

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF MINNESOTA

In re:

Nordic Printing & Packaging, Inc.

Debtor(s).

Case No. 03 36039

Chapter 11 Case

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**DEBTOR'S FIRST MODIFIED  
PLAN OF LIQUIDATION**

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Nordic Printing & Packaging, Inc. ("Debtor") proposes the following plan of liquidation pursuant to the provisions of Chapter 11 of the Bankruptcy Code.

This plan provides for the liquidation of all of the Debtor's assets to cash and the distribution of the proceeds to the creditors in accordance with the priorities established by the Bankruptcy Code.

**ARTICLE I**

**DEFINITIONS**

For purposes of this Plan, the terms used in the plan and disclosure statement shall have the meanings given in the Bankruptcy Code unless the context otherwise requires. The following terms have the specific meaning provided below, which is specific as to this case:

"Debtor" means Nordic Printing & Packaging, Inc.

"Effective Date" means December 15, 2004 or fifteen days after the date of the Order confirming the Plan, whichever is later.

"Filing Date" or "Petition Date" means September 3, 2003.

**ARTICLE II**

**CLASSIFICATION AND TREATMENT OF CLAIMS**

The claims shall be classified (with some claims not being classified) and the claims shall be treated, all as provided for herein.

**A. Classification and Treatment of Classified Claims and Interests.**

The Debtor classifies the following claims and interests and provides for the treatment of each of the classes as described below.

Because the claims of the secured creditors of the Debtor have been satisfied in connection with the sale of the Debtor's assets to Marcom or described in the Disclosure Statement, the secured creditors will not be separately classified or treated in the Plan.

### **Class 1 – Unsecured Creditors Claims**

#### Description of Class 1 Claims.

Class 1 (“Unsecured Creditors Class” or “Class 1”) consists of scheduled or timely filed and allowed general unsecured claim(s) not entitled to priority (“Unsecured Creditors Class” or “Class 1 Claims”). Creditors holding Class 1 Claims may hereinafter be referred to as “Class 1 Members,” “Class 1 Creditors” or “Unsecured Creditors.”

#### Treatment of Class 1 Claim(s).

The Debtor shall treat Class 1 Claims as follows: the Debtor shall disburse to Class 1 Creditors the proceeds available after payment on claims that have a higher priority than the priority that Class 1 Creditors have. Each holder of an allowed Class 1 Claim will be entitled to receive its pro rata share of available cash, not to exceed the amount of its allowed Class 1 Claim.

Payment to holders of Class 1 Claims will not commence until Administrative Claims, Class 2 Claims, Class 3 Claims and Class 4 Claims, if any, have been paid in full. The Debtor estimates that payment to Class 1 Claims will likely not occur until the Second Quarter, 2009.

Because the claim amounts for the claims in this class are not yet fixed, and because of the wide variance in the possible claim amounts, the Debtor is unable to estimate the potential distribution to this Class. It is possible (although perhaps not likely) that the administrative expense claims and allowed priority claims will be fixed in such amounts that all available cash is used to pay those claims. If this were to occur, Class 1 Creditors would receive no distribution.

Payment of the Class 1 Claims pursuant to these terms is reflected in Exhibit B to the Disclosure Statement.

#### Possible Additional Distributions.

Distributions to the Class 1 Members may be different than as indicated above depending on any recovery from actions commenced by the Debtor. Any proceeds recovered by the Debtor from prosecution of any avoidable transfers such as preferences and/or fraudulent transfers, or from any action against third parties which constitute assets of the bankruptcy estate shall be disposed of as follows: The proceeds actually recovered will first be used to pay expenses associated with generating the proceeds; then used to pay the increased distribution that results, if any, from the

recovery; and the balance, if any, will be used to fund the payments due pursuant to the Plan. Any distributions to the Class 1 Creditors will be made on a pro rata basis.

Satisfaction of Claims

Payment by the Debtor to members of this class pursuant to the terms set forth herein constitutes full satisfaction of all claims of the members of this class against the Debtor.

**Class 2 – Priority Claims Under §507(a)(3) - Employee Claims.**

Description of Class 2

Class 2 consists of all scheduled or timely filed and allowed priority claims under Section 507(a)(3) of the Bankruptcy Code (“Class 2 Claims”).

Treatment of Class 2 Claims

Except as otherwise provided herein, Class 2 Claims shall be treated as follows: the Debtor shall pay any scheduled or timely filed and allowed Class 2 Claims in full.

Payment to holders of Class 2 Claims will not commence until after Administrative Expense Claims have been paid in full. The Debtor estimates that the payment to Class 2 Claims will commence in the Second Quarter 2005, and continue annually thereafter until paid in full. Payment will be from available funds on a pro rata basis. Payment will include payment of an amount necessary to pay all employment taxes associated with the priority claim, including the employer’s share of employment taxes.

Payment of the Class 2 Claims pursuant to these terms is reflected in Exhibit B to the Disclosure Statement.

**Class 3 - Priority Claims Under §507(a)(4) - Employee Benefit Claims**

a. Description of Class 3 Claims

Class 3 consists of all scheduled or timely filed and allowed priority claims under Section 507(a)(4) of the Bankruptcy Code (“Class 3 Claims”).

b. Treatment of Class 3 Claims

Except as otherwise provided herein, Class 3 Claims shall be treated as follows: the Debtor shall pay any scheduled or timely filed and allowed Class 3 Claims in full.

Payment to holders of Class 3 Claims will not commence until Administrative Claims and Class 2 Claims have been paid in full. The Debtor estimates that the payment to Class 3 Claims will

commence in the Second Quarter, 2008, and continue annually thereafter until paid in full. Payment will be made from available funds on a pro rata basis.

Payment of the Class 3 Claims pursuant to these terms is reflected in Exhibit B to the Disclosure Statement.

**Class 4 - Priority Claims Other Than §507(a)(1), (a)(2), (a)(3), (a)(4) and (a)(8) Claims.**

a. Description of Class 4 Claims

Class 4 consists of all scheduled or timely filed and allowed priority claims other than claims arising under Section 507(a)(1), (a)(2), (a)(3), (a)(4) and (a)(8) of the Bankruptcy Code.

b. Treatment of Class 4 Claims

Except as otherwise provided herein, Class 4 Claims shall be treated as follows: the Debtor shall pay any scheduled or timely filed and allowed Class 4 Claims in full.

Payment to holders of Class 4 Claims will not commence until Administrative Claims, Class 2 Claims, and Class 3 Claims have been paid in full. The Debtor estimates that the payment to Class 4 Claims, if any, will commence in Second Quarter, 2008. Payment will be made from available funds on a pro rata basis.

Payment of the Class 4 Claims pursuant to these terms is not reflected in Exhibit B to the Disclosure Statement because the Debtor does not believe there are any Class 4 claims.

**Class 5 – Equity Interests**

Description of Class 5 Interests

Class 5 consists of all existing equity interests and any rights related thereto (Class 5 Interests) of shareholders of the Debtor ("Pre-Petition Shareholders").

Treatment of Class 5 Interests

Class 5 Interests shall be treated as follows: Holders of Class 5 Interests will retain their stock. However, the Plan provides for the liquidation of the assets of the Debtor and permitting the annual registrations to lapse and the Debtor to fall into inactive status. Because the value of the Debtor's assets is less than the total amount of its debt, the holders of Class 5 Interests will receive no distributions on account of their stock. Because the Debtor will become inactive, the stock has and will have no value.

**B. Treatment of Unclassified Priority Claims.**

Allowed pre-petition priority claims that are not classified and allowed post petition priority claims (administrative expenses) shall be treated as follows:

**1. Pre-petition Priority Governmental Claims.**

Description of Pre-Petition Priority Governmental Claims.

“Pre-Petition Priority Government Claims” consists of all timely filed and allowed claims of governmental units for a claim arising before the Petition Date that has priority pursuant to Section 507(a)(8). Pre-Petition Priority Government Claims are not classified in the Debtor’s Plan as required by §1129(a)(1) of the Bankruptcy Code. In this case, there are only scheduled claims; no claims have been filed to date. The Debtor does not believe it owes any Pre-Petition Priority Governmental Claims.

Treatment of Pre-Petition Priority Governmental Claims.

Pre-Petition Priority Governmental Claims, if any, shall be treated as follows: Pre-Petition Priority Governmental Claims, less any payments the Debtor may have made during the course of the case, shall be paid, in full either on the Effective Date or, over five years, with interest on the outstanding balance of the allowed claim at the rate provided for in 26 U.S.C. §6621(b), from and after the Effective Date. The claims shall be paid in full within six years of the date that the tax was assessed.

**2. Administrative Expenses.**

During the pendency of the Chapter 11 reorganization case, the Debtor incurred certain administrative expenses. “Administrative Claim” means any claim for the payment of any administrative expense arising under Section 503(b) of the Bankruptcy Code. Administrative Claims, and the Debtor’s provision for payment thereof, are detailed below.

Subject to the specific terms provided for below that may conflict with this general provision, the Debtor shall pay each holder of an allowed or Court-awarded Administrative Claim (except any such holder that agrees to different treatment) the allowed amount of such holder’s allowed Administrative Claim, in full.

a. Professional Fees

Professional fees that constitute Administrative Claims are the allowed fees and costs of the professionals that have been employed in the course of this Chapter 11 case, either by the Debtor or by any appointed Committees.

Provided the professionals receive Bankruptcy Court approval of their fees and expenses and subject to any provision for the procedure permitting the payment of 80% of fees and 100% of costs pending allowance, these claims for professional fees identified above shall be paid in full. Payment to the professionals shall commence on the Effective Date of the Plan and will continue

as funds become available until the allowed fees are paid in full. The professionals shall be paid pro rata with other allowed Administrative Claims.

Exhibit B attached to the Disclosure Statement reflects payment of the professional fees as provided herein.

b. U.S. Trustee Fees and Court Costs

Certain fees and costs, identified below as U.S. Trustee fees and Court costs, are payable by the Debtor and constitute Administrative Claims.

U.S. Trustee fees that constitute Administrative Claims are those fees payable to the U.S. Trustee under 28 U.S.C. §1930 during the administration of the case (“U.S. Trustee Fees”).

The Debtor incurred and/or paid U.S. Trustee fees pursuant to the provisions of 28 U.S.C. §1930.

The Debtor shall pay the U.S. Trustee fees in full on the Effective Date and thereafter as and when due until the Chapter 11 case is closed, dismissed or converted. After confirmation, the Debtor shall submit periodic operating reports to the United States Trustee each period (or portion thereof) as required by the U.S. Trustee until the Chapter 11 case is closed, dismissed or converted. Such report shall be in the format prescribed by the United States Trustee.

Court costs due pursuant to 28 U.S.C. §1930 also constitute Administrative Claims. The Debtor shall pay in full on the Effective Date and thereafter as and when due any Court costs assessed pursuant to 28 U.S.C. §1930.

c. Other Administrative Expense Claims.

There may be other Administrative Claim(s) as follows: (1) filed proof of claim(s) for administrative expenses; (2) post petition taxes; (3) unpaid post petition claims; and (4) administrative expense claims associated with executory contracts and unexpired leases for contract obligations coming due post petition that remain unpaid (these claims are more fully described hereinafter; a detailed listing of the Debtor’s executory contracts and leases, and the Debtor’s proposed treatment of same, are provided in Section 3.4 below) (collectively “Other Administrative Claims”).

The Debtor believes the Other Administrative Claims consist of the claims disclosed on Exhibit D to the Disclosure Statement with the qualification noted below.

The Debtor shall pay any allowed Other Administrative Claims in full. Payment shall commence, on a pro rata basis with other administrative expense claims, on the Effective Date, and shall continue thereafter as funds become available and within the discretion of the Administrator, until the Other Administrative Claims are paid in full.

The claims listed in Exhibit D to the Disclosure Statement are the claims that the Debtor incurred during the Chapter 11 case. The listing in Exhibit D shall constitute a proof of claim for the

holder of each such claim listed. The Debtor shall be permitted to make distribution to the creditors identified on Exhibit D regardless of whether a creditor has actually filed a proof of claim. Parties in interest may object to the allowance of a claim listed on Exhibit D subject to the same limitations and requirements that apply to filing an objection to a proof of claim. The Debtor also reserves the right to object to the allowance of a claim listed on Exhibit D if, upon further review, the Debtor determines that the claim should not be listed on Exhibit D.

d. Secured and Super-Priority Administrative Expense Claim in favor of Manchester

(i) Description of the Claim

Manchester Commercial Finance LLC ("Manchester") holds an allowed secured and super-priority administrative expense claim that is an Administrative Claim.

(ii) Treatment of Manchester's Post Petition Claims

Manchester's Administrative Claim was satisfied as a part of the sale to Marcom.

e. Reclamation Claims

Certain creditor(s) made demand on the Debtor for return of goods delivered to the Debtor. The Debtor did not return the goods demanded. As a result, the creditor(s) making said demand may have and/or assert an administrative expense claim.

The creditor(s) making this demand are the following:

<u>Name of Creditor</u>	<u>Date of Demand</u>	<u>Amount of Demand</u>	<u>Estimated Reclamation Claim</u>
ECM Converting Company	9/4/03	\$19,228.39	\$1,401.10

(collectively "Reclaiming Creditors" and the claims asserted may hereinafter be referred to as "Reclamation Claims").

The Debtor shall satisfy the asserted/potential administrative expense claims of the Reclaiming Creditors as follows.

The Reclamation Claim of ECM Converting as of the Petition Date, is equal to the invoice amount of the goods supplied by ECM Converting that the Debtor had on hand as of the Petition Date. According to the Debtor's records, the Reclamation Claim of ECM Converting is \$1,401.10. ECM Converting filed a proof of claim asserting an administrative expense claim in the amount of \$19,228.39. The Debtor shall pay ECM Converting's administrative expense claim, as finally allowed, in full.

f. All Administrative Expenses

The “Allowed Administrative Claims” shall constitute the aggregate of (i) allowed professional fees and costs; (ii) U.S. Trustee fees and court costs; (iii) the claims listed on Exhibit D; (iv) the allowed reclamation claim of ECM Converting Company; and (v) any other allowed administrative expense arising under Section 503(b) of the Bankruptcy Code.

The Debtor estimates that the total unpaid portion of the Allowed Administrative Claims is \$174,252.

Except as otherwise provided regarding U.S. Trustee Fees and Court Costs, payment to holders of Allowed Administrative Claims will commence on the Effective Date of the Plan, and will continue until the Allowed Administrative Claims are paid in full, and payment to holders of the Allowed Administrative Claims will be made on a pro rata basis.

**ARTICLE III**

**CLASSES OF IMPAIRED CLAIMS AND INTERESTS**

The following classes are impaired under the Plan: All classes are impaired.

**ARTICLE IV**

**EXECUTORY CONTRACTS  
AND UNEXPIRED LEASES**

The Debtor is a party to certain executory contracts and/or unexpired leases as described in detail in the Schedule of Executory Contracts and Leases attached to the Disclosure Statement. Pursuant to Section 365 of the Bankruptcy Code, the Debtor may either (i) assume the contract, (ii) reject the contract, or (iii) assume and assign the contract. As provided for in, and pursuant to the provisions of, the Bankruptcy Code, the other party to such executory contracts and/or unexpired leases may hold a claim based on the treatment the Debtor proposes for each contract and/or lease.

a. Treatment of Executory Contracts and Unexpired Leases

Pursuant to the motion and the March 10, 2004 order, the Debtor rejected the following leases and contracts to the extent that the contracts were unexpired leases or executory contracts:

American Comp. Insurance	Insurance
ARC	Cobra Administration
ARC	Medical Spending Account
Bjorkedal, Olaf	Building Lease

Bobst Equipment Finance Co.	Equipment contracts
Celtic Leasing	Equipment contract
Chubb	Insurance
Citizens Independent Bank	Equipment contracts
Community First Financial	Equipment contracts
Delta Dental	Insurance
GCIU Suppl. Retire.	Retirement & Disability Fund* <sup>1</sup>
GCIU Health & Welfare	Insurance*
GCIU Local 1M	Collective Bargaining Agmt*
GCIU Local 1B	Retirement Fund*
GCIU Local	
1B/HW Funds A&B	Retirement Insurance*
GCIU Local 1M	Pension Fund*
General Electric Capital Corp.	Equipment contracts
Hartford	Insurance
HealthPartners	Insurance
Ikon	Copy Machine Lease
Manulife/PACE	401(k) fund management
Manulife/Office	401(k) fund management
Pension Consultants (PA)	Defined benefit pension
PACE Local 7-0264	Collective bargaining agmt
PACE Local 7-0264	Pension Fund
People's Capital and Leasing Corp	Equipment contracts
Principal Financial Gr	Insurance
Tax Sheltered Comp	TPA
Paul Revere Life Ins	Life Insurance*
U.S. Bancorp	Equipment contracts

Pursuant to a motion and March 12, 2004 order, the Debtor assumed and assigned the following contracts to Marcom:

Herc-U-Lift	Kalmar Walkie (Contract No. 09CR018507)
Herc-U-Lift	Multiple Forklifts (Contract No. 09CR020408)
Herc-U-Lift	Mitsubishi Forklift (Contract No. 09CR020225).

The Debtor rejects all executory contracts and unexpired leases to which the Debtor is a party with the exception of the Herc-U-Lift contracts described above as assumed and assigned to Marcom.

In addition to those contracts rejected pursuant to the Court Order, dated March 12, 2004, described above, the Debtor also rejects the following contracts, to the extent they constitute executory contracts or unexpired leases:

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<sup>1</sup> The contracts marked with an asterisk may have expired during the course of the Chapter 11 case. To the extent the contract was still in force and constituted an executory contract or unexpired lease at the time of the motion, the Debtor sought to reject same.

Alson's  
G&K  
Radius Solutions

Consulting Agreement  
Uniform Agreement  
Software Agreement

As to the rejected contracts and/or leases, the parties to the rejected contracts and/or leases may have a claim arising under the contract of lease and/or arising from the rejection of the contract or lease. Any such claim shall be treated, in accordance with the provisions of the Bankruptcy Code, as an unsecured claim. Pursuant to Bankruptcy Rule 3002(c)(4), the Court may set a deadline for filing a proof of claim for any claim arising from the rejection of a contract or lease. It is anticipated that the Court will enter an order fixing the deadline for filing a proof of claim for any such claim arising from rejection of a contract or lease at 30 days from the date of the order confirming the Plan. THE INFORMATION PROVIDED HEREIN CONSTITUTES NOTICE OF THE DEADLINE FOR ASSERTING CLAIMS FOR DAMAGES FROM REJECTION OF ANY EXECUTORY CONTRACT OR UNEXPIRED LEASE.

As to any assigned contract, the party to the assigned contract shall look to the assignee for satisfaction of the terms of the contract and any claim thereunder, and shall have no claim against the Debtor in connection with the assigned contract.

b. Contracts and Leases not Specified

If the Debtor is a party to any executory contract or unexpired lease that is not specifically identified, the Debtor nonetheless shall REJECT all executory contracts and unexpired leases with the following exceptions: (i) except as may be otherwise provided for herein; (ii) except as may be provided for in any prior Court order on a motion for assumption or rejection of an executory contract or unexpired lease, and/or (iii) except as may be provided for in any motion pending before the Bankruptcy Court on the date of the hearing on confirmation of the Plan. Except as may be provided otherwise herein, such rejection shall be effective as of the date the Court's order confirming the plan is filed.

## ARTICLE V

### CLAIMS

The deadlines for timely filing certain proofs of claims are set by the U.S. Bankruptcy Court. Pursuant to Bankruptcy Court Order either entered or to be entered, the deadlines are as follows:

(a) For a claim or interest for non-governmental creditors, the deadline for timely filing a proof of claim is January 22, 2004, as set by Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors & Deadlines, dated October 1, 2003 and filed October 1, 2003.

(b) For an administrative expense claim, the Bankruptcy Court sets the deadline for timely filing a proof of claim; the Bankruptcy Court typically sets such deadline in the order confirming the plan; and the Bankruptcy Court typically sets the deadline at thirty days from the

date of the order confirming the plan; administrative claims shall be asserted by the filing of a motion for payment of administrative expense. The motion must be filed and served by the deadline. THIS INFORMATION CONSTITUTES NOTICE OF THE DEADLINE FOR ASSERTING ADMINISTRATIVE CLAIMS.

(c) For a claim arising from the rejection of an executory contract or unexpired lease, the Bankruptcy Court may set the deadline for filing a proof of claim for any claim arising from the rejection of a contract or lease; if the Bankruptcy Court sets such a deadline, the deadline shall be as the Bankruptcy Court sets; THE INFORMATION PROVIDED HEREIN CONSTITUTES NOTICE OF THE DEADLINE FOR ASSERTING CLAIMS FOR DAMAGES FROM REJECTION OF ANY EXECUTORY CONTRACT OR UNEXPIRED LEASE.

(d) For amendments to proofs of claims, the Bankruptcy Court may set a deadline for filing amendments for proofs of claims; if the Bankruptcy Court sets such a deadline, the deadline shall be as the Bankruptcy Court sets.

The Court also sets the deadline for the timely filing of objections to the allowance of claims or interests. The Bankruptcy Court typically sets such deadline in the order confirming the plan. The Bankruptcy Court typically sets the deadline at thirty days from the date of the order confirming the Plan.

Subject to the limitations provided in Section 553 of the Bankruptcy Code, the Debtor may, but shall not be required to, setoff against any claim and the payments or other distributions to be made pursuant to the Plan in respect of such claim, claims of any nature whatsoever the Debtor may have against the holder of such claim. Neither the failure to setoff, nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtor of any such claim that the Debtor may have against such holder.

The Debtor and certain parties in interest have standing to file objections to any of the proof of claims filed in the bankruptcy case. The Debtor may have objections to certain proofs of claims filed by various parties. The Debtor will conduct a claims review to determine if objections exist, either to claims already filed or to claims to be filed.

## ARTICLE VI

### MEANS FOR EXECUTION OF PLAN

#### 6.1. Plan Funding.

The Plan will be funded from the proceeds realized upon the liquidation of all assets of the Debtor and the bankruptcy estate.

#### 6.2. Continued Existence

After the Effective Date, the Debtor shall continue to exist in accordance with the applicable law

in the jurisdiction in which it is incorporated and pursuant to its articles and bylaws and/or other similar organization documents in effect prior to the Effective Date, except to the extent such articles, bylaw or similar organization documents are amended, modified or restated pursuant to the Plan. The articles and bylaws, or other similar organizational documents shall be and hereby are amended and/or restated as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. After the Effective Date, the Debtor may, but shall not be required to, amend and/or restate its articles and bylaws as permitted by applicable law. On the Effective Date, all actions contemplated by the Plan shall be authorized and approved in all respects and all matters provided for in the Plan involving the corporate structure of the Debtor shall be deemed to have occurred and shall be in effect, without any requirement of further action by the equity holders, directors or officers of the Debtor, As of the date of the order confirming the Plan, the officers and directors of the Debtor are authorized to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan.

On the Effective Date, the then current officers and directors of the Debtor (with the exception of Diana Foster) will be terminated from all of their respective duties and responsibilities in their capacities as officers and directors of the Debtor. From and after the Effective Date, Ms. Foster shall be appointed the director of the Debtor (and all bylaws, articles, and related corporate documents are deemed amended by the Plan to permit and authorize such appointment) and shall serve in such capacity through the earlier of the date all obligations under the Plan have been fulfilled and the date such director resigns, is terminated, or otherwise becomes unable to serve. If Ms. Foster resigns, is terminated or is unable to serve as a director, then the Debtor the Post Confirmation Committee jointly shall have the right to select a successor who may be appointed a director of the Debtor and shall serve in such capacity until all obligations under the Plan have been fulfilled.

After the assets of the Debtor have been liquidated and the cash distributed to creditors, all final tax returns shall be filed, the Debtor shall complete all final filings required, and any other action that is required to be taken to wind down the Debtor shall be taken. After all required action has been taken, the Debtor shall be permitted to discontinue filing its annual registrations and filings, and the Debtor shall be permitted to automatically lapse into inactive status.

### 6.3. Administrator's Duties

On and after the date of the Order confirming the Plan, the Debtor shall be managed by Diana Foster, the Administrator.

The Administrator shall work closely with the Chapter 11 Case professionals and the Post Confirmation Committee to wind down the estate to maximize the recovery for creditors. The Administrator shall have the authority to perform, shall have the standing to perform, and shall perform, on behalf of the Debtor, the duties of the Debtor under the Plan.

The Administrator shall be compensated at \$75 per hour for services and shall be reimbursed for out of pocket expenses incurred in the performance of her duties under the Plan.

#### 6.4. Equity Structure of Reorganized Debtor.

The equity structure of the reorganized Debtor, as of the effective Date of the Plan, shall be the same as the current structure of the Debtor.

#### 6.5. Plan Distributions.

The distributions under the Plan shall be made by the Debtor and the Administrator. The following provisions relating to distributions apply to any appointed disbursing agent (i.e. the Administrator) notwithstanding a reference to “the Debtor.”

The payments and distributions under the Plan shall be made on the date(s) provided for in the Plan (or on such earlier date as the Debtor, at its election, may choose), unless otherwise ordered by the Bankruptcy Court. The Debtor reserves and retains the right to prepay any obligation under the Plan without penalty. Any payment and/or distribution to be made on the Effective Date pursuant to this Plan shall be deemed as having been made on the Effective Date if such payment and/or distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under this plan on a day other than a business day shall be made on the next succeeding business day, or as soon thereafter as practicable.

In the event of any disputed claims, the Debtor shall not be required to make payment on and shall not make distribution to such disputed claims until the dispute has been resolved and/or the disputed claim becomes an allowed claim, by agreement of the parties or by final order of the Bankruptcy Court. As soon as practicable after the disputed claim is resolved by the Debtor or the parties, or allowed by agreement or final order, and subject to the terms of the Plan, the Debtor shall pay and distribute to the holder of such allowed claim the amount provided in the Plan in the manner provided in the Plan, subject to the following conditions. (i) If a disputed claim is contained within a class that is to receive a pro rata distribution, the Debtor shall determine each claimant’s pro rata share without regard to the asserted amount of the disputed claim and shall make payment and distribution on such calculation. When all disputed claims in the class receiving a pro rata distribution have been allowed or disallowed by a final order, the Debtor shall re-calculate each claimant’s pro rata share and shall make the re-calculation in such manner as to pay the creditor holding the previously disputed but now allowed claim, within the term remaining for payment of the class, the distribution required to be made pursuant to the Plan; and (ii) If a disputed claim is contained within a class that is to receive a certain percentage of its claim over a stated term, the Debtor shall re-amortize the previously disputed but now allowed claim to calculate the payment needed on that claim to pay the percentage required by the Plan within the remaining term. The Debtor may choose, in the alternative, to make any additional payment and/or distribution to the creditor holding the previously disputed but now allowed claim to “catch-up” the claim to the distribution the Debtor had made to the class up until the time that the disputed claim was allowed.

If a proposed pro rata distribution to a particular claim or claims results in a proposed distribution of less than \$100, the Debtor is not required to make payment on, and instead may,

at its option, propose to hold and accumulate such pro rata distribution until the accumulated distribution to such creditor equals or exceeds the sum of \$100.

Any property to be distributed under the Plan that remains unclaimed or otherwise not deliverable to the creditors entitled thereto as of the later of (a) one year after the date of the order confirming the Plan; or (b) one hundred twenty (120) days after the distribution shall become vested in and shall be transferred and delivered to the Debtor. In such event, such creditor's claim shall no longer be deemed to be allowed and such creditor shall be deemed to have waived its rights to such payments or distributions under the Plan and shall have no further claim in respect of such distribution and shall not participate in any further distributions under the Plan with respect to such claim. Unclaimed property shall include non-negotiated checks issued to creditors that are not negotiated within 90 days of the date such check was issued.

The Debtor, or any disbursing agent, shall withhold from any property distributed under this Plan, any amounts which must be withheld for federal, state or local taxes payable with respect thereto or payable by the person entitled to such distribution to the extent required by applicable law. The issuance, transfer or exchange of any of the securities issued under, or the transfer of any other property pursuant to this Plan, or the making or delivery of an instrument of transfer under this Plan, shall not be taxes under any law imposing a stamp tax, transfer tax or other similar tax.

Except as expressly stated in the Plan or otherwise allowed by a final order of the Bankruptcy Court, no interest, penalty or late charge arising after the date the bankruptcy case was filed shall be allowed on any claim regardless of whether any objection to the claim is filed and sustained. Similarly, no attorneys' fees shall be paid with respect to any claim except as specified in the Plan or as allowed by a final order of the Bankruptcy Court. Accordingly, payments and distributions under the Plan shall not take into account any such interest, penalty, late charge or attorneys' fees.

Unless otherwise provided in the Plan, distributions to be made under this Plan to holders of allowed claims shall be made by first class United States mail, postage prepaid to (a) the latest mailing address set forth in the schedules; or (b) to such other address provided by the holder of any allowed proof of claim specifically identified as being the appropriate address for distributions under the Plan as opposed to the address set forth in the schedules.

Subject to the limitations provided in Section 553 of the Bankruptcy Code, the Debtor may, but shall not be required to, setoff against any claim and the payments or other distributions to be made pursuant to the Plan in respect of such claim, claims of any nature whatsoever the Debtor may have against the holder of such claim, but neither the failure to do so, nor the allowance of any claim hereunder shall constitute a waiver or release by the Debtor of any such claim that the Debtor may have against such holder.

#### 6.6. Implementation of Plan.

The Plan will be implemented upon confirmation of the Plan. As more fully discussed in the section of the Disclosure Statement on confirmation standards, the Plan can be confirmed either

by vote of the creditors pursuant to Section 1129(a) of the Bankruptcy Code, or over any negative vote or objection of the creditors pursuant to Section 1129(b) of the Bankruptcy Code.

The Debtor may modify the Plan in the manner provided for under Section 1127 (a) or (b) of the Bankruptcy Code. The Debtor shall give notice of any proposed modification to the United States Trustee and to any other parties designated by the Court. The Debtor also reserves the right to make such modifications at any hearing on confirmation as are necessary to permit the Plan to be confirmed under Section 1129 of the Bankruptcy Code.

The Debtor's obligations under the Plan are contingent upon entry of an order confirming the Plan, and said order not being reversed on appeal.

## **ARTICLE VII**

### **RESERVATION OF RIGHTS, POWERS AND JURISDICTION**

After confirmation of the Plan, the Debtor shall have the following rights and powers and the Bankruptcy Court shall have the following jurisdiction.

#### **7.1. Debtor's Rights and Powers.**

Except as otherwise expressly provided in the Plan, the Debtor shall retain, after confirmation of the Plan, the right and power to do any of the following:

- (a) Object to the allowance of claims;
- (b) Pursue any claims against third parties, including preferences, fraudulent transfers, and any other action arising under Section V of the Bankruptcy Code;
- (c) Pursue any claims and/or rights arising under the Bankruptcy Code in favor of the trustee/debtor-in-possession; and
- (d) Pursue any cause of action that the Debtor has or may have, including any cause of action that the Debtor may have commenced during the Chapter 11 case. Said causes of action shall specifically include any counterclaim that the Debtor may hold against creditors asserting claims against the Debtor, including any counterclaims that may not have been listed in the Debtor's schedules filed in the case. Said causes of action that the Debtor had or may have had prior to confirmation of the Plan shall survive confirmation of the Plan, shall vest in the Debtor, and shall not be affected by confirmation except as may otherwise be specifically provided in the Plan.

The Debtor may object to the allowance of claims within the time period provided by the order confirming the plan, as such time may be extended by the Court. The Debtor's authority to object to the allowance of claims shall not be affected in any way by the Debtor's failure to object to allowance of the claim for purposes of voting.

Any proceeds of any recovery from causes of action shall be used as hereinafter provided. Any proceeds recovered by the Debtor from prosecution of any avoidable transfers such as preferences and/or fraudulent transfers, or from any action against third parties which constitute an asset of the bankruptcy estate shall be disposed of as follows: first in payment of the expenses incurred to generate the proceeds; then used to pay the increased distribution, if any, that results from the recovery; and the balance, if any, will be used to fund the payments due on claims pursuant to the Plan.

#### 7.2. Court Approval

After confirmation of the Plan, the Debtor shall seek such court approval of settlements as may be required by the provisions of the Bankruptcy Code and, if court approval is so required, shall seek such court approval in the manner required and/or permitted by the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, the Local Rules, or as may be permitted by the terms of an order of the Bankruptcy Court.

#### 7.3. Committee of Unsecured Creditors.

The Official Committee of Unsecured Creditors shall be disbanded upon the Effective Date of the Plan. A Post Confirmation Committee of Unsecured Creditors (“Post Confirmation Committee”) shall be formed and shall consist of those members of the Official Committee of Unsecured Creditors that wish to serve on the Post Confirmation Committee and that give notice to the Administrator of the wish to serve on the Post Confirmation Committee on or before the Effective Date.

#### 7.4 Professionals

The bankruptcy case attorney for the Debtor will continue to act as attorney for the Debtor and shall receive compensation for such services from the assets of the bankruptcy estate.

If the Post Confirmation Committee wishes to hire counsel, it shall give notice to the Administrator of the counsel that it wishes to retain. The counsel retained by the Post Confirmation Committee shall also receive compensation for services rendered from the assets of the bankruptcy estate.

#### 7.5. Jurisdiction.

Until the Plan has been fully consummated, the court shall retain jurisdiction for the following purposes, and the Debtor shall retain standing and the right to pursue any cause of action, proceeding, and/or request for relief related to the following:

- (a) classification of the claims of creditors;
- (b) allowance of the claims of creditors;

- (c) determination of any counterclaims of the Debtor against any creditor (regardless of whether any such counterclaim is listed in the Debtor's schedules filed in the case or specifically disclosed in the Disclosure Statement), including any claim for turnover of property of the Debtor and any claim for offset of the value of the property against the claim of the creditor (regardless of whether any such turnover claim or claim of offset is specifically disclosed in the Disclosure Statement);
- (d) allowance of claims for damages from the rejection of executory contracts or unexpired leases;
- (e) determination of all issues and disputes regarding title to the assets of the estate and/or the Debtor;
- (f) determination of all causes of actions between the Debtor and any other party, including but not limited to any right of the Debtor to recover assets pursuant to the provisions of the Bankruptcy Code;
- (g) correction of any defect, the curing of any omission or the reconciliation of any inconsistency of the Plan or the order confirming the Plan as may be necessary to carry out the purpose and intent of the Plan;
- (h) interpretation and enforcement of the terms of the Plan;
- (i) shortening or extending, for cause, of any time fixed for doing any act or thing under the Plan;
- (j) entry of any order, including any injunction, necessary to enforce the title, rights and powers of the Debtor;
- (k) entry of an order concluding and terminating the case;
- (l) approval of any settlement related to any of the foregoing that the Debtor chooses to seek pursuant to the provisions of this Plan; and
- (m) allowance of fees and costs for professionals employed by the Debtor or the Committee.

## **ARTICLE VIII**

### **EFFECT OF CONFIRMATION**

Confirmation of the Plan shall have the effects described below.

#### 8.1 Binding Effect.

The Plan shall be binding upon and inure to the benefit of the Debtor, all present and former holders of claim(s) against the Debtor or of interest(s) in the Debtor, and all respective successors and assigns.

## 8.2. Discharge and Injunction.

Confirmation of this Plan constitutes a complete discharge, waiver, release and satisfaction of all claims and interests of all creditors and interest holders against the Debtor except as provided in this Plan. Confirmation of the Plan results in a discharge of the Debtor pursuant to Section 1141(d) of the Bankruptcy Code. The discharge and release shall discharge, release and extinguish any purported liens, encumbrances or security interest claimed by a claimant or any other entity against property of the Debtor, property dealt with by the Plan, and property of the estate, except as otherwise provided in the Plan. The order confirming the Plan is a general adjudication and resolution with prejudice, as of the Effective Date, of all pending legal proceedings against the Debtor, against property of the Debtor and/or against property of the estate, except as otherwise provided in the Plan.

The discharge and the order confirming the Plan operates as an injunction as provided in Section 524 of the Bankruptcy Code. Any creditor or equity holder entitled to receive and/or accepting, any distribution pursuant to this Plan shall be presumed conclusively to have released the Debtor from any cause of action based on the same subject matter as the claim or interest on which the distribution is received. This release shall be enforceable as a matter of contract against any creditor or equity holder that acquires any right to distribution pursuant to this Plan.

Unless a taxing authority has asserted a claim against the Debtor before the deadline for filing claims, the discharge discharges any claim or lien of any taxing authority against the Debtor, against the estate, against property of the Debtor, and/or against property of the estate, for any taxes, penalties or interest (I) arising for any tax year for a period before the date the bankruptcy petition was filed; (ii) arising out of the failure, if any, of the Debtor to have filed any tax return; and/or (iii) arising out of an audit of any tax return for a period before the date the bankruptcy petition was filed.

## 8.3. Re-Vesting.

Except as otherwise expressly provided in the Plan, on the date that the order confirming the Plan is filed the Debtor shall be restored to its full ownership of and dominion over all property owned by the Debtor, all property of the estate, and all property dealt with by the Plan. The property so vested in the Debtor shall be free and clear of all claims, liens, encumbrances, charges and/or other interests of holders of claims or interests, except as otherwise provided in the Plan.

## ARTICLE IX

### TAX CONSEQUENCES

Creditors should consult with their own attorneys regarding the tax consequences of the treatment of their claims, and any and all payments received pursuant to this Plan.

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**ARTICLE X**

**CONCLUSION**

The foregoing constitutes the Debtor's Plan of Liquidation, pursuant to which the Debtor proposes to be bound upon court approval of same.

NORDIC PRINTING & PACKAGING, INC.

Dated: 7/2/04

By: *Diana J. Foster*

Diana J. Foster  
Its President

HENSON & EFRON, P.A.

Dated: 9/22/04

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