claims asserted by the City of Glen Cove, were paid in full from the proceeds of the Asset Purchase Agreement with AMPAC. Secured Claims that were paid in connection with the closing of the Asset Purchase Agreement shall be deemed Allowed and satisfied as of the Effective Date. Each holder of an Allowed Secured Claim not paid in connection with the closing of the Asset Purchase Agreement, shall, in full satisfaction, settlement, release and discharge of, and in exchange for, its Allowed Secured Claim, in the sole discretion of the Post-Confirmation Debtor, (a) upon abandonment by the Debtor, receive the Collateral securing such

holder's Allowed Secured Claim, (b) have its Allowed Secured Claim reinstated as provided under Section 1124 of the Bankruptcy Code, or (c) retain the Liens securing such Claims, whether Collateral subject to such liens is retained by the Post-Confirmation Debtor or transferred to another entity, to the extent of the Allowed amount of such Claims; and receive on account of such Claim deferred cash payments totaling at least the Allowed amount of such Claim, of a value, as of the Effective Date of the Plan of such holder's interest in the Debtor's interest in such Collateral; or (d) have its liens attach to the proceeds of the Asset Purchase Agreement and have its Allowed Secured Claim paid as soon as practicable after the Effective Date, but in no event later than (i) thirty (30) days after the Effective Date and (ii) ten (10) days after the date such Secured Claim becomes an Allowed Secured Claim (with respect to the Secured Claims of the City of Glen Cove, the Post-Confirmation Debtor shall be deemed to have elected this alternative and the Allowed Secured Claims of the City of Glen Cove, if any, shall be paid from the sale proceeds of the Asset Purchase Agreement reserved for that purpose pursuant to the Amended Sale Order); or (e) receive such treatment as the Post-Confirmation Debtor and such holder shall have agreed upon in writing. Holders of Secured Claims are deemed unimpaired, shall not be entitled to vote on the Plan and shall be deemed to have accepted the Plan.

4.02 Class 2 - Priority Non-Tax Claims Allowed Priority Non-Tax Claims other than Priority Non-Tax Claims assumed by AMPAC pursuant to the Asset Purchase Agreement shall be paid in full, in Cash as soon as practicable after the Effective Date, but in no event later than (i) thirty (30) days after the Effective Date and (ii) ten (10) days after the date such Priority Non-Tax Claim becomes an Allowed Priority Non-Tax Claim. Holders of Priority Non-Tax Claims assumed by AMPAC pursuant to the Asset Purchase Agreement shall not be entitled to any distributions under the Plan on account of such Claims. Class II Claims are not impaired. Holders of Class II Claims shall not be entitled to vote on the Plan and shall be deemed to have accepted the Plan.

4.03 Class 3 - Stairway Claims The Stairway Claims were satisfied from the proceeds of the Asset Purchase Agreement in accordance with Stairway/CMK Settlement. Accordingly, Stairway is not entitled to any distributions under the Plan on account of the Stairway Claims. If any amounts paid to Stairway on account of its professional fees and expenses are determined by the Bankruptcy Court to be not Allowed, Stairway is to remit such disallowed amount to the Post-Confirmation Debtor as provided in the Amended Sale Order. Stairway Claims are not impaired and Stairway is not entitled to vote on the Plan.

4.04 Class 4 - CMK Parties Claims The CMK Parties Claims, in the reduced and Allowed amount of \$5.2 million as fixed pursuant to the Stairway/CMK Settlement, were paid in full on the effective date of the Stairway/CMK Settlement. Accordingly, the CMK Parties are not entitled to any distributions under the Plan on account of the CMK Parties Claims. The CMK Parties Claims are not impaired and the CMK Parties are not entitled to vote on the Plan on account of the CMK Parties Claims.

4.05 Class 5 - Unsecured Claims Each holder of an Allowed Unsecured Claim shall receive: (i) a Pro Rata Distribution on account of its Allowed Unsecured Claim from the Initial Unsecured Creditor Distribution; and (ii) subsequent Pro Rata Distributions, if any, from the Distribution Fund. The Liquidation Trustee shall make the foregoing Distributions to each holder of an Allowed Unsecured Claim on or before the later of (i) the date specified in this Plan for the making of such Distributions or (ii) ten (10) days after the date the Unsecured Claim becomes an Allowed Unsecured Claim. Unsecured Claims are impaired and holders of Unsecured Claims are entitled to vote on the Plan.

4.06 Interests - Class 6 All Interests shall be deemed cancelled as of the Effective Date and holder of Interests shall receive no Cash or other property under the Plan on account of their Interests. Interests are impaired. Holders of Interests are not entitled to vote and shall be deemed to have not accepted the Plan.

## **ARTICLE V**

### **MEANS OF EXECUTION OF THE PLAN**

5.01 Upon entry of the Confirmation Order, provided that no stay of the Confirmation Order is in effect, pursuant to provisions of §1141(b) & (c) of the Bankruptcy Code, all property, assets and effects of the Debtor including Causes of Action shall vest in the post-confirmation Debtor free and clear of all Liens, Claims and Interests, except as otherwise expressly provided in this Plan, the Confirmation Order or the Bankruptcy Code.

5.02 On the Effective Date, the Liquidation Trust Agreement shall be executed by all parties thereto and the Liquidation Trust shall be established pursuant to the Liquidation Trust Agreement.

5.03 On the Effective Date, the Post-Confirmation Debtor shall transfer or cause to be transferred to the Liquidation Trustee all remaining assets of the Post-Confirmation Debtor, wherever and by whom ever held for the benefit of the holders of Allowed Claims.

5.04 Upon the occurrence of the Effective Date, the Liquidation Trustee will thereafter act for the Post-Confirmation Debtor in all respects. The Liquidation Trustee, in accordance with the terms and conditions of the Liquidating Trust Agreement, shall be entitled to the payment of fees and reimbursement of expenses incurred in connection with his or her services on ten (10) days notice to the Office of the United States Trustee, Post-Confirmation Debtor and the Post-Confirmation Committee subject to final approval of the Bankruptcy Court. The fees and expenses payable to the Liquidation Trustee for the services rendered under the Plan shall be provided for in the Liquidation Trust Agreement.

5.05 The Liquidation Trustee shall be authorized and empowered to prosecute, compromise or settle any and all of the Causes of Action in accordance with the terms and conditions of the Liquidation Trust Agreement, the Plan and Confirmation Order, and without need for approval from the Bankruptcy Court. The Liquidation Trustee shall utilize the services of the Debtor's counsel for the prosecution of the Causes of Action unless Debtor's counsel

shall have a disabling conflict in which case the Liquidation Trustee shall be entitled to retain counsel of his choice, including Farrell Fritz, P.C. The Litigation Trustee shall utilize the services of Farrell Fritz, P.C. to prosecute the adversary proceeding commenced by the Committee against the City of Glen Cove and (ii) represent his, the Debtor's and the Committee's interests in any appeals taken by Cadle Company, II, Inc. from orders entered by the Bankruptcy Court. Any recoveries on account of Causes of Action or settlements on account of the Causes of Action shall be transferred to the Distribution Fund for payments to be made in accordance with the Plan. The fees and expenses payable to the Liquidation Trustee and his retained professionals for the services rendered under the Plan shall be provided for in the Liquidation Trust Agreement.

5.06 Prior to the Effective Date, the Post-Confirmation Debtor, with the approval and consent of the Committee, shall have the authority to prosecute objections to Claims. On the Effective Date, the right to prosecute objections to Claims shall be transferred to the Liquidation Trust and shall become the sole responsibility of the Liquidation Trustee using the Debtor's retained professionals, except as otherwise provided above. Any retention of counsel other than the Debtor's counsel or Farrell Fritz, P.C. by the Liquidation Trustee to prosecute the Causes of Action or objections to Claims shall be subject to the approval of the Bankruptcy Court.

5.07 The Committee shall continue in existence until the Effective Date. On the Effective Date, the Committee shall be deemed dissolved and the respective members shall be released of their duties, responsibilities and obligations. No later than five days prior to the date of the Confirmation Hearing, the Committee shall file a notice with the Bankruptcy Court stating the identify of the members of the Post Confirmation Committee. The Post-Confirmation Committee shall come into existence on the Effective Date and shall have the rights and duties set forth in Section 7.07 of this Plan.



## ARTICLE VI

### CONDITIONS PRECEDENT TO EFFECTIVE DATE

6.01 Effectiveness. The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived by the Debtor and the Committee pursuant to Section 6.03 of the Plan:

(a) the Confirmation Order, in form and substance acceptable to the Post-Confirmation Debtor and the Committee, shall have been signed by the judge presiding over the Chapter 11 Case, and there shall not be a stay or injunction in effect with respect thereto;

(b) each of the documents and agreements required to be executed or delivered pursuant to Sections 5.02 and 5.03 of the Plan shall have been assembled, examined, and tendered by the applicable parties; and

(c) the Post-Confirmation Debtor and the Committee shall be satisfied that all documents and agreements required to be executed or delivered pursuant to Sections 5.02 and 5.03 of the Plan are in order and ready to be delivered and exchanged, and shall so declare that the Plan is effective subject to such delivery and exchange. The Post-Confirmation Debtor may but shall not be obligated to File a notice in the Chapter 11 Cases stating the date and time of the Effective Date.

6.02 Failure of Conditions. In the event that one or more of the conditions specified in Section 6.01 of the Plan, unless waived jointly by the Debtor and the Committee, has not occurred on or before one hundred twenty (120) days after the Confirmation Date, unless such period is extended by the Post-Confirmation Debtor, (i) the Confirmation Order shall be vacated, (ii) no distributions under the Plan shall be made, (iii) the Debtor and all holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred, and (iv) the Debtor's obligations with respect to Claims and Interests shall remain unchanged

and nothing contained herein shall constitute or be deemed a waiver or release of any Claims or Interests by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any person in any further proceedings involving the Debtor.

6.03 Waiver of Conditions. The Debtors and the Committee, in their sole discretion and to the extent not prohibited by applicable law, may jointly waive one or more of the conditions precedent to effectiveness of the Plan set forth in Section 6.01 of the Plan.

## **ARTICLE VII**

### **IMPLEMENTATION OF THE PLAN**

7.01 The Confirmation Order. The Confirmation Order shall, among other things:

- (a) authorize the post-confirmation Debtor to perform the Plan according to its terms;
- (b) authorize the establishment of the Liquidation Trust;
- (c) authorize the Liquidation Trustee to administer the Liquidation Trust and perform all other duties authorized under the Plan and Liquidation Trust Agreement; and
- (d) authorize the Liquidation Trustee to administer the Distribution Fund and perform all other duties authorized under the Plan.

7.02 Continuing Existence. From and after the Confirmation Date, the Debtor shall continue in existence as the Post-Confirmation Debtor, and shall consult with the Post-Confirmation Committee as provided for in this Plan, 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 asset of the estates, as expeditiously as reasonably possible, (iii) assisting the Liquidation Trustee in connection with the Liquidation Trustee's prosecution of the Causes of Action, (iv) resolving Disputed Claims, (v) administering this Plan, and (vi) filing appropriate tax returns.

7.03 Transfer of Cash to the Distribution Fund. The Liquidation Trustee will establish the Distribution Fund and the claims Administration Fund in the name of the Liquidation Trust. The CAF shall be used to pay the post-Confirmation Date expenses of the estate, including the fees and expenses of the Liquidation Trustee and the professionals retained by the Liquidation Trustee and the Post-Confirmation Committee; provided, however, ten (10) days prior to paying such fees and expenses, the Liquidation Trustee or the professional requesting payment shall circulate a copy of such request to counsel to the post-confirmation Debtor, counsel to the Post-Confirmation Committee, and the Office of the United States Trustee, each of which shall then have the opportunity within such ten (10) day period to object in writing to such payment. Any objection which cannot be resolved among the parties shall be submitted to the Bankruptcy Court for determination.

7.04 Administration of Liquidating Trust Assets. The Claims Administration Fund will be funded as set forth in Section 1.23. Until a final decree shall have been entered, the Liquidation Trustee shall timely pay post-confirmation quarterly fees to the United States Trustee based on disbursements made by the Liquidation Trustee from Funds in the Claims Administration Fund or Distribution Fund or any other disbursements made on behalf of the Post-Confirmation Debtor. All net proceeds recovered from the Causes of Action or any other sources after the Effective date, shall be deposited into the Distribution Fund. Any sale, abandonment, settlement or other disposition of any remaining assets or the Causes of Action may, subject to the terms of the Liquidation Trust Agreement and Section 7.07 of this Plan, be conducted without further approval of the Bankruptcy Court.

7.05 Corporate Action. The Plan will be administered by the Liquidation Trustee and all actions taken thereunder in the name of the Post-Confirmation Debtor shall be taken through the Liquidation Trustee. Upon the Distribution of all assets of the Liquidating Trust pursuant to this Plan and the filing by or on behalf of the post-confirmation Debtor of a certification to that effect with the Bankruptcy Court (which may be included in the application for

entry of the final decree), the Post-Confirmation Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the post-confirmation Debtor or payments to be made in connection therewith. From and after the Effective Date, the Post-Confirmation Debtor shall not be required to file any document, or take any action, to withdraw its business operation from any States where the Debtor previously conducted business operations.

7.06 Winding Up Affairs. Following the Effective Date, the post-confirmation Debtor shall not engage in any business activities or take any actions, except those necessary to consummate the Plan and wind up the affairs of the Debtor. On and after the Effective Date, the Liquidation Trustee may, in the name of the Debtor or post-confirmation Debtor, take such actions without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than any restrictions expressly imposed by this Plan or the Confirmation Order.

7.07 Rights of Post-Confirmation Committee. The Post-Confirmation Committee shall have only the following rights to: (i) participate in any appeal of the Confirmation Order or of Orders entered by the Bankruptcy Court prior to the Confirmation Date and to approve or disapprove any (a) settlements proposed by the Litigation Trustee of Causes of Action where the amount demanded exceeds \$100,000, (b) settlements proposed by the Litigation Trustee for resolution of Disputed Claims in excess of \$1,000,000, (c) proposed disposition or modification of the AMPAC Notes, (d) disposition of the machinery, furniture, fixtures and equipment (the "PPI Equipment") located at the facilities of the Debtor's former affiliate in the Philippines, (e) other post-closing affairs, if any, involving AMPAC and (f) proposed payments of fees and expenses of the Liquidation Trustee and the professionals retained by the Liquidation Trustee and the Post-Confirmation Committee.

7.08 Action by Post-Confirmation Committee. Whenever a written consent by the Committee or the Post-Confirmation Committee is required, a written consent of the

chairperson of such committee or of counsel to such committee shall be deemed to constitute such consent.

7.09 Retention of Counsel by Post-Confirmation Committee. The Post-Confirmation Committee shall have the power and authority to continue to retain counsel and such other professionals as needed and to direct its retained professionals to act on its behalf in any matter on which such committee is authorized to act under this Plan or the Bankruptcy Code. The Liquidation Trustee shall pay the reasonable compensation and out of pocket expenses incurred by all professionals retained by the Committee and Post-Confirmation Committee, provided, however, that ten (10) days prior to paying such fees and expenses, the Liquidation Trustee or the professional requesting payment shall circulate a copy of such request to counsel to the post-confirmation Debtor, counsel to the Committee or the Post-Confirmation Committee, as the case may be, and the Office of the United States Trustee, each of which shall then have the opportunity within such ten (10) day period to object in writing to such payment. Any objection which cannot be resolved among the parties shall be submitted to the Bankruptcy Court for determination.

7.10 Dissolution of Post-Confirmation Committee. On the final Distribution Date, the Post-Confirmation Committee shall dissolve and the members thereof and the professionals retained shall be released and discharged from their respective fiduciary obligations.

## **ARTICLE VIII**

### **EXECUTORY CONTRACTS OR LEASES**

8.01 Any executory contract or unexpired lease of the Debtor which has not expressly been assumed or rejected by motion, or which is not the subject of a pending application to assume on the Confirmation Date, shall be deemed rejected by the Debtor on the Effective Date.

8.02 Any entity with a Claim that arises from the rejection of an executory contract or unexpired lease must file its Claim within thirty (30) days of the Confirmation Date and shall have the same rights as a Class 5 Claimant to the extent such Claim becomes an Allowed Unsecured Claim.

## **ARTICLE IX**

### **PROCEDURE FOR RESOLVING DISPUTED CLAIMS**

9.01 In the event that objections to Claims shall be filed by the Post-Confirmation Debtor or the Liquidation Trustee, as the case may be, the Liquidation Trustee shall pay the Undisputed portion of such Disputed Claims, if any, and thereafter determine the amount of Cash to be reserved with respect to the Disputed Claims in a sum not less than the amount required to pay the remaining Claim in full with respect to Disputed Administrative Expenses or Disputed Class 5 Claims, and to pay the Initial Unsecured Distribution payment under the Plan on account of such Disputed Class 5 Claims as if those Disputed Class 5 Claims were proved and allowed, in full (without interest), and deposit same in the Reserve Fund which shall be maintained by the Liquidation Trustee in a separate FDIC insured interest-bearing bank or money-market account of the Liquidation Trustee's choice. If the Liquidation Trustee shall have made a subsequent Distribution to Class 5 Claimants, then the Liquidation Trustee shall also deposit into the Reserve Fund, the Pro Rata share of such subsequent Distribution on account of the remaining Disputed Class 5 Claims as if such Disputed Class 5 Claims shall have been allowed in full. Disputed Claims that become Allowed Claims shall be satisfied from the Reserve Fund. Should the Reserve Fund exceed the amount such Disputed Claim or Claims would have received pursuant to the Unsecured Creditor Distribution and any subsequent Distribution and interest thereon, any excess will be transferred to the Distribution Fund. The Reserve Fund shall be specifically marked for the benefit of holders of Disputed Claims and said funds shall not be subject to attachment, levy, seizure, sequestration or other remedies by any creditor in aid of enforcement of a judgment Claim.

9.02 Objections to Claims to the extent not already commenced by the Debtor, shall be filed by the Post-Confirmation Debtor or the Liquidation Trustee, as the case may be, with the Court and served upon each holder of each of the Claims to which objections are made, not later than one hundred and eighty (180) days subsequent to the Effective Date or within such other time period as may be fixed by the Court; provided, however, that for cause shown the Bankruptcy Court may without notice or a hearing extend such time upon request of the Post-Confirmation Debtor or the Liquidation Trustee, as the case may be.

## **ARTICLE X**

### **DUTIES AND RIGHTS OF LIQUIDATION TRUSTEE**

10.01 Nomination of Liquidation Trustee. The post-confirmation Debtor and the Committee shall jointly appoint the Liquidation Trustee as part of the confirmation of the Plan, and such appointment shall be effective upon the Effective Date. Such appointment must be also acceptable to the office of the United States Trustee. The Debtor expects that the Liquidation Trustee will be a member of the panel of trustees for this District who will agree to serve as Liquidation Trustee and to be compensated on an hourly basis without payment of commissions. The Liquidation Trustee shall be vested with all right, title and interest in and to the Distribution Fund the Claims Administration Fund and the Reserve Fund for the purpose of performing and implementing the Plan and the Liquidation Trustee shall implement and effectuate all provisions of the Plan in accordance with its terms.

10.02 Duties and Rights of Liquidation Trustee.

(a) The Liquidation Trustee shall open and maintain, in accordance with the Plan, bank accounts, into which all Funds shall be deposited in accordance with §345 of the Bankruptcy Code and as provided for herein. Pursuant to the Plan, the Liquidation Trustee shall pay all Allowed Administrative Expenses and shall distribute the consideration payable to the holders of Allowed Claims on the dates set forth in the Plan and, to the extent

that no specific date has been set forth in the Plan, Distributions shall be made at such times as the Liquidation Trustee deems appropriate.

(b) The duties and powers of the Liquidation Trustee will include the following:

(i) To maintain accounts, make Distributions and take other actions consistent with this Plan and the implementation hereof, including the establishment, revaluation, adjustment and maintenance of appropriate reserves;

(ii) Subject to the applicable provisions of this Plan, to collect and liquidate all assets transferred to the Liquidating Trust pursuant to the Plan and to administer the winding-up of the affairs of the Debtor;

(iii) To pay, from the Claims Administration Fund and/or the Distribution Fund, the fees and charges incurred by the Liquidation Trustee, the Post-Confirmation Debtor or the Post-Confirmation Committee on or after the Effective Date for their respective professionals, disbursements, expenses or related support services incident to the winding-up of the affairs of the Debtor and implementation of this Plan. Any objection by the Post-Confirmation Debtor, the United States Trustee, or the Post-Confirmation Committee thereto shall be resolved by the Bankruptcy Court;

(iv) To pay Plan administration costs and costs of holding and liquidating any non-Cash property, including but not limited to taxes, insurance proceeds, rent, wages and professionals' fees from the Claims Administration Fund and/or the Distribution Fund;

(v) To take all other actions consistent with the provisions of this Plan, which the Liquidation Trustee deems reasonably necessary or desirable with respect to administering this Plan;

(vi) To make all Distributions to holders of Allowed Claims provided for or contemplated by this Plan;

(vii) To invest Cash in accordance with §345 of the Bankruptcy Code or as otherwise permitted by order of the Court;

(viii) To enter into any agreement or execute any document required by or consistent with this Plan and perform all of the post-confirmation Debtor's obligations hereunder;

(ix) To abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization of his choice, any assets if he concludes that they are of no benefit to the Liquidating Trust;

(x) To purchase or create and carry all insurance policies and pay all insurance premiums and costs it deems necessary or advisable; to cancel/reduce all insurance and recover any cash surrender value, pre-paid premiums, etc.;

(xi) To implement and/or enforce all provisions of this Plan; and



(xii) To administer the winding-up of the affairs of the post-confirmation Debtor including but not limited to, causing the dissolution of the Debtor and closing of the Chapter 11 Case; and

(xiii) To cause to be prepared and filed all appropriate federal, state and local tax returns.

(c) The Liquidation Trustee shall also be empowered, authorized and directed to take all actions necessary to comply with the Plan and to exercise and fulfill his powers and obligations hereunder, including the following:

(i) To object to allowance of Claims pursuant to the terms of the Plan;

(ii) To investigate, analyze, prosecute and otherwise administer the Causes of Action;

(iii) To take all necessary and appropriate steps to recover, collect, liquidate or otherwise reduce to Cash all assets of the estates, including the Causes of Action;

(iv) To compromise and settle Claims and Causes of Action;

(v) To seek the examination of any entity or Person under and subject to the provisions of Rule 2004 of the Bankruptcy Rules;

(vi) To retain and employ such professionals, agents, consultants and advisors as necessary to perform its duties under the Plan; and

(vii) To exercise such other powers as may be vested in the Liquidation Trust Agreement, the Plan or further order of the Bankruptcy Court.

10.03 No Agency Relationship, Indemnification and Insurance. The Liquidation Trustee shall not be deemed to be the agent for any of the Claim holders in connection with the funds held or distributed pursuant to this Plan. The Liquidation Trustee shall not be liable for any mistake of fact or law or error of judgment or any act or omission of any kind unless it constitutes gross negligence or willful misconduct or breach of fiduciary duty. The Liquidation Trustee shall be indemnified and held harmless, including the cost of defending such claims and the attorneys' fees in seeking indemnification, by the Liquidation Trust against any and all claims arising out of his duties under this Plan, except to the extent his or her actions constitute gross negligence or willful misconduct or breach of fiduciary duty. The Liquidation Trustee may obtain, at the expense of the Liquidation Trust, commercially reasonable liability or other appropriate insurance with respect to the Liquidation Trust indemnification of the Liquidation

Trustee. The Liquidation Trustee may conclusively rely, and shall be fully protected personally in acting upon any statement, instrument, opinion, report, notice, request, consent, order, or other instrument or document which they believe to be genuine and to have been signed or presented by the proper party or parties. The Liquidation Trustee may rely upon information previously generated by the Debtor and such information provided to him by former employees of the Debtor.

## **ARTICLE XI**

### **UNCLAIMED DISTRIBUTIONS**

11.01 For a period of 120 days following a Distribution Date, the funds representing unclaimed Distributions shall be held by the Liquidation Trustee in a depository in compliance with §345 of the Bankruptcy Code for the benefit of holders of Allowed Claims which have failed to claim such Distribution. For a period of 120 days following the Distribution Date, unclaimed property due to the holder of an Allowed Claim shall be released by the Liquidation Trustee and delivered to such holder upon presentation and proper proof by such holder of its entitlement thereto.

11.02 At the end of 120 days following the Distribution Date, all unclaimed Distributions together with the interest thereon, shall revert to the Distribution Fund. If two successive distributions remain unclaimed by a particular claimant, and after reasonable attempt to locate a correct address for the claimant, the Liquidation Trustee upon notice to counsel to the Post Confirmation Committee may remove such claimant from the Distribution list for future Distributions.

## **ARTICLE XII**

### **RETENTION OF JURISDICTION**

12.01 The Bankruptcy Court shall retain jurisdiction herein pursuant to Chapter 11 of the Bankruptcy Code and for the purposes set forth in §1127(b) of the Bankruptcy Code, including, inter alia, with respect to the following matters;

(a) to enable the Post-Confirmation Debtor, the Committee and/or the Liquidation Trustee to prosecute all proceedings commenced prior to the entry of the Confirmation Order; and thereafter, to set aside liens or encumbrances and to recover any preferences, transfers, assets or damages to which the Post-Confirmation Debtor or Liquidating Trust may be entitled under the Bankruptcy Code or other federal, state or local law, if any;

(b) to hear and determine all Causes of Action and all Claims concerning the classification, allowance or disallowance of any Claim, if any;

(c) to resolve any disputes concerning any reserve established for Disputed Claims or the administration thereof;

(d) to hear and determine all Claims relating to a security or ownership interest in any property of the Debtor or in any proceeds thereof, if any;

(e) to hear and determine all Claims arising out of any agreement entered into by the Debtor after Petition Date, if any;

(f) to recover all assets and properties of the Post-Confirmation Debtor wherever located, if any;

(g) to alter, modify and amend the Plan pursuant to §1127 of the Bankruptcy Code or to remedy any defect, cure any omissions, or reconcile any inconsistency in the Plan or Confirmation Order as may be necessary or advisable to carry out the purpose and intent of the Plan and to extent authorized by the Bankruptcy Code or Bankruptcy Rules;

(h) to hear and determine such other matters as may be provided for in the order of the Bankruptcy Court confirming the Plan and for the purposes set forth in §§1127(b) & 1142 of the Bankruptcy Code or in Rules 1019 and 3020(d) of the Bankruptcy Rules;

(i) to hear and determine all applications for compensation of professionals for services rendered and expenses incurred up through the Confirmation Date

and thereafter to hear and determine any objections to an application for compensation of professionals retained by the Liquidating Trust or Post-Confirmation Committee;

(j) to hear and determine any and all pending applications, adversary proceedings, contested matters and litigated matters, if any;

(k) to make such orders ex parte or upon application as are necessary or appropriate to carry out the provisions of the Plan, including orders interpreting the provisions hereof;

(l) to enter a final decree and an order closing the Debtor's Chapter 11 Case; and

(m) to determine such other matters as may be provided for in the Confirmation Order or, as may be authorized under the provisions of the Bankruptcy Code.

### **ARTICLE XIII**

#### **EFFECT OF CONFIRMATION**

13.01 On the Confirmation Date, the terms of this Plan shall bind all holders of Claims against the Debtor, whether or not such holders accept this Plan.

13.02 The Confirmation Order shall provide that the holders of Claims evidenced by any debt that arose before the Confirmation Date, and any debt of a kind specified in §§502(g) & (i) of the Bankruptcy Code, shall be enjoined from instituting any suit or proceeding in any court or take any other action to enforce payment of any obligation of the Debtor or enforce any other liens, if any, upon the Debtor's property. All holders of Claims shall look solely to the rights provided to them under the Plan for the satisfaction of such Claims.

### **ARTICLE XIV**

#### **GENERAL PROVISIONS**

14.01 Headings. The headings used in the Plan are inserted for convenience or reference only and neither constitutes a portion of the Plan nor in any manner affect the provisions or interpretations of this Plan.

14.02 Notices. Notices shall be deemed given when received. All notices, requests or demands described in or required to be made in accordance with the Plan shall be in writing and shall be delivered personally, telecopier by registered or certified mail, return receipt requested:

(a) If to the post-confirmation Debtor or Liquidation Trustee:

Silverman Perlstein & Acampora LLP  
100 Jericho Quadrangle - Suite 300  
Jericho, New York 11753  
Attention: Gerard R. Luckman, Esq.  
Fax: 516-479-6301

(b) If to the Post Confirmation Committee:

Farrell Fritz, P.C.  
1320 Reckson Plaza  
Uniondale, NY 11556-1320  
Attention: Louis A. Scarcella, Esq.  
Fax: 516-227-0777

(c) If to a holder of a Claim or Interest, at the address set forth in its proof of Claim or proof of Interest filed with and allowed by the Court, or, if none, at its address set forth in the Schedules prepared and filed by the Debtor with the Bankruptcy Court pursuant to Bankruptcy Rule 1007(b).

14.03 Change of Address. The Post-Confirmation Debtor and any such other parties identified in §14.02 herein may change the address at which it is to receive notices under the Plan by sending written notice pursuant to the provisions of this Article to the Person to be charged with the knowledge of such change.

14.04 Modification of the Plan. The Debtor reserves the right, in accordance with the Bankruptcy Code and with the consent of the Committee, to amend or modify the Plan prior to the Confirmation Date or as soon as practicable thereafter. After the Confirmation Date, the Debtor with consent of the Committee or the Post-Confirmation Committee, such consent to not be withheld unreasonably may, upon order of the Court, in accordance with §1127(b) of the

Bankruptcy Code, remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purposes and intent of the Plan.

14.05 Reservation of Rights. Nothing contained herein shall prohibit the Debtor, Liquidation Trustee, Committee and/or the Post-Confirmation Committee from prosecuting or defending any of the Debtor's rights as they may exist on behalf of the estate, including without limitation, any Avoidance Actions.

14.06 Payment Dates. If payments or Distributions are due to be made under the Plan on a day other than a Business Day, such payment or Distribution shall instead be made, without interest, on the first (1<sup>st</sup>) Business Day immediately following. Payment shall be considered timely upon issuance of the check representing said payment, not the day it is received.

14.07 Severability. Should any provision in the Plan be determined to be unenforceable, such determination shall in no way limit or affect the enforceability and operative effect of any and all other provisions of the Plan.

14.08 Successors and Assigns. The rights and obligations of any entity named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such entity.

14.09 Governing Law. Except to the extent that the Bankruptcy Code is applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

14.10 Withholding Taxes. The Liquidation Trustee shall be entitled to deduct any federal or state withholding taxes from any payments made in respect of Allowed Claims, as appropriate.

14.11 Exculpation. None of the Debtor, the Post-Confirmation Debtor, the Liquidating Trust, the Liquidating Trustee, the Committee, the Post-Confirmation Committee, members of the Committee (in their capacity as Committee members) and the Post-

Confirmation Committee of Post-Confirmation Committee (in their capacity as Post-Confirmation Committee members), or their respective professionals, agents, successors and assigns shall have or incur any liability to any holder of a Claim or Interest for any act or omission in connection with, related to, or arising out of, the Chapter 11 Case, the pursuit of confirmation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct, gross negligence, criminal conduct, misuse of confidential information that causes damages, or ultra vires acts and, in all respects, the post-confirmation Debtor, the Liquidation Trust, the Liquidating Trustee, the Committee, the Post-Confirmation Committee shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing in this Section shall (i) be construed as a release of any entity's fraud, gross negligence, malpractice, or willful misconduct with respect to matters in connection with the Plan (ii) limit the liability of the professionals of the post-confirmation Debtor, the Liquidating Trust, the Liquidating Trustee, the Committee, the Post Confirmation Committee to their respective clients pursuant to DR 6-102 of the Code of Professional Responsibility.

14.12 Under §1146(c) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, or other security interest, the making of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of it, in connection with the Plan, including, without limitation, any agreements of consolidation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax. All sale transactions consummated by the Debtor and approved by the Bankruptcy Court on and after the Petition Date through and including the Effective Date, including, without limitation, the transfers effectuated under the Plan, the sale by the Debtor of owned property pursuant to section 363(b) of the Bankruptcy Code, and the assumption, assignment, and sale by the

Debtors of unexpired leases of non-residential real property pursuant to section 365(a) of the Bankruptcy Code, shall be deemed to have been made under, in furtherance of, or in connection with the Plan and, thus, shall not be subject to any stamp, real estate transfer, mortgage recording, or similar tax.

14.13 Section and Article References. Unless otherwise specified, all references in the Plan to Sections and Articles are to Sections and Articles of the Plan.

Dated: Jericho, New York  
August 21, 2006

By: s/James L. Zerby  
James L. Zerby, Chief Financial Officer  
of P.C. Liquidation Corp. f/k/a  
Photocircuits Corporation  
Silverman Perlstein & Acampora LLP  
Attorneys for Debtor and  
Debtor-in-Possession

Dated: Jericho, New York  
August 21, 2006

By: s/Gerard R. Luckman  
Gerard R. Luckman, Esq. (GRL #8516)  
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