

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:	:	Chapter 11
	:	
SEPCO CORPORATION,	:	Case No. 16-50058
	:	
Debtor. ¹	:	Judge Alan M. Koschik
	:	

NOTICE OF FILING (I) PROPOSED FINDINGS OF FACT AND CONCLUSIONS OF LAW AND (II) PROPOSED ORDER CONFIRMING THE SECOND AMENDED PLAN OF REORGANIZATION, AS MODIFIED, FOR SEPCO CORPORATION UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

PLEASE TAKE NOTICE that Sepco Corporation, the debtor and debtor in possession in the above-captioned chapter 11 case ("Sepeco" or the "Debtor"), the Official Committee of Asbestos Claimants (the "Asbestos Claimants Committee"), and the Future Claimants' Representative (collectively, the "Plan Proponents") hereby submit proposed findings of fact and conclusions of law ("Proposed Findings of Fact and Conclusions of Law"), attached hereto as Exhibit 1, to the United States Bankruptcy Court for the Northern District of Ohio (the "Bankruptcy Court") in support of an order confirming the *Second Amended Plan of Reorganization, as Modified, for Sepco Corporation Under Chapter 11 of the Bankruptcy Code* (the "Proposed Plan") [Doc. No. 664], as supplemented by the Supplement filed with the Bankruptcy Court on February 21, 2020 [Doc. No. 708] and the Notice filed with the Bankruptcy Court on March 20, 2020 [Doc. No. 718], pursuant to section 1129 of title 11 of the United States Code.

PLEASE TAKE FURTHER NOTICE that the Plan Proponents also submit a proposed *Order Confirming the Second Amended Plan of Reorganization, as Modified, for Sepco Corporation Under Chapter 11 of the Bankruptcy Code* ("Proposed Confirmation Order"), attached hereto as Exhibit 2, for the Bankruptcy Court's consideration.

PLEASE TAKE FURTHER NOTICE that a hearing on confirmation of the Proposed Plan (the "Confirmation Hearing") will be held on March 23, 2020, at 10:00 a.m. (prevailing Eastern Time) (changed from 9:30 a.m.) before the Honorable Alan M. Koschik, United States Bankruptcy Judge, at the Bankruptcy Court, located at 260 U.S. Courthouse, 2 South Main Street, Akron, Ohio 44308. The Confirmation Hearing may be continued from time to time without further notice to creditors or other parties in interest other than the announcement of the adjournment at the Confirmation Hearing.

¹ The last four digits of Sepco's federal tax identification number are 7402.



165005820032000000000011

PLEASE TAKE FURTHER NOTICE that additional copies of the Proposed Plan can be obtained in the following manner: by (i) visiting <http://www.kccllc.net/sepco>; (ii) emailing a request to the Debtor's attorneys at either of the email addresses listed below; or (iii) writing to: Sepco Balloting Agent, Kurtzman Carson Consultants LLC, 222 N. Pacific Coast Highway, 3rd Floor, El Segundo, California 90245. The Proposed Plan is on file with the Clerk of the Bankruptcy Court, 455 U.S. Courthouse, 2 South Main Street, Akron, Ohio 44308, and may be examined by parties in interest by visiting the Office of the Clerk of the Bankruptcy Court during that office's regular business hours.

Dated: March 20, 2020

Respectfully submitted,

/s/ Jeffrey C. Toole

HARRY W. GREENFIELD (0003839)

hgreenfield@bernsteinlaw.com

JEFFREY C. TOOLE (0064688)

jtoole@bernsteinlaw.com

BERNSTEIN-BURKLEY, P.C.

Fifth Third Center

600 Superior Avenue East, Suite 1300

Cleveland, Ohio 44114

Telephone: (800) 693-4013

Facsimile: (412) 456-8135

Attorneys for Sepco Corporation,
Debtor and Debtor-in-Possession

EXHIBIT 1

Proposed Findings of Fact and Conclusions of Law

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:	:	Chapter 11
	:	
SEPCO CORPORATION,	:	Case No. 16-50058
	:	
Debtor. ¹	:	Judge Alan M. Koschik

**FINDINGS OF FACT AND CONCLUSIONS OF LAW IN
SUPPORT OF ORDER CONFIRMING THE SECOND AMENDED PLAN
OF REORGANIZATION, AS MODIFIED, FOR SEPCO CORPORATION
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE
PROPOSED BY THE PLAN PROPONENTS**

¹ The last four digits of Sepco's federal tax identification number are 7402.

TABLE OF CONTENTS

PAGE

I.	FINDINGS OF FACT.	1
A.	PROCEDURAL HISTORY	1
B.	HISTORY OF SEPCO’S ASBESTOS PERSONAL INJURY LIABILITIES AND COMMENCEMENT OF THE CHAPTER 11 CASE.....	4
1.	Corporate History.....	4
2.	Asbestos-Related Personal Injury Claims Against Sepco	4
3.	Hartford Settlement Agreement and Establishment of the Qualified Settlement Fund	6
4.	Allianz Insurers Settlement Agreement.....	8
C.	SEPCO’S BUSINESS AND PROPERTIES	9
D.	KEY PROVISIONS OF THE PLAN.....	11
1.	The Asbestos Personal Injury Trust.....	11
2.	Releases by Sepco, Reorganized Sepco, and the Estate	12
3.	Treatment of Claims Other Than Asbestos Personal Injury Claims	12
E.	ACCEPTANCE OF THE PLAN	12
F.	COMPLIANCE WITH THE REQUIREMENTS OF SECTION 1129 OF THE BANKRUPTCY CODE.....	13
1.	Section 1129(a)(1) — Compliance of the Plan With Applicable Provisions of the Bankruptcy Code	13
2.	Sections 1122 and 1123(a)(1)-(4) — Classification and Treatment of Claims and Equity Interests.....	13
3.	Section 1123(a)(5) — Adequate Means for Implementation of the Plan	15
4.	Section 1123(a)(6) — Prohibition Against the Issuance of Nonvoting Equity Securities.....	16
5.	Section 1123(a)(7) — Selection of Directors and Officers in a Manner	

	Consistent With the Interests of Creditors and Equity Security Holders and Public Policy	17
6.	Section 1123(b)(1) — Impairment of Claims and Interests.....	18
7.	Section 1123(b)(2) — Assumption, Assumption and Assignment or Rejection of Executory Contracts and Unexpired Leases	18
8.	Section 1123(b)(3) — Retention, Enforcement and Settlement of Claims Held by the Debtor	18
9.	Section 1123(b)(5) — Modification of the Rights of Holders of Claims and Interests.....	20
10.	Section 1123(b)(6) — Other Provisions Not Inconsistent With Applicable Provisions of the Bankruptcy Code.....	20
11.	Section 1123(d) — Cure of Defaults	20
12.	Section 1129(a)(2) — Plan Proponents’ Compliance With Applicable Provisions of the Bankruptcy Code.....	20
13.	Section 1129(a)(3) and Section 1125(e) — Proposal and Solicitation of Acceptance of the Plan in Good Faith.....	21
14.	Section 1129(a)(4) — Court Approval of Certain Payments as Reasonable	21
15.	Section 1129(a)(5) — Disclosure of Identity of Proposed Management, Compensation of Insiders and Consistency of Management Proposals With the Interests of Creditors and Public Policy.....	22
16.	Section 1129(a)(6) — Approval of Rate Changes.....	22
17.	Section 1129(a)(7) — Best Interests of Holders of Claims and Interests.....	22
18.	Section 1129(a)(8) — Acceptance of the Plan by Each Impaired Class.....	23
19.	Section 1129(a)(9) — Treatment of Claims Entitled to Priority Pursuant to Section 507(a) of the Bankruptcy Code.....	24
20.	Section 1129(a)(10) — Acceptance by at Least One Impaired, Non-Insider Class	25

21.	Section 1129(a)(11) — Feasibility of the Plan	25
22.	Section 1129(a)(12) — Payment of Statutory Bankruptcy Fees.....	27
23.	Section 1129(a)(13) — Retiree Benefits.....	27
24.	Section 1129(a)(14) — Domestic Support Obligations	27
25.	Section 1129(a)(15) — Individual Debtor Requirement	28
26.	Section 1129(a)(16) — Nonbankruptcy Law Governing Transfers	28
27.	Section 1129(b) — Confirmation of the Plan Over the Nonacceptance of an Impaired Class.....	28
28.	Section 1129(d) — Purpose of Plan.	29
G.	THE ASBESTOS PERSONAL INJURY TRUST AND THE ASBESTOS PERSONAL INJURY CHANNELING INJUNCTION COMPLY WITH SECTION 524(g) OF THE BANKRUPTCY CODE	29
1.	Requirements of Section 524(g)(2)(B)(i) of the Bankruptcy Code	29
2.	Requirements of Section 524(g)(2)(B)(ii) of the Bankruptcy Code	31
3.	Extension of the Asbestos Personal Injury Channeling Injunction to Certain Third Parties.....	32
4.	The Interests of Future Asbestos Claimants Were Represented by the Future Claimants’ Representative.....	33
5.	Entry of the Asbestos Personal Injury Channeling Injunction With Respect to Future Asbestos Claimants	33
H.	RELEASES CONTAINED IN SECTION 10.5 OF THE PLAN AND RELATED INJUNCTION.....	34
I.	OBJECTIONS TO THE PLAN	34
J.	THE REAL PROPERTY BUSINESS IS AN “ONGOING BUSINESS”	35
K.	RECORD IN THE CHAPTER 11 CASE.....	35
L.	CONDITIONS TO CONFIRMATION	35
II.	CONCLUSIONS OF LAW	35
A.	JURISDICTION AND VENUE	35

B.	JUDICIAL NOTICE.....	36
C.	BURDEN OF PROOF	36
D.	SOLICITATION AND NOTICE.....	36
1.	GOOD FAITH SOLICITATION	37
2.	MODIFICATIONS TO THE PLAN, NO REQUIREMENT FOR RESOLICITATION.....	38
E.	EXEMPTIONS FROM TAXATION	38
F.	EXEMPTIONS FROM SECURITIES LAWS.....	38
G.	COMPLIANCE WITH SECTION 1129 OF THE BANKRUPTCY CODE.....	38
H.	COMPLIANCE WITH SECTION 524(g) OF THE BANKRUPTCY CODE	40
I.	THE FUTURE CLAIMANTS’ REPRESENTATIVE	42
J.	COMPLIANCE WITH 1123(a)(7) OF THE BANKRUPTCY CODE	42
K.	COMPLIANCE WITH SECTION 1141 OF THE BANKRUPTCY CODE.....	43
L.	PROPRIETY OF SETTLEMENT AND PLAN-RELATED DOCUMENTS	43
M.	SATISFACTION OF CONDITIONS TO CONFIRMATION.....	45
N.	GOOD FAITH NEGOTIATION, IMPLEMENTATION AND CONSUMMATION.....	46
O.	ASSUMPTION AND REJECTION OF EXECUTORY CONTRACTS AND ASSUMPTION OF CERTAIN INDEMNIFICATION OBLIGATIONS.....	46
P.	TRANSFER OF BOOKS AND RECORDS TO THE ASBESTOS PERSONAL INJURY TRUST	47
Q.	APPROVAL OF THE DISCHARGES, RELEASES, AND EXCULPATIONS PROVIDED UNDER THE PLAN.....	47
R.	CONFIRMATION	48
S.	NO JUST CAUSE FOR DELAY	48
III.	REPORT AND RECOMMENDATION TO THE DISTRICT COURT	48

1. The United States Bankruptcy Court for the Northern District of Ohio (the “Bankruptcy Court”) hereby makes the following findings of fact and conclusions of law¹ (“Findings of Fact and Conclusions of Law”) in support of the order confirming the *Second Amended Plan of Reorganization, as Modified, for Sepco Corporation Under Chapter 11 of the Bankruptcy Code* [Doc. No. 664], as supplemented by the *Supplement to Second Amended Plan of Reorganization, as Modified, for Sepco Corporation . . .* filed with the Bankruptcy Court on February 21, 2020 [Doc. No. 708] (as so supplemented, the “Plan”), pursuant to section 1129 of title 11 of the United States Code (the “Bankruptcy Code”), which Plan was proposed by Sepco Corporation, the debtor and debtor-in-possession in the above-captioned chapter 11 case (“Sepco” or the “Debtor”), the Official Committee of Asbestos Claimants (the “Asbestos Claimants Committee”), and the Future Claimants’ Representative.

I. FINDINGS OF FACT

A. PROCEDURAL HISTORY

2. Sepco filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code on January 14, 2016 (the “Petition Date”). Since the Petition Date, Sepco has continued to be in possession of its property as a debtor in possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code.

3. On February 1, 2016, United States Trustee for Region 9 (“United States Trustee”) appointed the Asbestos Claimants Committee [Doc. No. 37]. On September 13, 2017, the Bankruptcy Court entered an order appointing Mr. Lawrence Fitzpatrick as the Future Claimants’

¹ Any finding of fact herein that is properly a conclusion of law shall be construed as and deemed to be a conclusion of law. Conversely, any conclusion of law that is properly a finding of fact shall be construed as and deemed to be a finding of fact.

Representative in the Chapter 11 Case,² with the appointment effective *nunc pro tunc* to July 18, 2017 [Doc. No. 250].

4. On December 15, 2019, the Plan Proponents filed (a) the Plan and (b) the *Disclosure Statement With Respect to Second Amended Plan of Reorganization, as Modified, for Sepco Corporation Under Chapter 11 of the Bankruptcy Code* (the “Disclosure Statement”) [Doc. No. 665]. On December 16, 2019, the Bankruptcy Court entered the *Order (I) Approving Disclosure Statement; (II) Establishing Procedures for Solicitation and Tabulation of Votes on the Plan of Reorganization; (III) Approving Forms of Ballots; (IV) Approving Form and Scope of Notice of the Plan and Confirmation Hearing; and (V) Establishing Certain Deadlines in Connection with Approval of the Disclosure Statement and Confirmation of the Plan* (the “Solicitation Procedures Order”) [Doc. No. 669]. In the Solicitation Procedures Order, the Bankruptcy Court concluded that the combination of direct and publication notice prescribed therein provides “good and sufficient notice” and “satisfies the requirements of due process with respect to all known and unknown creditors.” Solicitation Procedures Order ¶ G.

5. Kurtzman Carson Consultants LLC (“KCC”), the Bankruptcy Court-appointed claims and balloting agent in the Chapter 11 Case, prepared affidavits of service with respect to the mailing of notice of the Confirmation Hearing and solicitation materials in respect of the Plan in accordance with the Solicitation Procedures Order, which were filed with the Bankruptcy Court on December 27, 2019, January 21, 2020, and March 5, 2020 (the “Affidavits of Service”) [Doc.

² Capitalized terms and phrases used but not otherwise defined herein have the meanings given to them in the Plan. The rules of interpretation set forth in Article I of the Plan apply to these Findings of Fact and Conclusions of Law. In addition, in accordance with Section 1.1 of the Plan, any term used that is not defined in these Findings of Fact and Conclusions of Law, but that is used in the Plan, the Bankruptcy Code, or the Bankruptcy Rules, has the meaning given to that term in the Plan, the Bankruptcy Code, or the Bankruptcy Rules, as applicable.

Nos. 692, 695, 710].

6. On January 6, 2020, the Debtor caused to be published a combined notice of its solicitation and confirmation procedures (the “Publication Notice”), once in each of *USA Today* (National Edition) and *The Plain Dealer*. See *Debtor’s Notice of Publication [Related Docket No. 690]* [Doc. No. 693] (the “Certification of Publication”).

7. The Publication Notice, among other things, bore the following subheading in large, bold-font letters: “If You or Loved Ones Were Exposed To ASBESTOS or ASBESTOS-CONTAINING Products Manufactured, Marketed, Distributed, Sold or Used by SEPCO CORPORATION, PLEASE READ THIS NOTICE.” See *id.* at Ex. A and Ex. B; Solicitation Procedures Order, Ex. 4. The notice also instructed such parties to “. . . read the Plan, Disclosure Statement, and other documents included in the Solicitation Package carefully for details about the Plan may affect [their] rights.” See *id.*

8. In accordance with the Solicitation Procedures Order, the Debtor solicited votes from the holders of Claims in Class 4 (Asbestos Personal Injury Claims) and Class 5 (Intercompany Claims). See Affidavits of Service; Voting Declaration (as defined below) ¶s 5-7.

9. Pursuant to the terms of the Plan, the Plan Proponents have supplemented and amended the Plan, as reflected in the *Supplement to Second Amended Plan of Reorganization, as Modified, for Sepco Corporation . . .*, filed with the Bankruptcy Court on February 21, 2020 [Doc. No. 708] (the “Plan Supplement”), and the *Notice Appointing Alan B. Rich to Serve as the Sole Director and Officer of Reorganized Sepco*, filed with the Bankruptcy Court on March 20, 2020 [Doc. No. 718] (the “Appointment Notice”).

10. On March 20, 2020, KCC filed the *Certification of Alvaro Salas, Jr. With Respect to the Tabulation of Votes on the Debtor’s Second Amended Plan of Reorganization* (the “Voting Declaration” or “Voting Decl.”) [Doc. No. 719], indicating that the solicitation of votes, processing

of ballots, and tabulation of votes was conducted in accordance with the Solicitation Procedures Order. The tabulation of votes reflected that both Class 4 and Class 5 voted to accept the Plan by the required statutory majority, and Class 4 by the required supermajority. *See id.* at ¶s 17-18.

11. The Bankruptcy Court has reviewed the Plan, the Disclosure Statement, and the other papers before it in connection with the Plan; heard the statements of counsel in support of confirmation, as reflected in the record; and considered all evidence presented at and in connection with the Confirmation Hearing.

B. HISTORY OF SEPCO'S ASBESTOS PERSONAL INJURY LIABILITIES AND COMMENCEMENT OF THE CHAPTER 11 CASE

1. Corporate History

12. The Debtor was a family-owned company originally incorporated in 1933. *Declaration of Richard J. Szekelyi in Support of First Day Motions* [Doc. No. 16] (“Szekelyi Decl.”) at ¶ 3. In 1981, the Debtor’s stock was acquired by another company for approximately \$8.2 million. In 1995, the Debtor ceased active business operations. As a result of certain asbestos-containing products that it had previously sold, manufactured, marketed, and distributed, however, the Debtor became embroiled in asbestos litigation. Although the Debtor had limited resources of its own, it did have substantial insurance coverage that enabled it to address that litigation for a significant period of time. *Id.*

2. Asbestos-Related Personal Injury Claims Against Sepco

13. Asbestos Personal Injury Claims were first brought against the Debtor beginning in the late 1970s. As of the Petition Date, the Debtor had approximately 4,816 open and pending Asbestos Personal Injury Claims. In addition, approximately 32,238 Asbestos Personal Injury Claims were technically pending against the Debtor, but may be “inactive” either as a matter of state law or because they have been dormant. *Id.* at ¶ 14.

14. Over the years, the Debtor paid a total of approximately \$120 million in settlement and defense costs, of which approximately \$75 million was funded by its insurers and the remaining \$45 million from the Debtor's own financial assets. *Id.* at ¶ 15. As a result of these payments, all of the Debtor's primary liability insurance coverage, and much of its excess liability insurance coverage, had been exhausted. As of the Petition Date, the Debtor was receiving payments under only one of its insurance policies (issued by Fireman's Fund Insurance Company, one of the Allianz Insurers (described below)), and that policy paid only a small percentage of the Debtor's settlement and defense costs. *Id.* at ¶ 23.

15. At the Petition Date, the Debtor had been in a dispute with The Hartford Financial Services Group, Inc. (First State Insurance Company ("First State") and Twin City Fire Insurance Company ("Twin City"; and, together with First State, "Hartford")), which (as of the Petition Date) the Debtor asserted and believed issued certain liability policies to the Debtor, or under which the Debtor believed it was entitled to insurance coverage. *Id.* at ¶ 24.

16. With respect to Hartford, the Debtor believed that as of the Petition Date it had remaining coverage for Asbestos Personal Injury Claims under at least three policies – a 1983-1984 policy issued by Twin City that provided \$10 million in coverage in excess of \$15.5 million in underlying coverage; a 1984-1985 policy issued by Twin City that provided \$25 million in coverage in excess of \$25.5 million in underlying coverage; and a 1985-1986 policy issued by First State that provided \$5 million in coverage as a part of a block of \$8 million in coverage in excess of \$11.5 million in underlying coverage – for a total potential remaining coverage of approximately \$40 million (collectively, the "Hartford Policies"). *Id.* at ¶ 24.

17. On January 14, 2005, Sepco, First State, and Twin City entered into a *Confidential Settlement Agreement and Release Between Sepco Corporation and First State Insurance*

Company and Twin City Fire Insurance Company Regarding the Handling and Payment of Asbestos-Related Bodily Injury Claims (the “CIP Agreement”), to resolve their then-existing disputes relating to coverage for Asbestos Personal Injury Claims. Disputes arose thereafter in connection with Hartford’s obligations under the CIP Agreement, including as to whether the insurance policies sitting below the Hartford Policies had been exhausted properly. Hartford contended that none of the Hartford Policies had yet been triggered and, therefore, that the Debtor was not entitled to payment under the Hartford Policies at that time for the Debtor’s asbestos-related defense or indemnity payments. Accordingly, the Debtor had not received any payments under the Hartford Policies. *See id.* at ¶ 18.

18. During August 2014, Hartford demanded arbitration of the disputes concerning the Hartford Policies and the CIP Agreement. A protracted mediation took place between the Debtor and Hartford, but their disputes were not resolved. Shortly thereafter, the Debtor commenced its Chapter 11 Case to facilitate an orderly process for a fair and efficient resolution of its dispute with Hartford and the payment of Asbestos Personal Injury Claims. *See id.* at ¶ 24.

3. Hartford Settlement Agreement and Establishment of the Qualified Settlement Fund

19. During the Chapter 11 Case, the Debtor settled the disputes with Hartford that had existed pre-bankruptcy. The Asbestos Claimants Committee’s special insurance counsel, Gilbert LLP, spearheaded the negotiations with Hartford that, in consultation with the Debtor, the Asbestos Claimants Committee, and the Future Claimants’ Representative, culminated in that settlement. Under the settlement, Hartford agreed to pay \$17,500,000 to resolve any claims relating to insurance coverage and to “buy-back” all of Sepco’s interests in the Hartford Policies that Hartford had issued. *Declaration of Richard J. Szekelyi in Support of Confirmation of Chapter 11 Plan* [Doc. No. 720] (“Confirmation Decl.”) at ¶s 7-8.

20. On January 31, 2018, the Debtor filed a motion, with the consent of the Asbestos Claimants Committee and Future Claimants' Representative, seeking approval of the settlement among the Debtor, Hartford, and certain entities affiliated with the Debtor (collectively, the "Affiliates"). *See* Doc. No. 318. Concurrently with that motion, the Debtor filed (also with the consent of the Asbestos Claimants Committee and the Future Claimants' Representative) a motion to establish a "qualified settlement fund" into which proceeds of the Hartford settlement would be deposited, pending confirmation of a Chapter 11 plan. *See* Doc. No. 320. The Debtor gave notice of both motions to creditors and holders of Asbestos Personal Injury Claims in the manner the Bankruptcy Court had approved early in the Chapter 11 Case. *See, e.g.,* Doc. Nos. 319, 321, 346.

21. On February 22, 2018, the United States Trustee filed a response to both motions. *See* Doc. No. 341. Following negotiations with the United States Trustee, on March 16, 2018, the Debtor, Asbestos Claimants Committee, Future Claimants' Representative, and United States Trustee filed a Stipulation to resolve the particular concerns the United States Trustee had raised. *See* Doc. No. 357. After conducting a hearing on both motions, the Bankruptcy Court entered orders approving them – and thus approving the settlement among the Debtor, Hartford, and the Affiliates, and authorizing the Debtor to establish the qualified settlement fund – on March 23, 2018. *See* Doc. Nos. 374, 375.

22. Pursuant to its settlement agreement with the Debtor and the Affiliates, Hartford paid \$17,500,000 in cash, which has been deposited into the qualified settlement fund. Confirmation Decl. at ¶ 8. As provided more fully in the Plan, upon the Plan's Effective Date, the balance of those funds will be contributed from the qualified settlement fund into the Asbestos Personal Injury Trust and will be part of the Asbestos Personal Injury Trust Assets. *Id.*; *Declaration of Lawrence Fitzpatrick In Support of Confirmation of Second Amended Plan of*

Reorganization, as Modified, for Sepco Corporation Under Chapter 11 of the Bankruptcy Code [Doc. No. 717] (the “Fitzpatrick Decl.”) at ¶ 17.

23. The Debtor’s settlement with Hartford resolved a motion to compel arbitration (relating to the amount and extent of available insurance coverage) that First State and Twin City had filed on December 16, 2016, but that the Bankruptcy Court never was called upon to decide. *See* Doc. No. 175. In anticipation of the settlement among Hartford, the Debtor, and the Affiliates (which the Bankruptcy Court thereafter approved, as explained above), those insurers withdrew the motion to compel arbitration on November 21, 2017. *See* Doc. No. 295.

4. Allianz Insurers Settlement Agreement

24. During the Chapter 11 Case, the Debtor and the Allianz Insurers (including Fireman’s Fund Insurance Company, Interstate Fire & Casualty Company, and Associated Indemnity Corporation) (collectively, the “Allianz Settling Insurers”) reached agreement concerning the disposition of various insurance policies involving the Debtor and the Allianz Settling Insurers. The Asbestos Claimants Committee’s special insurance counsel also spearheaded negotiations with the Allianz Settling Insurers that, in consultation with the Debtor, the Asbestos Claimants Committee, and the Future Claimants’ Representative, culminated in that settlement. Under the settlement, Fireman’s Fund Insurance Company, on behalf of the Allianz Settling Insurers, agreed to pay \$2,250,000 to resolve any claims relating to insurance coverage and to “buy-back” all of Sepco’s interests in the affected insurance policies. Confirmation Decl. at ¶ 9.

25. On December 28, 2018, the Debtor filed a motion, with the consent of the Asbestos Claimants Committee and the Future Claimants’ Representative, seeking approval of the settlement among the Debtor, the Allianz Settling Insurers, and the Affiliates. *See* Doc. No. 498.

The Debtor gave notice of the motion to creditors and holders of Asbestos Personal Injury Claims in the manner the Bankruptcy Court had approved early in the Chapter 11 Case. *See, e.g.*, Doc. Nos. 500, 505. No responses or objections were filed or otherwise interposed to the motion.

26. After conducting a hearing on the motion, on February 7, 2019, the Court entered an order approving the settlement agreement among the Debtor, the Allianz Settling Insurers, and the Affiliates. *See* Doc. No. 517. Under that settlement, Fireman’s Fund Insurance Company (on behalf of the Allianz Settling Insurers) has paid \$2,250,000 in cash, which was deposited into the qualified settlement fund described above. Confirmation Decl. at ¶ 10. As provided more fully in the Plan, upon the Effective Date the balance of those funds will be contributed from the qualified settlement fund into the Asbestos Personal Injury Trust and will be part of the Asbestos Personal Injury Trust Assets. *See, e.g.*, Plan §§ 8.2(a)(ii), 8.3(a).

C. SEPCO’S BUSINESS AND PROPERTIES

27. Section 8.10 of the Plan (entitled “Restructuring Transactions”) provides that, following confirmation of the Plan, Reorganized Sepco will engage in the commercial real estate business. Specifically, utilizing \$400,000 from the Net Reserve Funds, Reorganized Sepco will purchase 33.33% of the membership interests in Moores Commercial Unit, LLC, a Delaware limited liability company ("Moores"), and will be a non-managing member of Moores under that certain “Membership Interest Purchase Agreement” and “Amended LLC Agreement,” the forms of which are Exhibits I and J to the Plan, respectively. Moores owns commercial real estate known as Unit 2 of the Moores Road Office Condominium (the "Property"), also known as Chester County UPI No. 42-402.3C and commonly known as 12 and 16 Moores Road, Malvern, Pennsylvania. The Property includes the real estate and structures located at that location, all fixtures, systems, improvements, topsoil, trees, shrubbery, and landscaping situated on, in, or under the real estate, all personal property located there (i.e., furniture), and all assignable

agreements that are in force and effect which benefit the Condominium. Confirmation Decl. at ¶ 11; Fitzpatrick Decl. at ¶ 26.

28. As of the Effective Date, Moores, as landlord, and Saint-Gobain Corporation ("SGC") (which presently is one of the Debtor's Affiliates), as tenant, are or will be parties to a 60-month lease, under which SGC will lease the Property from Moores. The form of that Lease is Exhibit K to the Plan (the "Lease"). The Lease does not expire until March 2025. The Lease is a "triple-net lease," under which, in exchange for its use and occupancy of the Property, SGC, as tenant, is obligated to pay each month to Moores, as landlord, (a) base rent in amounts specified in the Lease, plus (b) charges for all operating expenses related to the Property (including, without limitation, the costs of services, materials, and supplies furnished or used in the operation, repair, maintenance, cleaning, management, and protection of the Property that SGC, as tenant, does not pay directly), (c) all real estate taxes attributable to the Property, (d) premiums for insurance against damage or loss to the Property, (e) all utilities serving the Property, and (f) all common expenses of the Condominium assessed to Moores (as landlord) as the unit owner of Unit 2. From any distributions of net profits that Moores makes from time-to-time to Reorganized Sepco (as the owner of 33.33% of the membership interests of Moores), Reorganized Sepco periodically shall set aside and reserve such amounts as Reorganized Sepco determines, in the reasonable exercise of its discretion, are or will be sufficient to fully satisfy (as and when due) all franchise taxes and other expenditures that are necessary to maintain Reorganized Sepco's corporate existence in good standing under the laws of the state of its formation or that otherwise are necessary for Reorganized Sepco to conduct the business for which Section 8.10 of the Plan provides (the "Operational Reserve"), and any balance of those distributions that remains (after the Operational Reserve is funded) shall be transferred as dividends by Reorganized Sepco to the Asbestos Personal Injury

Trust (promptly after receipt by Reorganized Sepco) and will become part of the Asbestos Personal Injury Trust Assets. Accordingly, from and after confirmation of the Plan, Reorganized Sepco will be engaged in a business from which it will derive revenues to make future payments, including dividends, to the Asbestos Personal Injury Trust. Confirmation Decl. at ¶ 12; Fitzpatrick Decl. at ¶ 27.

D. KEY PROVISIONS OF THE PLAN

1. The Asbestos Personal Injury Trust

29. The Plan establishes the Asbestos Personal Injury Trust under section 524(g) of the Bankruptcy Code which, on the Effective Date, will assume all liabilities and responsibility for all Asbestos Personal Injury Claims. Plan § 8.3(f). The Asbestos Personal Injury Trust shall constitute a “qualified settlement fund” under section 468 of the Internal Revenue Code. Plan § 8.3(a). The Asbestos Personal Injury Trust will be funded by (a) the Asbestos Personal Injury Trust Contribution (including the funds presently on deposit in the qualified settlement fund described above); (b) all of the stock of Reorganized Sepco; (c) all other assets, rights, and benefits assigned, transferred, or conveyed to the Asbestos Personal Injury Trust in connection with the Plan or any Plan Documents; (d) net revenues that the Reorganized Sepco derives from its real estate business; and (e) all proceeds of the foregoing (Plan §§ 8.2(a)(ii), 8.2(a)(iii), and 8.3(a)), in consideration for the Asbestos Personal Injury Channeling Injunction (as described below). Plan § 8.3(i).

30. In accordance with the role of the Asbestos Personal Injury Trust, the Plan also contains an injunction that will channel all Asbestos Personal Injury Claims to the Asbestos Personal Injury Trust (as referenced, and as more fully defined, in the Plan as the “Asbestos Personal Injury Channeling Injunction”). Plan § 10.3. The injunction bars holders of such Claims, Demands, and Causes of Action from taking any actions against the Protected Parties, which include Sepco, Reorganized Sepco, the insurers that entered into settlement agreements with Sepco

during the Chapter 11 case (i.e., Hartford and the Settling Allianz Insurers) respecting insurance coverage for Asbestos Personal Injury Claims (as referenced, and as more fully defined, in the Plan as the “Settled Asbestos Insurers”). Plan §§ 1.1.80, 1.1.82, 1.1.87, 1.1.89, and 10.3.

31. The Asbestos Personal Injury Trust will use its assets and income to resolve Asbestos Personal Injury Claims in accordance with the Asbestos Personal Injury Trust Agreement [Doc. No. 664, Ex. A] and the Asbestos Personal Injury Trust Distribution Procedures [Doc. No. 664, Ex. B] so that holders of such claims are treated fairly, equitably, and reasonably in light of the finite assets available to satisfy such claims. Plan § 8.3.

2. Releases by Sepco, Reorganized Sepco, and the Estate

32. The Plan provides that (except as otherwise provided in the Plan or the Confirmation Order) Sepco, Reorganized Sepco, the Estate, and any Entity seeking to exercise the rights of the Estate (including, without limitation, any successor to Sepco or any Estate representative appointed or selected pursuant to the Bankruptcy Code) shall, and shall be deemed to, release the Released Parties from any and all claims as referenced, and as more fully defined, in Section 10.5 of the Plan. Plan § 10.5.

3. Treatment of Claims Other Than Asbestos Personal Injury Claims

33. Under the Plan, holders of Allowed priority, secured, and general unsecured non-asbestos Claims against the Debtor will be paid in full. Plan §§ 3.2.1-3.2.3. The Equity Interests in Sepco will be cancelled, annulled, and extinguished. Plan § 3.2.6. The holder of an Intercompany Claim will receive \$10 cash as satisfaction of such claim. Plan § 3.2.5.

E. ACCEPTANCE OF THE PLAN

34. As more fully detailed in the Voting Declaration, all classes entitled to vote have voted to accept the Plan. The voting classes voted as follows:

CLASS	ACCEPT THE PLAN		REJECT THE PLAN	
	Percentage of Total Dollar Amount	Percentage of Number of Votes	Percentage of Total Dollar Amount	Percentage of Number of Votes
Class 4 – Asbestos Personal Injury Claims	100%	100%	0%	0%
Class 5 – Intercompany Claims	100%	100%	0%	0%

Voting Decl. ¶¶ 17-18. The Voting Declaration reflects, among other things, that 39,803 votes were properly cast by holders of Class 4 – Asbestos Personal Injury Claims, and that 2 votes were properly cast by the holders of Class 5 Intercompany Claims. *Id.* Further, holders of Claims or Equity Interests in other Classes were either unimpaired (and, therefore, are conclusively presumed to accept the Plan) or were entitled to no recovery under the Plan (and, therefore, are conclusively deemed to reject the Plan). *Id.* at ¶¶ 8-9.

F. COMPLIANCE WITH THE REQUIREMENTS OF SECTION 1129 OF THE BANKRUPTCY CODE

1. Section 1129(a)(1) — Compliance of the Plan With Applicable Provisions of the Bankruptcy Code

35. The Plan Proponents have set forth certain facts and evidence to demonstrate that the Plan complies with all applicable provisions of the Bankruptcy Code, as required by section 1129(a)(1) of the Bankruptcy Code, including sections 1122 and 1123 of the Bankruptcy Code, which are set forth below with respect to each of sections 1122, 1123, and 1129 of the Bankruptcy Code as applicable.

2. Sections 1122 and 1123(a)(1)-(4) – Classification and Treatment of Claims and Equity Interests

36. In accordance with section 1122(a) of the Bankruptcy Code, Article III of the Plan classifies each Claim against and Equity Interest in Sepco into separate Classes containing only substantially similar Claims and Equity Interests. Plan §§ 3.1-3.2.

37. In accordance with section 1123(a)(1) of the Bankruptcy Code, Article III of the Plan classifies all Claims and Equity Interests that require classification as follows: (a) Class 1 – Priority Claims, (b) Class 2 – Secured Claims, (c) Class 3 – General Unsecured Claims, (d) Class 4 – Asbestos Personal Injury Claims, (e) Class 5 – Intercompany Claims, and (f) Class 6 – Equity Interests in Sepco. *Id.*

38. Asbestos Personal Injury Claims against Sepco are placed in a single class and are accorded the same treatment under the Plan, regardless of whether claimants hold Claims, Demands, or Causes of Action. *See* Plan § 1.1.10 (defining “Asbestos Personal Injury Claim” to include Claims, Demands, and Causes of Action); § 3.2.4 (providing that Asbestos Personal Injury Claims shall be “resolved in accordance with the terms, provisions and procedures of the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures.”).

39. In accordance with section 1123(a)(2) of the Bankruptcy Code, Article III of the Plan identifies and describes each Class of Claims or Equity Interests that is not impaired under the Plan. Specifically, Article III of the Plan indicates that Class 1 – Priority Claims, Class 2 – Secured Claims, and Class 3 – General Unsecured Claims are Unimpaired. Plan §§ 3.2.1 – 3.2.3.

40. In accordance with section 1123(a)(3) of the Bankruptcy Code, Article III of the Plan identifies and describes the treatment of each Class of Claims or Equity Interests that is impaired under the Plan. In particular, Article III of the Plan indicates that Class 4 – Asbestos Personal Injury Claims, Class 5 – Intercompany Claims, and Class 6 – Equity Interests are Impaired. Plan §§ 3.2.4-3.2.6.

41. In accordance with section 1123(a)(4) of the Bankruptcy Code, the Plan provides the same treatment for each Claim or Equity Interest of a particular Class unless the holder of such a Claim or Equity Interest agrees to different treatment. Plan § 3.2.

42. Due to their entitlement to priority status under section 507 of the Bankruptcy Code, Priority Claims have been separately classified in Class 1 – Priority Claims. Plan § 3.2.1. Based on their secured status, Secured Claims have been separately classified in Class 2 – Secured Claims. Plan § 3.2.2. Because of their status as general unsecured claims other than asbestos-related claims, General Unsecured Claims have been separately classified in Class 3 – General Unsecured Claims. Plan § 3.2.3. Asbestos Personal Injury Claims have been separately classified in Class 4 due to their distinctive nature and the fact that, unlike all other classes of Claims, Asbestos Personal Injury Claims will be channeled to the Asbestos Personal Injury Trust. Plan § 3.2.4. Due to their status as obligations owed by the Debtor to Affiliates, Intercompany Claims against Sepco have been separately classified in Class 5 – Intercompany Claims. Plan § 3.2.5. Finally, Equity Interests in Sepco have been separately classified in Class 6, because they consist of Equity Interests, and not Claims, against the Debtor. Plan § 3.2.6.

3. Section 1123(a)(5) – Adequate Means for Implementation of the Plan

43. In accordance with section 1123(a)(5) of the Bankruptcy Code, the Plan, including Article VIII of the Plan, provides for various means for its implementation, including, among other things: (a) the continued corporate existence of Sepco (Plan Article VIII) and the vesting of the property of the Estate in Reorganized Sepco (Plan § 9.2); (b) the adoption of the corporate constituent documents that will govern Reorganized Sepco and the appointment of an officer and director of Reorganized Sepco (Plan § 8.4; Plan, Ex. C and D; Plan § 8.7); (c) the utilization of an existing bank account or the establishment of a bank account to hold only the Net Reserve Funds

(Plan § 8.5); (d) the vesting of authority in the appropriate officers of the Debtor and Reorganized Sepco to execute, deliver, file, and record such contracts, instruments, releases, indentures, certificates, and other agreements or documents, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan (Plan § 8.12); (e) the various discharges, releases, injunctions, indemnifications, and exculpations provided under the Plan, including those set forth in Article X of the Plan; (f) the assumption, assumption and assignment, or rejection of executory contracts and unexpired leases to which the Debtor is a party (Plan §§ 6.1-6.2); (g) the issuance of Reorganized Sepco Common Stock (Plan § 8.6); and (h) the creation of the Asbestos Personal Injury Trust, the transfer of certain assets to the Asbestos Personal Injury Trust (including the Asbestos Personal Injury Trust Contribution (Plan § 8.2(a)), the assumption of liabilities and responsibility for Asbestos Personal Injury Claims by the Asbestos Personal Injury Trust, the appointment of the Asbestos Personal Injury Trustee and the Asbestos Personal Injury Trust Advisory Committee, and the resolution of Asbestos Personal Injury Claims in accordance with the Asbestos Personal Injury Trust Agreement and Asbestos Personal Injury Trust Distribution Procedures (Plan § 8.3).

4. Section 1123(a)(6) – Prohibition Against the Issuance of Nonvoting Equity Securities

44. The Plan provides that the Amended By-Laws of Reorganized Sepco and the Amended Certificate of Incorporation of Reorganized Sepco will, among other things, prohibit the issuance of nonvoting equity securities to the extent required under section 1123(a) of the Bankruptcy Code. Plan § 8.4. The aforementioned documents, filed as Exhibit C and Exhibit D, respectively, to the Plan, reflect this prohibition. *See* Plan, Ex. C, D.

5. Section 1123(a)(7) – Selection of Directors and Officers in a Manner Consistent with the Interests of Creditors and Equity Security Holders and Public Policy

45. On the Effective Date, Sepco’s officers and directors will be replaced by Alan B. Rich, identified in the Appointment Notice that the Asbestos Claimants Committee and the Future Claimants’ Representative filed with the Bankruptcy Court. Mr. Rich has been selected by the Asbestos Claimants Committee and the Future Claimants’ Representative, because the Asbestos Personal Injury Trust will own 100% of the equity in Reorganized Sepco. Fitzpatrick Decl. ¶ 25.

46. Section 1123(a)(7) of the Bankruptcy Code does not apply to the selection of the Asbestos Personal Injury Trust Advisory Committee and the Asbestos Personal Injury Trustee. Notwithstanding the foregoing, the Plan also provides for the nomination of six individuals to serve as the initial members of the Asbestos Personal Injury Trust Advisory Committee, with their appointment effective pursuant to the Confirmation Order. Plan §8.3(e). The initial members will be Thomas Bevan, Esq. of Bevan & Associates LPA, Inc., Perry Browder, Esq. of Simmons Hanly Conroy LLC, James Ferraro, Esq. of Kelley & Ferraro, LLP, Christina Hutchins, Esq. of The Gori Law Firm, Robert Shuttlesworth, Esq. of Shrader & Associates LLP, and Lauren Williams, Esq. of SWMW Law, LLC [Disclosure Statement, Doc. No. 665, Article IV(C), p. 5]. Successor members will be appointed as provided in the Asbestos Personal Injury Trust Agreement. Plan § 8.3(e); Plan, Ex. A. In addition, Section 8.3(b) of the Plan provides for the nomination and appointment of the initial Asbestos Personal Injury Trustee, who will be Alan B. Rich. Any subsequent trustees will also be appointed in accordance with the terms of the Asbestos Personal Injury Trust Agreement. Plan § 8.3(b); Plan, Ex. A. Lawrence Fitzpatrick, who has served as the Future Claimants’ Representative in this Chapter 11 Case, will continue to serve as the Future Claimants’ Representative post-Confirmation, pursuant to the terms of the Asbestos Personal Injury Trust Agreement. Plan § 8.3(d); Asbestos Personal Injury Trust Agreement, Section VI.

6. Section 1123(b)(1) — Impairment of Claims and Interests

47. As permitted by section 1123(b)(1) of the Bankruptcy Code, Article III of the Plan provides for the impairment of certain classes of Claims and Equity Interests, while leaving other classes Unimpaired. Plan §§ 3.1-3.2. Specifically, Classes 4 through 6 (Asbestos Personal Injury Claims, Intercompany Claims, and Equity Interests, respectively) are identified in the Plan as Impaired. The Plan thus modifies the rights of the holders of certain Claims and Equity Interests and leaves the rights of others unaffected.

7. Section 1123(b)(2) — Assumption, Assumption and Assignment, or Rejection of Executory Contracts and Unexpired Leases

48. In accordance with section 1123(b)(2) of the Bankruptcy Code, Article VI of the Plan provides that Sepco rejects, as of the Effective Date, any and all Executory Contracts to which Sepco is a party, except for: (a) any Executory Contract specifically listed on Exhibit F to the Plan, and (b) any Executory Contracts specifically assumed or assumed and assigned pursuant to a Final Order entered on or before the Effective Date. Plan § 6.1.

8. Section 1123(b)(3) — Retention, Enforcement and Settlement of Claims Held by the Debtor

49. In accordance with section 1123(b)(3) of the Bankruptcy Code, Section 9.3 of the Plan provides that, with the exception of those claims released pursuant to Section 10.5 of the Plan or transferred to the Asbestos Personal Injury Trust pursuant to Section 8.3 of the Plan in accordance with section 1123(b) of the Bankruptcy Code, Reorganized Sepco, as successor in interest to Sepco and its Estate, shall retain and may enforce, sue on, settle, or compromise (or decline to do any of the foregoing), all claims, rights, causes of action, suits, and proceedings, whether in law or in equity, whether known or unknown, accruing to, or that are property of, Sepco and Sepco's Estate pursuant to the Bankruptcy Code or any statute or legal theory, including (a) any rights to, and claims or Causes of Action for, recovery under any policies of insurance issued

to or on behalf of Sepco, other than the Asbestos Personal Injury Insurance Assets; and (b) any rights, claims, and Causes of Action against third parties based upon, attributable to, or arising out of Allowed Claims. Plan § 9.3. Reorganized Sepco may take (or decline to take) such action in its sole and absolute discretion, without Bankruptcy Court approval under Bankruptcy Rule 9019. *Id.* Moreover, Reorganized Sepco shall retain and may enforce all defenses and counterclaims to all Claims asserted against Sepco or Sepco's Estate, including, but not limited to, setoff, recoupment, and any rights under section 502(d) of the Bankruptcy Code. *Id.*

50. The Plan further provides that from and after the Effective Date, the Asbestos Personal Injury Trust and/or Reorganized Sepco are authorized to compromise any controversies on such terms as each may determine, in its sole discretion, to be appropriate, without notice to any other party or approval of or notice to the Bankruptcy Court. Plan § 9.3.

51. Additionally, in accordance with section 1123(b) of the Bankruptcy Code, all claims, defenses, rights, and Causes of Action of Sepco and Reorganized Sepco relating to Asbestos Personal Injury Claims will be transferred and assigned to the Asbestos Personal Injury Trust on the Effective Date. Plan § 8.3(g). The Asbestos Personal Injury Trust will retain and may enforce such claims, defenses, rights, and Causes of Action and shall retain and may enforce all defenses and counterclaims to all Claims or Demands asserted against the Asbestos Personal Injury Trust, including, but not limited to, setoff, recoupment, and any rights under section 502(d) of the Bankruptcy Code; provided, however, that no such claims, defenses, Causes of Action, or counterclaims may be asserted against any Protected Party. *Id.* The Asbestos Personal Injury Trust, as appointed representative of Sepco and Reorganized Sepco, may pursue, litigate, compromise, and settle any rights, claims, or Causes of Action transferred to it, as appropriate. *Id.*

9. Section 1123(b)(5) — Modification of the Rights of Holders of Claims and Interests

52. Article III of the Plan modifies or leaves unaffected, as the case may be, the rights of holders of each class of Claims and Equity Interests, as detailed therein. Plan §§ 3.1-3.2.

10. Section 1123(b)(6) — Other Provisions Not Inconsistent With Applicable Provisions of the Bankruptcy Code

53. The Plan includes additional appropriate provisions that are not inconsistent with the applicable provisions of the Bankruptcy Code, including provisions: (a) governing distributions under the Plan (Plan §§ 5.1-5.10); (b) establishing procedures for resolving Disputed Claims and making distributions on account of such Disputed Claims once resolved (Plan §§ 7.1-7.3); (c) governing implementation of the Plan (Plan §§ 8.1-8.12); (d) governing the effect of confirmation (Plan §§ 9.1-9.6); (e) governing the injunctions, releases, and discharge to be effected by the Plan (Plan §§ 10.1-10.7); and (f) regarding retention of jurisdiction by the Bankruptcy Court and District Court over certain matters after the Effective Date (Plan §§ 12.1-12.3).

11. Section 1123(d) – Cure of Defaults

54. In accordance with section 1123(d) of the Bankruptcy Code, Section 6.2 of the Plan provides that any assumption, or assumption and assignment, of an Executory Contract by the Debtor is to be done in accordance with section 365 of the Bankruptcy Code. Plan § 6.2. There are no Executory Contracts being assumed under the Plan and, therefore, there are no defaults under Executory Contracts that require cure. Confirmation Decl. ¶ 13.

12. Section 1129(a)(2) – Plan Proponents’ Compliance With Applicable Provisions of the Bankruptcy Code

55. The Bankruptcy Court has already determined that the Disclosure Statement contains adequate information. *See* Solicitation Procedures Order ¶ 3. Additionally, the Bankruptcy Court previously determined that the procedures by which the ballots for acceptance

or rejection of the Plan were solicited and tabulated were fair and in accordance with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, and the Solicitation Procedures Order, which contained the Voting Procedures. *Id.*

13. Section 1129(a)(3) and Section 1125(e) – Proposal and Solicitation of Acceptance of the Plan in Good Faith.

56. The Debtor, as well as each of its directors, officers, employees, agents, owners, and professionals, acting in such capacity, have acted in “good faith” in soliciting acceptance of the Plan, as required by section 1125(e) of the Bankruptcy Code, and have not procured the Confirmation Order by fraud. The Debtor, Asbestos Claimants Committee, and Future Claimants’ Representatives proposed the Plan in good faith and not by any means forbidden by law, as required by section 1129(a)(3) of the Bankruptcy Code, based on the totality of the circumstances surrounding the filing of the Chapter 11 Case, the terms of the Plan, the process leading to the formulation of the Plan, and the solicitation of votes on the Plan. The full record of the Chapter 11 Case, taken as a whole, demonstrates that the Plan has been proposed with the legitimate purpose of reorganizing the affairs of the Debtor and maximizing the returns available to creditors and other parties in interest. The Plan allows the Debtor to reorganize by resolving certain pending disputes and proceedings and providing Reorganized Sepco with a capital structure that will allow it to satisfy its obligations as provided in the Plan. In particular, the Plan achieves a global resolution of Asbestos Personal Injury Claims (including Demands). Moreover, the Plan itself and the arm’s-length negotiations among the Debtor, the Asbestos Claimants Committee, and the Future Claimants’ Representative leading to the Plan’s formulation provide independent evidence of the Plan Proponents’ good faith in proposing the Plan. Confirmation Decl. ¶¶ 14-16.

14. Section 1129(a)(4) – Court Approval of Certain Payments as Reasonable

57. In accordance with section 1129(a)(4) of the Bankruptcy Code, the payments for

services or costs and expenses in or in connection with the Chapter 11 Case, or in connection with the Plan and incidental to the Chapter 11 Case, including Claims for professional fees that have been or will be paid by the Debtor, have been authorized by order of the Bankruptcy Court or are otherwise permitted under the Bankruptcy Code. Section 2.2(d) of the Plan requires holders of Professional Fee Claims to seek and obtain Bankruptcy Court approval for payment of such Claims. Plan § 2.2(d).

58. In connection with the foregoing, Section 12.1 of the Plan provides that the Bankruptcy Court will retain jurisdiction after the Effective Date to hear and determine all applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan. Plan § 12.1(g).

15. Section 1129(a)(5) – Disclosure of Identity of Proposed Management, Compensation of Insiders and Consistency of Management Proposals With the Interests of Creditors and Public Policy

59. Pursuant to the Plan, all necessary information regarding Reorganized Sepco's proposed officer and director has been disclosed. The Appointment Notice filed with the Bankruptcy Court disclosed the identity of the director and officer of Reorganized Sepco. This disclosure is consistent with the interests of the holders of Claims and Equity Interests and with public policy. No party-in-interest has alleged to the contrary in the Chapter 11 Case.

16. Section 1129(a)(6) – Approval of Rate Changes

60. No establishment of rates is applicable to the Debtor over which any regulatory commission has or will have jurisdiction after Confirmation. Confirmation Decl. ¶ 17.

17. Section 1129(a)(7) -- Best Interests of Holders of Claims and Interests

61. Each holder of an Impaired Claim that has not accepted the Plan will, on account of such Claim, receive or retain property under the Plan having a value, as of the Effective Date,

that is not less than the amount that such holder would so receive or retain if the Debtor was liquidated under chapter 7 or the Bankruptcy Code. Confirmation Decl. ¶ 18. As described further in the Disclosure Statement, the Debtor believes that there will be substantially more assets available to pay holders of Claims under the Plan than would be in the case of a hypothetical liquidation. *See id.* at ¶ 19. The Plan incorporates a settlement of existing and potential litigation involving Asbestos Personal Injury Claims, satisfaction of the Intercompany Claims, and resolution of any potential claims held by the Debtor's Estate (which are released pursuant to Section 10.5 of the Plan). As co-Proponents of the Plan, the Asbestos Claimants Committee and the Future Claimants' Representative both support the Plan and the settlements contained therein, and no other party-in-interest has proposed or pursued an alternative reorganization plan for the Debtor.

18. Section 1129(a)(8) – Acceptance of the Plan by Each Impaired Class

62. Pursuant to section 1129(a)(8) of the Bankruptcy Code, all classes of Claims and Equity Interests have accepted the Plan, are Unimpaired and deemed to accept the Plan, or are Impaired and deemed to reject the Plan. Specifically, Class 4 – Asbestos Personal Injury Claims and Class 5 – Intercompany Claims are Impaired and were entitled to vote on the Plan. Plan §§ 3.2.4, 3.2.5, and 4.1. Each of those Classes of Impaired Claims voted by more than one-half in number and two-thirds in amount to accept the Plan. *See* Voting Decl. ¶s 17-18. Additionally, Class 1 – Priority Claims, Class 2 – Secured Claims, and Class 3 – General Unsecured Claims are Unimpaired under the Plan and, therefore, deemed to accept the Plan. Plan §§ 3.2.1, 3.2.2, and 3.2.3. Class 6 – Equity Interests was also Impaired and deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code. Plan § 3.2.6. The Plan also satisfies the requirements of section 1129(b) with respect to Class 6, as described below.

19. Section 1129(a)(9) – Treatment of Claims Entitled to Priority Pursuant to Section 507(a) of the Bankruptcy Code.

63. The Plan also meets the requirements regarding the payment of Administrative Expense Claims, Priority Tax Claims, and Other Priority Claims, as set forth in section 1129(a)(9) of the Bankruptcy Code.

64. Section 2.2 of the Plan provides that, subject to the Confirmation Order and Sections 2.2(b)-(e) of the Plan and unless otherwise agreed by Sepco and the holder of an Allowed Administrative Expense Claim, each holder of such allowed Administrative Expense Claim shall receive cash, to be paid from the Net Reserve Funds, on the later of (a) the Effective Date or as soon as practicable thereafter, (b) the first Business Day after the day that is thirty (30) calendar days after the date the Administrative Expense Claim becomes an Allowed Administrative Expense Claim, or (c) the date the Allowed Administrative Expense Claim becomes due and payable according to its terms. Plan § 2.2(a). The Plan further provides that as of the Effective Date, with the exception of requests for payment of Professional Fee Claims, Reorganized Sepco, in its sole and absolute discretion, may settle Administrative Expense Claims in the ordinary course of business without further Bankruptcy Court approval. *Id.* A claimant's receipt of the Allowed Amount of its Administrative Expense Claim shall be in full satisfaction, settlement, release, extinguishment, and discharge of such Claim, on the date such payment is received. *Id.*

65. With regard to Priority Tax Claims, Section 2.3 of the Plan provides that, except to the extent that the holder of an Allowed Priority Tax Claim has been paid by Sepco prior to the Effective Date on account of such Claim or agrees to a different treatment with respect thereto, each holder of an allowed Priority Tax Claim will receive in full satisfaction, settlement, and discharge of and in exchange for such Claim, Cash from the Net Reserve Funds in an amount equal to the unpaid portion of such Allowed Priority Tax Claim, on the latest of: (a) the Effective Date;

(b) the date such Priority Tax Claim becomes an Allowed Claim, or as soon thereafter as is practicable; and (c) the date such Allowed Priority Tax Claim becomes due and payable under applicable non-bankruptcy law. Plan § 2.3.

66. With regard to Other Priority Claims, Section 3.2.1 of the Plan provides that, except to the extent a holder of an Allowed Priority Claim has been paid prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Priority Claim shall receive, in full satisfaction, settlement, and discharge of, and in exchange for such Priority Claim, Cash to be paid from the Net Reserve Funds in an amount equal to the unpaid portion of such Allowed Priority Claim on the later of: (a) the Effective Date; and (b) the date the Priority Claim becomes an Allowed Priority Claim, or as soon thereafter as practicable. Plan § 3.2.1. All Allowed Priority Claims not due and payable on or before the Effective Date shall be paid in the ordinary course of business in accordance with the terms thereof. *Id.*

20. Section 1129(a)(10) – Acceptance by at Least One Impaired, Non-Insider Class

67. As evidenced by the Voting Declaration, at least one Class of Claims that is Impaired under the Plan has voted to accept the Plan, determined without including the acceptance by any insider with respect to the Debtor. Specifically, Class 4, the Class of Asbestos Personal Injury Claims, has voted to accept the Plan.³

21. Section 1129(a)(11) – Feasibility of the Plan

68. The Plan does not provide for the liquidation of all or substantially all of the property of Sepco, and Reorganized Sepco will continue in business as a reorganized debtor as set forth in Section 8.10 of the Plan.

³ Class 5 – Intercompany Claims also voted to accept the Plan; however, the holders of Intercompany Claims fall within the definition of “insider” under section 101(31)(E) of the Bankruptcy Code.

69. Pursuant to the Plan, Sepco will create and fund the Asbestos Personal Injury Trust pursuant to section 524(g) of the Bankruptcy Code. The Asbestos Personal Injury Trust will be in a position to begin operating on the Effective Date, as the relevant governing and other documents (the Asbestos Personal Injury Trust Agreement, the Asbestos Personal Injury Trust Distribution Procedures, and the Asbestos Records Cooperation Agreement) have been included as exhibits to the Plan (or in the Plan Supplement) and will go into effect upon the Effective Date. *See* Plan Ex. A, B; Plan Supplement filed February 21, 2020 [Doc. No. 708]. The Asbestos Personal Injury Trust will be funded as provided in section 8.3(a) of the Plan. The Asbestos Personal Injury Channeling Injunction will effectively redirect the liability and responsibility of Sepco for Asbestos Personal Injury Claims (including Demands) to the Asbestos Personal Injury Trust from and after the Effective Date, enabling Reorganized Sepco to operate without responsibility for such liabilities.

70. By the Effective Date, Sepco also will set aside the Net Reserve Funds for the purpose of satisfying its short-term obligations under the Plan, including paying all Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Secured Claims, Allowed General Unsecured Claims, and any fees and expenses of the Asbestos Claimants Committee and the Future Claimants' Representative or Post-Effective Date Future Claimants' Representative, and other amounts payable by Sepco pursuant to Section 9.1 of the Plan. Plan § 1.1.67. The Debtor has satisfied its Professional Fee Claims during the course of its Chapter 11 Case pursuant to orders of the Bankruptcy Court, minimizing the quantum of Professional Fee Claims that will remain to be satisfied after the Effective Date from the Net Reserve Funds.

71. The Plan is also feasible because of the revenue generated by Reorganized Sepco's real property business, as described more fully above. The Debtor's projections of net revenues

arising from that business show that it will derive sufficient additional money during the term of the Moores lease to set aside a suitable Operational Reserve for its business and to make future payments to the Asbestos Personal Injury Trust. Disclosure Statement, Ex. C.

72. In addition, the Asbestos Personal Injury Trust will receive any Cash held by Sepco as of the Effective Date in excess of the portion of the Net Reserve Funds that are not needed to satisfy holders of Allowed Administrative Claims, Professional Fee Claims, holders of Class 1, 2, and 3 Claims, and certain other amounts.

22. Section 1129(a)(12) — Payment of Statutory Bankruptcy Fees

73. Section 13.5 of the Plan provides that all fees due and payable pursuant to section 1930 of Title 28 of the U.S. Code prior to the Effective Date shall be paid by the Debtor on the Effective Date. After the Effective Date, the Reorganized Debtor shall pay any and all such fees from the Net Reserve Funds when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the United States Trustee. Plan § 13.5. The Debtor and the Reorganized Debtor shall remain obligated to pay quarterly fees to the Office of the United States Trustee until the Debtor's case is converted, dismissed, or closed, whichever occurs first. *Id.*

23. Section 1129(a)(13) — Retiree Benefits

74. The Debtor does not have any continuing obligations in respect of retiree benefits. Confirmation Decl. ¶ 20.

24. Section 1129(a)(14) — Domestic Support Obligations

75. The Debtor is not required by a judicial or administrative order, or by statute, to pay any domestic support obligations and, therefore, section 1129(a)(14) of the Bankruptcy Code is inapplicable in the Chapter 11 Case. *See* Confirmation Decl. ¶ 21.

25. Section 1129(a)(15) – Individual Debtor Requirement

76. The Debtor is not an individual and, therefore, section 1129(a)(15) of the Bankruptcy Code is inapplicable in this Chapter 11 Case. *See* Voluntary Petition at 1.

26. Section 1129(a)(16) – Nonbankruptcy Law Governing Transfers

77. The Debtor is a moneyed, business, or commercial corporation or trust and, therefore, section 1129(a)(16) of the Bankruptcy Code is inapplicable in the Chapter 11 Case. *See* Voluntary Petition at 1.

27. Section 1129(b) – Confirmation of the Plan Over the Nonacceptance of an Impaired Class

78. Class 6 – Equity Interests is Impaired and is deemed to reject the Plan pursuant to section 1126(g) of the Bankruptcy Code because all outstanding shares of Sepco will be canceled and the holders of Class 6 – Equity Interests will not receive or retain any distribution under the Plan. Plan § 3.2.6. In satisfaction of section 1129(b)(2)(C) and the “fair and equitable” requirement of section 1129(b)(1) of the Bankruptcy Code: (a) there are no classes junior to Class 6 that will receive any distributions under the Plan; and (b) no Holder of a Claim in any Class senior to the Equity Interests in Class 6 will receive more than full payment on account of its Claims. Plan § 3.2.

79. Further, there are no other classes with legal rights similar to those of Class 6. *See* Plan §§ 3.2.6, 4.6. Accordingly, the Plan’s separate classification and treatment of Class 6 is consistent with the legal entitlements and priorities of Equity Interests in that Class, and the Plan does not discriminate unfairly with respect to Class 6. Based on the foregoing, the requirements of section 1129(b) are satisfied with respect to Class 6.

28. Section 1129(d) – Purpose of Plan

80. The principal purpose of the Plan is not avoidance of taxes or avoidance of the requirements of section 5 of the Securities Act of 1933. Confirmation Decl. ¶ 22. There has been no filing by any governmental unit alleging such avoidance. *Id.*

G. THE ASBESTOS PERSONAL INJURY TRUST AND THE ASBESTOS PERSONAL INJURY CHANNELING INJUNCTION COMPLY WITH SECTION 524(g) OF THE BANKRUPTCY CODE

1. Requirements of Section 524(g)(2)(B)(i) of the Bankruptcy Code

81. The Plan provides that the Asbestos Personal Injury Channeling Injunction is to be implemented in connection with the Asbestos Personal Injury Trust and the Plan. Plan § 10.3.

82. As of the Petition Date, Sepco had been named as a defendant in thousands of personal injury, wrongful death or property damage actions seeking recovery for damages allegedly caused by the presence of, or exposure to, asbestos or asbestos-containing products. Szekelyi Decl. ¶¶ 13-14.

83. Pursuant to Section 8.3(a) and any other relevant provisions of the Plan, the Asbestos Personal Injury Trust, as of the Effective Date, shall assume all liabilities, obligations, and responsibilities of Sepco with respect to Asbestos Personal Injury Claims. Fitzpatrick Decl. at ¶s 15, 23. Additionally, the Plan states that Asbestos Personal Injury Trust Distribution Procedures shall provide on the Effective Date, and shall not thereafter cease to provide, that all holders of Asbestos Personal Injury Claims shall, as a precondition to receiving payment on account of their Asbestos Personal Injury Claims from the Asbestos Personal Injury Trust, execute a release (as referenced, and as more fully defined, in the Plan as the “Asbestos Personal Injury Claimant Release”), substantially in the form attached to the Plan as Exhibit H. Plan § 8.3(h); Plan, Ex. H.

84. The Plan provides that on the Effective Date, all right, title, and interest in and to the Asbestos Personal Injury Trust Assets, and any proceeds thereof, will be transferred to, and vested in, the Asbestos Personal Injury Trust, free and clear of all Claims, Demands, Equity Interests, Encumbrances, and other interests of any Entity, without any further action of the Bankruptcy Court or any Entity, but subject to the provisions of Section 8.5 and the remaining portions of Section 8.3 of the Plan. Plan § 8.3(a).

85. The Plan provides that on the Effective Date, the Asbestos Personal Injury Trust is to be funded by contribution of the Asbestos Personal Injury Trust Assets, which include: (a) the Asbestos Personal Injury Trust Contribution, which includes funds held in the qualified settlement fund established by order of the Bankruptcy Court, presently in the amount of approximately \$20,000,000; (b) 100% of the issued and outstanding stock of the Reorganized Debtor; (c) all other assets, rights, and benefits assigned, transferred, or conveyed to the Asbestos Personal Injury Trust in connection with the Plan or any Plan Documents; and (d) all proceeds of the foregoing. *See* Plan §§ 1.1.18, 1.1.56, 8.2(a)(ii), 8.2(a)(iii), 8.3, and 8.6.

86. The Plan provides that the Asbestos Personal Injury Trust is to use its assets and income to pay Asbestos Personal Injury Claims in accordance with the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures. Plan § 8.3(a). The Asbestos Personal Injury Trust also is to use its assets and income to pay Asbestos Personal Injury Trust Expenses. *See* Plan § 8.3(m). The Plan Proponents, the Debtor's Estate, Reorganized Sepco, and any Protected Parties shall not have any obligation to pay any Asbestos Personal Injury Trust Expenses or any other liabilities of the Asbestos Personal Injury Trust. *Id.* The Asbestos Personal Injury Trust shall promptly pay all Asbestos Personal Injury Trust Expenses incurred by Reorganized Sepco for any and all liabilities, costs, or expenses as a result of taking any action on

behalf of, and at the direction of, the Asbestos Personal Injury Trust. *Id.*

87. The Plan provides that, as the sole shareholder of Reorganized Sepco's stock after the Effective Date, the Asbestos Personal Injury Trust will (a) own all of the voting shares of Reorganized Sepco and (b) hold all rights to receive dividends or other distributions on account of such stock. *See* Plan §§ 1.1.83, 8.6.

2. Requirements of Section 524(g)(2)(B)(ii) of the Bankruptcy Code

88. Sepco has been named in thousands of personal injury and wrongful death lawsuits asserting liability for damages caused by exposure to asbestos-containing products dating back to the late 1970s. Szekelyi Decl. ¶¶ 13-14. As of the Petition Date, approximately 4,861 open asbestos claims were pending against Sepco, and apparently 32,238 Asbestos Personal Injury Claims were technically pending against Sepco, but may be "inactive" either as a matter of state law or because they have been dormant. *Id.* at ¶ 14.

89. Equitable treatment of holders of Asbestos Personal Injury Claims and Future Demand Holders depends on all claimants being subject to the same rules and procedures as provided under the terms of the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures. Fitzpatrick Decl. ¶ 30. Without the Asbestos Personal Injury Trust as provided by the Plan and the Asbestos Personal Injury Trust Distribution Procedures, Future Demand Holders would be forced to litigate their Claims in the tort system as they arise and the relief available would likely be inconsistent. *Id.* That would devolve into a race to the courthouse, with the result that the Debtor's limited resources would be consumed by those claimants who are first to file suit and to recover judgment. *Id.* In such case, holders of earlier asserted Demands might be paid in full, while holders of later Demands may be paid less or go unsatisfied altogether. *Id.*

90. The terms of the Asbestos Personal Injury Channeling Injunction, including any provisions barring actions against third parties (including, for example, the Protected Parties) pursuant to section 524(g)(4)(A) of the Bankruptcy Code, are set out in conspicuous language in the Plan and in the Disclosure Statement. *See* Plan § 10.3; Disclosure Statement at pp. 30-33.

91. The Debtor designated in Class 4 a separate Class of claimants whose Claims are to be addressed by the Asbestos Personal Injury Trust. Of the holders of Asbestos Personal Injury Claims in Class 4 that voted, well over 75 percent voted to accept the Plan, and over two-thirds in amount of such claims (using the values assigned to such Asbestos Personal Injury Claims solely for voting purposes pursuant to the Solicitation Procedures Order) voted to accept the Plan. *See* Voting Decl. ¶ 17.

92. Also, as set forth in Section 8.3 of the Plan, Exhibit A of the Plan (Asbestos Personal Injury Trust Agreement), and Exhibit B of the Plan (Asbestos Personal Injury Trust Distribution Procedures), all Asbestos Personal Injury Claims shall be determined and paid pursuant to the terms of the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures. The Asbestos Personal Injury Trust will have the sole and exclusive authority as of the Effective Date to satisfy or defend against all Asbestos Personal Injury Claims. *See* Plan § 8.3(f).

3. Extension of the Asbestos Personal Injury Channeling Injunction to Certain Third Parties

93. Section 10.3 of the Plan provides that, in addition to protecting Sepco and Reorganized Sepco, the Asbestos Personal Injury Channeling Injunction will be extended to protect certain third parties. Plan §§ 10.3; 1.1.80. The Plan identifies these non-Debtor Protected Parties as the Settled Asbestos Insurers, as listed on Exhibit E to the Plan. Plan §§ 1.1.19, 1.1.80; 1.1.82, 1.1.87, and 1.1.89.

94. The Plan Proponents filed the list of Settled Asbestos Insurers entitled to the protections of the Asbestos Personal Injury Channeling Injunction with the Plan. *See* Plan Ex. E.

95. The Protected Parties under the Plan fall within the scope of sections 524(g)(3)(A) and 524(g)(4)(A)(ii). Section 524(g)(4)(A)(ii)(III) covers each of the Settled Asbestos Insurers, because they provided insurance to the Debtor. *Id.*

4. The Interests of Future Asbestos Claimants Were Represented by the Future Claimants' Representative

96. In accordance with section 524(g)(4)(B)(i) of the Bankruptcy Code, the Future Claimants' Representative, Mr. Fitzpatrick, was appointed by the Bankruptcy Court as part of the proceedings leading to the issuance of the Asbestos Personal Injury Channeling Injunction for the purpose, among other things, of protecting the rights of Future Demand Holders. *See* Fitzpatrick Decl. ¶ 2. Mr. Fitzpatrick has extensive experience with asbestos litigation and has represented future claimants in other bankruptcies. *Id.* at ¶s 4-10. Post-Effective Date, he will continue to represent those interests as the appointed Post-Effective Date Future Claimants' Representative, pursuant to the Plan, the Confirmation Order, and the Asbestos Personal Injury Trust Agreement.

5. Entry of the Asbestos Personal Injury Channeling Injunction With Respect to Future Asbestos Claimants

97. Sepco, Reorganized Sepco, and the Settled Asbestos Insurers are contributing substantial assets to the Asbestos Personal Injury Trust. The Settled Asbestos Insurers paid Bankruptcy Court-approved settlement amounts that were deposited into a qualified settlement fund, the aggregate amount of which presently exceeds \$20,000,000. Sepco and Reorganized Sepco will pay those funds into the Asbestos Personal Injury Trust as of the Effective Date. *See* Plan §§ 1.1.18 and 8.2.

98. Mr. Fitzpatrick, as the Future Claimants' Representative, supports confirmation of

the Plan. Fitzpatrick Decl. ¶s 1, 44.

H. RELEASES CONTAINED IN SECTION 10.5 OF THE PLAN AND RELATED INJUNCTION

99. Section 10.5 of the Plan provides that except as otherwise expressly provided in the Plan or the Confirmation Order, on the Effective Date, for good and valuable consideration, Sepco, Reorganized Sepco, and any Entity seeking to exercise the rights of the Estate, in each case, whether individually or collectively (including, without limitation, any successor to Sepco or any Estate representative appointed or selected pursuant to the applicable provisions of the Bankruptcy Code) shall, and shall be deemed to, completely and forever release, waive and discharge unconditionally the Released Parties from any and all claims, obligations, suits, judgments, remedies, damages, Demands, debts, rights, Causes of Action, and liabilities that are (or that at any time on or prior to the Effective Date were) property of the Estate, whether known or unknown, liquidated or unliquidated, fixed or contingent, foreseen or unforeseen, matured or unmatured, now existing or hereafter arising, in law, equity or otherwise, whether direct, indirect, or derivative, based upon, attributable to, or arising out of, in whole or in part, any act or omission, transaction, or occurrence taking place on or prior to the Effective Date (including prior to the Petition Date); provided, however, that nothing contained in Section 10.5 of the Plan is intended to operate as a release of any liability based upon gross negligence or willful misconduct as determined by a Final Order. Plan § 10.5.

100. Sepco and its Estate have given the releases set forth in Section 10.5 of the Plan as part of the overall settlements contained in the Plan. *See* Confirmation Decl. ¶s 23-25.

I. OBJECTIONS TO THE PLAN

101. No objections to confirmation of the Plan were filed with the Bankruptcy Court prior to the Confirmation Hearing.

J. THE REAL PROPERTY BUSINESS IS AN “ONGOING BUSINESS”

102. Moores owns and operates a commercial office building in Malvern, Pennsylvania. *See* Plan § 8.10; Confirmation Decl. ¶ 12. After the Effective Date, Reorganized Sepco will own a 33.33% interest in, and will receive income derived from the operation of, Moores. *See* Confirmation Decl. ¶ 12; Fitzpatrick Decl. at ¶ 27. Accordingly, the Debtor will have an ongoing business after the Effective Date.

K. RECORD IN THE CHAPTER 11 CASE

103. The Bankruptcy Court has considered the terms of the Plan and other Plan Documents, the pleadings in support of confirmation, the representations and arguments of counsel for the Debtor, the Asbestos Claimants Committee, and Future Claimants’ Representative, the Declarations on file, and all other testimony and evidence given or proffered at the Confirmation Hearing and prior hearings and the full record of the Chapter 11 Case, the findings and conclusions of which are hereby incorporated by reference as if fully set forth herein.

L. CONDITIONS TO CONFIRMATION

104. Section 11.1 of the Plan contains conditions precedent to Confirmation that must be satisfied or duly waived by the Plan Proponents. *See* Plan §§ 11.1 and 11.3.

II. CONCLUSIONS OF LAW

A. JURISDICTION AND VENUE

105. The Bankruptcy Court and the District Court have jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b)(2), as to which the Bankruptcy Court and District Court have the authority under the U.S. Constitution to enter final orders and judgments. The Debtor was and is qualified to be a debtor under section 109 of the Bankruptcy Code. Venue of the Chapter 11 Case in this judicial district was proper as of the Petition Date pursuant to 28 U.S.C. § 1408, and continues to

be proper. The Bankruptcy Court has jurisdiction to enter a final order with respect to confirmation of the Plan, except to the extent section 524(g) of the Bankruptcy Code requires issuance or affirmance of the Confirmation Order by the District Court.

B. JUDICIAL NOTICE

106. The Bankruptcy Court takes judicial notice of the docket of the Chapter 11 Case maintained by the Clerk of the Bankruptcy Court and/or its duly-appointed agent, including, without limitation, all pleadings, papers, and other documents filed, all orders entered, and all evidence and arguments made, proffered, or adduced at the hearings held before the Bankruptcy Court during the Chapter 11 Case (further including, without limitation, the hearings to consider the adequacy of the Disclosure Statement and the Confirmation Hearing).

C. BURDEN OF PROOF

107. As Plan Proponents, the Debtor and other Plan Proponents have the burden of proving that the elements needed to satisfy (a) subsections 1129(a) and 1129(b) and (b) subsection 524(g) of the Bankruptcy Code have been established by a preponderance of the evidence. The Plan Proponents have met that burden as found and determined herein.

D. SOLICITATION AND NOTICE

108. The Plan, the Disclosure Statement, and all related materials were transmitted to and served on the parties listed in exhibits to the Affidavits of Service, and as set forth in paragraph 5 above, such transmittal and service of the solicitation materials (a) was fair and reasonable; (b) fully complied with all applicable court orders and rules of procedure, and otherwise satisfied due process; and (c) constituted good and sufficient notice of the Plan, the Confirmation Hearing, and the deadline for submitting Ballots accepting or rejecting the Plan and for filing objections to confirmation of the Plan.

109. The publication notice of the Plan, the Confirmation Hearing, and the deadline for

submitting Ballots accepting or rejecting the Plan and for filing objections to confirmation of the Plan was fair and reasonable, satisfied due process, and constituted good and sufficient notice to unknown creditors of the Plan and the Confirmation Hearing. Such notice was adequate and sufficient under the circumstances, was given in compliance with Bankruptcy Rules 2002, 3017, and 3020 and the Solicitation Procedures Order and all other applicable court orders and rules of procedure, and no other or further notice is or shall be required. All creditors, equity holders, and other parties- in-interest had a full and fair opportunity to appear and be heard at the Confirmation Hearing.

1. GOOD FAITH SOLICITATION

110. As set forth in paragraph 34 above and based upon the applicable Affidavits of Service and the Voting Declaration, votes for acceptance and rejection of the Plan were solicited in good faith, and the procedures by which the ballots for acceptance or rejection of the Plan were solicited and tabulated were fair, properly conducted, and in compliance with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, the Disclosure Statement, the Solicitation Procedures Order, all other applicable provisions of the Bankruptcy Code, and all other applicable rules, laws, and regulations. *See* Affidavits of Service; Voting Decl. ¶s 5-7. Based on the record in the Chapter 11 Case, the Debtor, the Asbestos Claimants Committee, the Future Claimants' Representative, and each of their respective officers, directors, members, employees, and professionals, as applicable, among other parties involved with the negotiation and confirmation of the Plan, have acted in "good faith" within the meaning of section 1125(e) of the Bankruptcy Code and Bankruptcy Rules in compliance with each of their respective activities relating to the solicitation and acceptances of the Plan and their participation in the activities described in section 1125 of the Bankruptcy Code and, accordingly, such parties are entitled to the protections afforded by section 1125(e) of the Bankruptcy Code.

2. MODIFICATIONS TO THE PLAN, NO REQUIREMENT FOR RESOLICITATION

111. After service of the solicitation materials, the Debtor supplemented the Plan, as reflected in the Plan Supplement filed with the Bankruptcy Court on February 21 2020 [Doc. No. 708], with certain completed or additional exhibits. The modifications made to the Plan post-solicitation do not trigger a requirement for re-solicitation of acceptances under section 1127 of the Bankruptcy Code or Bankruptcy Rule 3019(a).

E. EXEMPTIONS FROM TAXATION

112. Pursuant to section 1146(c) of the Bankruptcy Code, any issuance, transfer, or exchange of any note or security contemplated by the Plan (including, without limitation, the Reorganized Sepco Common Stock), the creation of any mortgage, deed of trust, pledge, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan (including, without limitation, the Restructuring Transactions as set forth more fully in Section 8.10 of the Plan) shall be exempt from all stamp, transfer, or similar taxes, as provided in section 1146(a) of the Bankruptcy Court.

F. EXEMPTIONS FROM SECURITIES LAWS

113. The offer, issuance, distribution, transfer or exchange of Reorganized Sepco Common Stock pursuant to the Plan shall be, and shall be deemed to be, exempt from registration under any applicable federal or state securities laws to the fullest extent permissible under applicable non-bankruptcy law and under bankruptcy law, including, without limitation, section 1145(a) of the Bankruptcy Code.

G. COMPLIANCE WITH SECTION 1129 OF THE BANKRUPTCY CODE

114. Based on the findings of fact above, the Plan complies in all respects with the

applicable requirements of section 1129 of the Bankruptcy Code, including sections 1122 and 1123 thereof and all applicable provisions requiring that the Confirmation Order not be procured by fraud.

115. Without limiting the foregoing, based on the classification scheme for Claims and Equity Interests set forth in Sections 3.1 and 3.2 of the Plan, the legal rights under the Bankruptcy Code of each of the holders of Claims or Equity Interests within a particular class are substantially similar to other holders of Claims or Equity Interests within that class.

116. The means of implementation for the Plan, including, without limitation, those set forth in paragraph 43 above, provide adequate means for implementation of the Plan within the meaning of section 1123(a)(5) of the Bankruptcy Code and satisfy its requirements.

117. The Plan Proponents have complied with all applicable provisions of the Bankruptcy Code, as required by section 1129(a)(2) of the Bankruptcy Code.

118. Based upon the information contained in the applicable Affidavits of Service, Certification of Publication, and the Voting Declaration, and the Bankruptcy Court's prior approval of the Voting Procedures in the Solicitation Procedures Order, the procedures by which the ballots for acceptance or rejection of the Plan were solicited and tabulated were fair, in good faith, and in accordance with sections 1125 and 1126 of the Bankruptcy Code, Bankruptcy Rules 3017 and 3018, and the Solicitation Procedures Order, which contained the Voting Procedures. *See* Affidavits of Service; Certification of Publication; Voting Decl. ¶¶ 5-7; Solicitation Procedures Order.

119. The Plan's provisions for the payment of Administrative Expense Claims, Priority Tax Claims, and Other Priority Claims, described in paragraphs 64-66 above, together with any other applicable provisions of the Plan, satisfy the requirements of section 1129(a)(9) of the

Bankruptcy Code with respect to the payment of such claims.

120. As required pursuant to Bankruptcy Rule 3016, the Plan identifies the Debtor and Asbestos Claimants Committee, and Future Claimants' Representative as Plan Proponents and conspicuously identifies both (a) the acts to be enjoined pursuant to the Sepco Discharge Injunction, the Asbestos Personal Injury Channeling Injunction, and the injunction issued pursuant to Section 10.5 of the Plan, and (b) the entities that are subject to those injunctions. The Plan therefore satisfies Bankruptcy Rule 3016.

H. COMPLIANCE WITH SECTION 524(g) OF THE BANKRUPTCY CODE

121. The Plan comports with the Bankruptcy Code's requirements for issuance of an injunction to enjoin entities from taking legal action to recover, directly or indirectly, payment in respect of Asbestos Personal Injury Claims against Sepco, Reorganized Sepco, any other Protected Party, or any of their respective property.

122. In light of the benefits provided, or to be provided, to the Asbestos Personal Injury Trust on behalf of each Protected Party, the Asbestos Personal Injury Channeling Injunction is fair and equitable with respect to the persons that might subsequently assert Asbestos Personal Injury Claims against any Protected Party, and complies in all respects with section 524(g) of the Bankruptcy Code.

123. Based on the substantial number of asbestos-related personal injury lawsuits that had been asserted against Sepco in the past and that remained unresolved on the Petition Date, as well as the long latency period for many asbestos-related diseases, Sepco is likely to be subject to substantial future Demands for payment arising out of the same or similar conduct or events that gave rise to the Asbestos Personal Injury Claims. Accordingly, all such Demands are subject to the Asbestos Personal Injury Channeling Injunction. In light of the inherent uncertainties regarding such future Demands, the actual amounts, numbers, and timing of Demands to which

the Debtor would be subject cannot be determined with specificity.

124. The pursuit of asbestos-related Demands against Sepco, Reorganized Sepco, or their property outside of the Plan and the Asbestos Personal Injury Trust Distribution Procedures would likely threaten the Plan's purpose to deal equitably with Asbestos Personal Injury Claims, including future asbestos-related Demands.

125. Pursuant to the Asbestos Personal Injury Trust Distribution Procedures, court order, or otherwise, the Asbestos Personal Injury Trust will operate through mechanisms such as structured, periodic, or supplemental payments, pro rata distributions, matrices, or periodic review of estimates of the numbers and values of Asbestos Personal Injury Claims or other comparable mechanisms, that provide reasonable assurance that the Asbestos Personal Injury Trust will value, and be in a financial position to pay, current and future Asbestos Personal Injury Claims in substantially the same manner regardless of the timing of the assertion of such Asbestos Personal Injury Claims.

126. Each Protected Party is identifiable from the terms of the Asbestos Personal Injury Channeling Injunction by name or as part of an identifiable group. Identifying or describing each Protected Party in the Asbestos Personal Injury Channeling Injunction is fair and equitable with respect to persons that might subsequently assert Demands against each such Protected Party, in light of the benefits provided, or to be provided, to the Asbestos Personal Injury Trust by or on behalf of any such Protected Party.

127. The extension of the Asbestos Personal Injury Channeling Injunction to third parties is consistent with one or more of the subparagraphs (I)-(IV) of section 524(g)(4)(A)(ii) of the Bankruptcy Code, and is essential to the Plan and Sepco's reorganization efforts. Without limiting the preceding sentence, in light of the substantial asset contributions made on behalf of the

Protected Parties, entry of the Asbestos Personal Injury Channeling Injunction, and the naming of the Protected Parties therein, is fair and equitable with respect to persons that might subsequently assert future Asbestos Personal Injury Claims.

128. The Asbestos Personal Injury Trust Contribution is essential to the feasibility of the Plan and the successful reorganization of Sepco, as it collectively (a) provides a source of funding for the payment of Asbestos Personal Injury Claims (including, without limitation, Demands) and (b) justifies issuance of the Asbestos Personal Injury Channeling Injunction. The release received by Sepco, Reorganized Sepco, and the Settled Asbestos Insurers in exchange for the Asbestos Personal Injury Trust Contribution is essential to the global settlement of Asbestos Personal Injury Claims arising from the alleged conduct or products of Sepco reflected in the Plan. Thus, the contributions constitute a sufficient basis upon which to provide the Protected Parties with the protections afforded to them under the Plan, Plan Documents, and Confirmation Order.

129. Based on the findings of fact herein and the foregoing conclusions of law, the Plan complies in all respects with the applicable requirements of section 524(g) of the Bankruptcy Code.

I. THE FUTURE CLAIMANTS' REPRESENTATIVE

130. The Future Claimants' Representative's experience and actions in this Chapter 11 Case, as summarized in the Fitzpatrick Declaration and in paragraph 96 above, evidence that he has properly understood his duties as Future Claimants' Representative and the nature of the interests he represents in this Chapter 11 Case.

131. The Future Claimants' Representative has in all respects fulfilled his duties, responsibilities, and obligations as the representative of the Future Demand Holders, in accordance with section 524(g) of the Bankruptcy Code.

J. COMPLIANCE WITH 1123(a)(7) OF THE BANKRUPTCY CODE

132. The Plan ensures that the selection of the sole director and officer of Reorganized

Sepco is consistent with the interests of creditors and equity security holders and with public policy. The manner of selection of the individual director and officer of Reorganized Sepco, as set forth in the provisions of the Plan, the Amended Certificate of Incorporation of Reorganized Sepco, the Amended By-Laws of Reorganized Sepco, and similar constituent documents, is consistent with the interests of holders of Claims and the holders of Reorganized Sepco's equity and with public policy, and thus in accordance with section 1123(a)(7) of the Bankruptcy Code.

K. COMPLIANCE WITH SECTION 1141 OF THE BANKRUPTCY CODE

133. The Bankruptcy Court hereby determines that, under section 1141(d), Sepco is and shall be entitled to a discharge. In reaching this determination, the Bankruptcy Court has considered section 1141(d)(3), which provides for denial of a discharge to a corporate debtor only if three criteria are met: (a) the plan provides for the liquidation of all or substantially all estate property, (b) the debtor does not engage in business after consummation of the plan, and (c) the debtor would be denied a discharge under section 727(a) if the case were a Chapter 7 case. 11 U.S.C. § 1141(d)(3). However, the Bankruptcy Court hereby determines that Sepco will engage in business after the consummation of the Plan, thus negating the first and second requirements for denial of a discharge.

134. Sepco is entitled to a discharge under section 1141(d) because confirmation of the Plan is not likely to be followed by the liquidation of Reorganized Sepco or the need for further financial reorganization.

L. PROPRIETY OF SETTLEMENT AND PLAN-RELATED DOCUMENTS

135. In light of the extensive litigation related to the Asbestos Personal Injury Claims and the consideration to be provided by Sepco and the Settled Asbestos Insurers to the Asbestos Personal Injury Trust on behalf of the Protected Parties under the Plan, and further based on the evidentiary record of the Chapter 11 Case, the settlement of claims and potential claims against or

involving the Debtor set forth in the Plan, and the channeling of all Asbestos Personal Injury Claims to the Asbestos Personal Injury Trust, in exchange for the consideration provided under the Plan, as embodied in the Plan, is fair, reasonable, and adequate, in accordance with applicable United States Supreme Court and Sixth Circuit law. *See, e.g., Protective Comm. for Indep. Stockholder of TMT Ferry, Inc. v. Anderson*, 390 U.S. 414, 424 (1968); *Hindelang v. Mid-State Aftermarket Body Parts, Inc. (In re MQVP, Inc.)*, 477 Fed. App'x 310, 313 (6th Cir. 2012); *In re Bard*, 49 Fed. App'x 528, 530 (6th Cir. 2002).

136. In light of all of the circumstances and the record in the Chapter 11 Case, each of the transactions contemplated by or referenced in the Plan, including the creation of the Asbestos Personal Injury Trust and the Restructuring Transactions described in Section 8.10 of the Plan, is integral to the terms, conditions, and settlements contained in the Plan and is critical to the effectuation of the purposes of the Plan. All contracts, instruments, releases, agreements, and documents entered into in connection with, or necessary to implement, effectuate, and consummate, the Plan, including, without limitation: (a) each of the contracts, instruments, agreements, and documents to be executed and delivered in connection with Article VIII of the Plan; (b) the Asbestos Personal Injury Trust Agreement, attached to the Plan as Exhibit A; (c) the Asbestos Personal Injury Trust Distribution Procedures, attached to the Plan as Exhibit B; (d) each of the Amended By-Laws of Sepco Corporation, the Amended Certificate of Incorporation of Sepco Corporation, the Membership Interest Purchase Agreement, the Amended LLC Agreement, and the Lease, which are Exhibits C, D, I, J, and K to the Plan, respectively; (e) the Asbestos Records Cooperation Agreement, which is Exhibit G to the Plan; (f) the Asbestos Personal Injury Claimant Release, which is Exhibit H to the Plan; and (g) all other contracts, instruments, agreements, or documents that any of Sepco, Reorganized Sepco, or the Asbestos Personal Injury Trustee may

execute and deliver in connection with the consummation of the Plan or the Asbestos Personal Injury Trust are valid, proper, and reasonable under the circumstances and due and sufficient notice thereof has been provided in connection with, among other things, approval of the Disclosure Statement and confirmation of the Plan.

137. Without limiting the foregoing, the Bankruptcy Court concludes that, pursuant to section 1123(b) of the Bankruptcy Code and in consideration of the distributions and other benefits provided under the Plan, the provisions of the Plan, and the transactions contemplated by the Plan, including, without limitation, each of the injunctions, releases, exculpations, indemnifications, and discharges set forth in Article X of the Plan, the creation and administration of the Asbestos Personal Injury Trust as set forth in Section 8.3 of the Plan, and each of the transactions contemplated in Article VIII of the Plan constitute a fair and reasonable, good faith compromise and settlement of all claims or controversies relating to the rights that a holder of a Claim, Demand, or Equity Interest may have with respect to any Claim (including an Asbestos Personal Injury Claim), Demand, or Equity Interest or any distribution to be made pursuant to the Plan on account of any Allowed Claim (including an Asbestos Personal Injury Claim), Demand, or Equity Interest.

138. Moreover, based upon the representations and arguments of counsel for the Plan Proponents and all other testimony either given or proffered at the Confirmation Hearing or prior hearings relating to the negotiations leading to, among other things, the Plan, the Asbestos Personal Injury Trust Agreement, the Asbestos Personal Injury Trust Distribution Procedure, or the various plan-related agreements and documents, the Plan constitutes a fair, reasonable, and good faith settlement and compromise of all claims or controversies relating to the rights of holders of Claims or Demands against, and Equity Interests in, the Debtor.

M. SATISFACTION OF CONDITIONS TO CONFIRMATION

139. For the reasons set forth herein, each of the conditions precedent in Section 11.1(a)

through and including Section 11.1(c) of the Plan has been satisfied or duly waived, subject to the affirmance of the Confirmation Order by the District Court.

N. GOOD FAITH NEGOTIATION, IMPLEMENTATION, AND CONSUMMATION

140. The Debtor, the Asbestos Claimants Committee, and the Future Claimants' Representative participated in good faith in negotiating, at arm's length, the Plan and all contracts, instruments, releases, agreements, and documents related to or necessary to implement, effectuate, and consummate the Plan (including, without limitation, each of the (a) Asbestos Personal Injury Claimant Release, (b) the Amended Certificate of Incorporation and Amended By-Laws of Reorganized Sepco, (c) the Membership Interest Purchase Agreement, Amended LLC Agreement, and Lease relating to Moores, and (d) all agreements and releases to be executed and delivered in connection with the Asbestos Personal Injury Trust). The Debtor, the Asbestos Claimants Committee, and the Future Claimants' Representative also participated in good faith in each of the actions taken to bring about, and in satisfying each of the conditions precedent to, confirmation and consummation of the Plan. In so determining, the Bankruptcy Court has considered, among other things, the totality of the circumstances surrounding the filing of the Chapter 11 Case, the record of this Chapter 11 Case and the Plan, and all related pleadings, papers, exhibits, statements, and comments regarding Confirmation.

O. ASSUMPTION AND REJECTION OF EXECUTORY CONTRACTS AND ASSUMPTION OF CERTAIN INDEMNIFICATION OBLIGATIONS

141. The rejection by the Debtor of all Executory Contracts (except those (if any) listed on Exhibit F to the Plan, which will be assumed) is both beneficial and necessary to Sepco's and Reorganized Sepco's operations upon and subsequent to emergence from chapter 11. The rejection of these Executory Contracts pursuant to the Plan is a sound exercise of the Debtor's business judgment and is in the best interest of the Debtor, its Estate, and its creditors. *Id.* In

addition, the assumption by the Asbestos Personal Injury Trust of all liability for all Asbestos Personal Injury Claims is of fundamental importance to the Debtor's reorganization process, is a sound exercise of the Debtor's business judgment, and is in the best interest of the Debtor, its Estate, and its creditors.

P. TRANSFER OF BOOKS AND RECORDS TO THE ASBESTOS PERSONAL INJURY TRUST

142. Section 8.3(k) of the Plan provides that Reorganized Sepco will provide, or cause to provide, Asbestos Records to the Asbestos Personal Injury Trust in accordance with the Asbestos Records Cooperation Agreement, which was submitted to the Bankruptcy Court in the Plan Supplement and is Exhibit G to the Plan (the "Cooperation Agreement"). Privileges belonging to Sepco on the Petition Date in the Asbestos Records shall belong to the Asbestos Personal Injury Trust as of the Effective Date. Cooperation Agreement ¶ 19. Reorganized Sepco does not waive any privilege, including, without limitation, the attorney-client privilege or work-product doctrine, that may protect any Asbestos Record. *Id.* Nothing in the Cooperation Agreement shall be construed as a waiver of any privilege by any party to the Cooperation Agreement by virtue of entering the Cooperation Agreement or providing or disclosing any Asbestos Record under the Cooperation Agreement. *Id.*

Q. APPROVAL OF THE DISCHARGES, RELEASES, INJUNCTIONS, AND EXCULPATIONS PROVIDED UNDER THE PLAN

143. Each of the discharges, releases, injunctions, and exculpations provided and set forth in Article X of the Plan is (a) integral to the terms, conditions, and settlements contained in the Plan, (b) appropriate in connection with the reorganization of the Debtor, (c) supported by fair and reasonable consideration, and (d) set forth in conspicuous detail in the Plan and the Disclosure Statement. In light of all of the circumstances and the record in the Chapter 11 Case, each of the discharges, releases, injunctions, and exculpations provided under the Plan is fair and reasonable

to all parties-in-interest. Each of the discharge, release, injunctive, and exculpation provisions set forth in the Plan and the Confirmation Order is: (i) within the jurisdiction of the Bankruptcy Court under 28 U.S.C. §§ 1334(a), 1334(b), and 1334(d); (ii) essential to the Debtor's ability to reorganize under the Plan and to implement its terms; (iii) an integral element of the Plan and the transactions incorporated therein; (iv) beneficial to, and in the best interests of, the Debtor, its Estate, and its creditors; (v) critical to the overall objectives of the Plan to finally resolve all Claims (including Demands) among or against the parties-in-interest in the Chapter 11 Case with respect to the Debtor; and (vi) consistent with sections 105, 524, 1123, 1129, and other applicable provisions of the Bankruptcy Code.

R. CONFIRMATION

144. For the reasons set forth above, the Bankruptcy Court confirms the Plan. Except as expressly provided in the Plan, pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, but subject to affirmance of the Confirmation Order by the District Court, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law.

S. NO JUST CAUSE FOR DELAY

145. The Bankruptcy Court finds and concludes that there is no just cause for delay, and that the Confirmation Order may take effect immediately upon entry, notwithstanding anything to the contrary in Federal Rules of Bankruptcy Procedure 3020(e) or 7062(a).

III. REPORT AND RECOMMENDATION TO THE DISTRICT COURT

146. To the extent required under 28 U.S.C. § 157(d), the Bankruptcy Court hereby reports to the District Court and recommends that the District Court enter an order issuing and affirming the Asbestos Personal Injury Channeling Injunction set forth in the Plan and paragraph

48 (“Asbestos Personal Injury Channeling Injunction”) of the Confirmation Order and adopting the Findings of Fact and Conclusions of Law set forth herein with respect to compliance with the requirements of section 524(g), pursuant to section 524(g)(3) of the Bankruptcy Code.

#

EXHIBIT 1

Proposed Confirmation Order

[TO BE INSERTED]

EXHIBIT 2

Proposed Confirmation Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:	:	Chapter 11
	:	
SEPCO CORPORATION,	:	Case No. 16-50058
	:	
Debtor. ¹	:	Judge Alan M. Koschik
	:	

**ORDER CONFIRMING THE SECOND AMENDED PLAN OF
REORGANIZATION, AS MODIFIED, FOR SEPCO CORPORATION UNDER
CHAPTER 11 OF THE BANKRUPTCY CODE**

¹ The last four digits of Sepco's federal tax identification number are 7402.

Table of Contents

	Page
I. GENERAL PROVISIONS REGARDING CONFIRMATION OF THE PLAN AND APPROVAL OF PLAN-RELATED DOCUMENTS.....	3
A. CONFIRMATION OF THE PLAN.	3
B. SUPPLEMENTS AND MODIFICATIONS TO THE PLAN	3
C. CONDITIONS TO CONFIRMATION OF THE PLAN	3
D. CONDITIONS TO EFFECTIVE DATE.....	4
E. EFFECTS OF CONFIRMATION	4
F. APPROVAL, MODIFICATION, AND EXECUTION OF PLAN DOCUMENTS	6
II. APPROVAL OF EXECUTORY CONTRACT PROVISIONS	7
III. BAR DATES AND OTHER CLAIMS MATTERS	8
A. BAR DATE FOR PROFESSIONAL FEE CLAIMS.....	8
B. BAR DATE FOR REJECTION DAMAGES CLAIMS	9
IV. MATTERS RELATING TO IMPLEMENTATION OF THE PLAN.....	10
A. ACTIONS IN FURTHERANCE OF THE PLAN.....	10
B. DIRECTOR AND OFFICER OF REORGANIZED SEPCO.....	12
C. CREATION OF THE ASBESTOS PERSONAL INJURY TRUST	12
D. TRANSFERS OF CERTAIN PROPERTY TO AND ASSUMPTION OF CERTAIN LIABILITIES BY THE ASBESTOS PERSONAL INJURY TRUST	13
1. Funding of the Asbestos Personal Injury Trust.....	13
2. Transfer of Claims and Demands to the Asbestos Personal Injury Trust..	14
3. Transfer of Rights and Defenses to the Asbestos Personal Injury Trust ...	14
4. Institution and Maintenance of Legal and Other Proceedings	15

5.	Appointment of Asbestos Personal Injury Trustee	15
6.	Appointment of Asbestos Personal Injury Trust Advisory Committee Members	15
7.	Appointment of Post-Effective Date Future Claimants’ Representative... 16	
8.	Asbestos Claimants Committee	16
9.	Indemnity Obligations of the Asbestos Personal Injury Trust	16
E.	EXEMPTIONS FROM TAXATION	17
F.	DISTRIBUTION RECORD DATE.....	17
G.	ISSUANCE OF NEW INSTRUMENTS.....	17
V.	DISCHARGES, INJUNCTIONS, AND RELEASES	18
A.	DISCHARGE OF CLAIMS AGAINST SEPCO AND REORGANIZED SEPCO.....	18
B.	DISALLOWED CLAIMS.....	18
C.	SEPCO DISCHARGE INJUNCTION.....	19
D.	ASBESTOS PERSONAL INJURY CHANNELING INJUNCTION	19
E.	RELEASES BY THE DEBTOR AND ITS ESTATE AND RELATED INJUNCTION	21
F.	WAIVER OF CALIFORNIA CIVIL CODE TO THE EXTENT APPLICABLE	22
G.	RELEASES BY HOLDERS OF CLAIMS.....	23
H.	TERM OF INJUNCTIONS AND AUTOMATIC STAY	23
1.	Injunctions and/or Stays in Existence Immediately Prior to Confirmation.....	23
2.	Injunctions Provided for in the Plan or Confirmation Order.....	24
VI.	EXCULPATION PROVISIONS	24
VII.	ISSUES RELATED TO THE PLAN AND OBJECTIONS TO CONFIRMATION	25

VIII.	RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT	25
IX.	NOTICE OF ENTRY OF CONFIRMATION ORDER	25
X.	PAYMENT OF FEES	25
XI.	EFFECT OF REVERSAL	26
XII.	NO JUST CAUSE FOR DELAY	26
XIII.	REPORT AND RECOMMENDATION TO THE DISTRICT COURT	26
XIV.	RECORDATION	27

WHEREAS, Sepco Corporation (“Sepco” or the “Debtor”), the Official Committee of Asbestos Claimants (the “Asbestos Claimants Committee”), and the Future Claimants’ Representative (collectively, the “Plan Proponents”) have proposed the *Second Amended Plan of Reorganization, as Modified, for Sepco Corporation Under Chapter 11 of the Bankruptcy Code* [Doc. No. 664], as supplemented by the *Supplement to Second Amended Plan of Reorganization, as Modified, for Sepco Corporation . . .* [Doc. No. 708] (as so supplemented, the “Plan”);

WHEREAS, no objections to confirmation of the Plan were filed with the Bankruptcy Court;

WHEREAS, a hearing on confirmation of the Plan was held on March 23, 2020, at which counsel for the Plan Proponents presented certain evidence in support of confirmation of the Plan and at which no objections to confirmation or to such evidence were made; and

WHEREAS, the Bankruptcy Court has entered certain Findings of Fact and Conclusions of Law (the “Findings of Fact and Conclusions of Law”)² respecting confirmation of the Plan, which are incorporated by reference herein.

NOW, THEREFORE, THE BANKRUPTCY COURT HEREBY ORDERS, ADJUDGES, AND DECREES THAT:

² Capitalized terms and phrases used but not otherwise defined herein have the meanings given to them in the Plan or, if not defined in the Plan, in the Findings of Fact and Conclusions of Law. The rules of interpretation set forth in Article I of the Plan apply to this *Order Confirming the Second Amended Plan of Reorganization, as Modified, for Sepco Corporation Under Chapter 11 of the Bankruptcy Code* (the “Confirmation Order”). In addition, in accordance with Section 1.1 of the Plan, any term used in the Plan, the Findings of Fact and Conclusions of Law, or this Confirmation Order that is not defined therein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, has the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

I. GENERAL PROVISIONS REGARDING CONFIRMATION OF THE PLAN AND APPROVAL OF PLAN-RELATED DOCUMENTS

A. CONFIRMATION OF THE PLAN

1. The Plan, a copy of which is attached hereto as Exhibit A, along with each of its provisions (whether or not specifically approved herein) and all operative exhibits and schedules thereto, is **CONFIRMED** in each and every respect, pursuant to section 1129 of the Bankruptcy Code. The terms of the Plan and the operative exhibits and schedules thereto are incorporated by reference into this Confirmation Order, and the provisions of the Plan and this Confirmation Order are non-severable and mutually dependent. Notwithstanding the foregoing, if there is any direct conflict between the terms of the Plan or any exhibit or schedule thereto and the terms of this Confirmation Order, the terms of this Confirmation Order shall control. This Confirmation Order shall supersede any prior orders of the Bankruptcy Court issued in the Chapter 11 Case that may be inconsistent with this Confirmation Order. The terms of the Plan and the operative exhibits and schedules thereto shall be effective and binding as of the Effective Date.

B. SUPPLEMENTS AND MODIFICATIONS TO THE PLAN

2. Pursuant to the terms of the Plan, the Plan Proponents have timely supplemented the Plan, as reflected in that certain *Supplement to Second Amended Plan of Reorganization, as Modified, for Sepco Corporation . . .*, filed on February 21, 2020 [Doc. No. 708] (the “Plan Supplement”).

3. The Plan Supplement does not adversely change the treatment of the Claim of any creditor or the Equity Interest of any interest holder of the Debtor or has been consented to by the Entities affected thereby, and is approved in all respects.

C. CONDITIONS TO CONFIRMATION OF THE PLAN

4. As the Bankruptcy Court found in the Findings of Fact and Conclusions of Law,

each of the conditions to confirmation of the Plan as set forth in Section 11.1 of the Plan has been satisfied or duly waived.

D. CONDITIONS TO EFFECTIVE DATE

5. Nothing in this Confirmation Order or in the Findings of Fact and Conclusions of Law alters in any way the provisions of Sections 11.2 and 11.3 of the Plan, which include provisions regarding (a) the conditions precedent to the Effective Date of the Plan and (b) the waiver of any such conditions. If a condition to the occurrence of the Effective Date set forth in Section 11.2 of the Plan cannot be satisfied, and the occurrence of such condition is not waived in writing by the Plan Proponents as set forth in Section 11.3 of the Plan, then the Plan shall be deemed null and void and this Confirmation Order shall be deemed vacated. Upon the satisfaction or waiver of the conditions contained in Section 11.2 of the Plan and the occurrence of the Effective Date, substantial consummation of the Plan, within the meaning of sections 1101 and 1127 of the Bankruptcy Code, is deemed to occur.

E. EFFECTS OF CONFIRMATION

6. In accordance with section 1141(a) of the Bankruptcy Code, subject to occurrence of the Effective Date as provided in Section 11.2 of the Plan and Paragraph 5 of this Confirmation Order, and notwithstanding any otherwise applicable law, immediately upon the entry of this Confirmation Order, the terms and provisions of the Plan and this Confirmation Order shall be binding upon the Debtor, Reorganized Sepco, any entity acquiring property under the Plan, any and all holders of Claims, Demands, or Equity Interests (irrespective of whether Claims or Equity Interests are Impaired under the Plan or whether the holders of Claims or Equity Interests accepted, rejected, or are deemed to have accepted or rejected the Plan), any and all non-Debtor parties to Executory Contracts and unexpired leases with the Debtor, any and all Entities who are parties to

or are subject to the settlements, compromises, releases, waivers, discharges, and injunctions described in this Confirmation Order, in the Findings of Fact and Conclusions of Law, or in the Plan, and any and all other parties-in-interest, and each of the respective heirs, executors, administrators, trustees, affiliates, officers, directors, agents, representatives, attorneys, beneficiaries, guardians, successors, or assigns, if any, of any of the foregoing.

7. All settlements, transactions, and agreements to be effected pursuant to the Plan, whether or not expressly discussed herein, are approved in all respects, including, without limitation, the Asbestos Personal Injury Trust Agreement, the Asbestos Personal Injury Trust Distribution Procedures, the Asbestos Personal Injury Channeling Injunction, and the releases contained in the Plan of the Released Parties.

8. The failure to reference or discuss any particular provision of the Plan in this Confirmation Order shall have no effect on the validity, binding effect, and enforceability of such provision and such provision shall have the same validity, binding effect, and enforceability as every other provision of the Plan.

9. All transfers of assets of the Debtor contemplated under the Plan shall be free and clear of any and all Liens, Claims, Encumbrances, and other interests of any Entity, except as otherwise provided for in the Plan, the Plan Documents, or this Confirmation Order. This includes, as set forth in Section 9.2 of the Plan, the property of the Estate of Sepco (except for the Asbestos Personal Injury Trust Contribution and any other property of Sepco distributed pursuant to the Plan) which will vest in Reorganized Sepco on the Effective Date. From and after the Effective Date, Reorganized Sepco may operate its business and may use, acquire, and dispose of property free of any restrictions imposed under or by the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court. Without limiting the foregoing, Reorganized Sepco may, without application

to, or approval by, the Bankruptcy Court, pay professional fees and expenses that Reorganized Sepco may incur after the Effective Date from the Net Reserve Funds.

10. All transfers of property by Sepco to Reorganized Sepco under the Plan (a) are or will be legal, valid, and effective transfers of property; (b) vest or will vest Reorganized Sepco with good title to such property; (c) do not and will not constitute avoidable transfers under the Bankruptcy Code or under other applicable bankruptcy or non-bankruptcy law; and (d) do not and will not subject Reorganized Sepco to any liability by reason of any of such transfers under the Bankruptcy Code or applicable non-bankruptcy law, including, without limitation, any laws purporting to impose successor or transferee liability.

F. APPROVAL, MODIFICATION, AND EXECUTION OF PLAN DOCUMENTS

11. The Plan and all operative exhibits and schedules thereto, substantially in the form as they exist at the time of the entry of this Confirmation Order, including, without limitation, the documents relating to the Asbestos Personal Injury Trust, and each of the other operative Plan Documents, are ratified and approved in all respects. All relevant parties are authorized, without further action by the Bankruptcy Court, to enter into, effectuate, and perform any and all obligations under such Plan Documents, notwithstanding that the efficacy of such documents may be subject to the occurrence of the Effective Date or another date thereafter.

12. Pursuant to Section 12.2 of the Plan, any Plan Proponents, with the consent of all of the other Plan Proponents (which consent may not be unreasonably withheld), are hereby authorized to alter, amend, or modify the Plan or any exhibits or schedules thereto under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date and may include any such amended exhibits or schedules in the Plan, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Plan Proponents shall

have complied with section 1125 of the Bankruptcy Code, to the extent necessary. Further, any Plan Proponents, with the consent of all of the other Plan Proponents (which consent may not be unreasonably withheld), are hereby authorized to alter, amend, or modify the Plan or any exhibits or schedules thereto at any time after entry of the Confirmation Order and before the Plan's substantial consummation, provided that: (a) the Plan, as modified, altered, or amended, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code and (b) the Bankruptcy Court, after notice and a hearing, confirms the Plan as modified, under section 1129 of the Bankruptcy Code, and finds that the circumstances warrant such modification. A holder of a Claim that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, the Plan as modified, unless, within the time fixed by the Bankruptcy Court (if any), such holder changes its previous acceptance or rejection, to the extent such holder is afforded the opportunity to do so under section 1127(d) of the Bankruptcy Code. After the Effective Date, Reorganized Sepco or the Asbestos Personal Injury Trust, as applicable, may remedy any defects or omissions or reconcile any inconsistencies in the Plan Documents for the purpose of implementing the Plan in such manner as may be necessary to carry out the purposes and intent of the Plan, so long as the interests of the holders of Allowed Claims and other applicable parties-in-interest are not adversely affected thereby.

13. Notwithstanding anything in Section 12.2 or any other provision of the Plan, there shall be no modification to the Plan made at any time (whether before or after entry of this Confirmation Order) that would materially reduce or eliminate any of the protections provided in the Plan to the Protected Parties, the Released Parties, or the Exculpated Parties, or any of them.

II. APPROVAL OF EXECUTORY CONTRACT PROVISIONS

14. As set forth in Section 6.1 of the Plan, Sepco shall reject, as of the Effective Date, any

and all Executory Contracts to which Sepco is a party, except for: (a) any Executory Contracts specifically listed in Exhibit F to the Plan, which shall be assumed, and (b) any Executory Contracts specifically assumed or assumed and assigned pursuant to a Final Order entered on or before the Effective Date.

15. All Executory Contracts assumed or assumed and assigned by Sepco during the Chapter 11 Case or under the Plan shall remain in full force and effect for the benefit of Reorganized Sepco or the assignee thereof notwithstanding any provision in such contract (including those provisions described in sections 365(b)(2) and (f) of the Bankruptcy Code) that prohibits such assignment or transfer or that enables or requires termination of such contract or lease.

III. BAR DATES AND OTHER CLAIMS MATTERS

A. BAR DATE FOR PROFESSIONAL FEE CLAIMS

16. Pursuant to Section 2.2 of the Plan, except as provided in Sections 2.2(c) - (e) of the Plan, requests for payment of Administrative Expense Claims must be filed with the Bankruptcy Court and served on counsel for Reorganized Sepco no later than the First Business Day that is sixty (60) calendar days after the Effective Date (the "Administrative Expense Claims Bar Date"). Holders of Administrative Expense Claims (including, without limitation, Professionals asserting Professional Fee Claims and the holders of any Claims for federal, state or local taxes) that are required to file a request for payment of such Claims and that do not file such requests by the Administrative Expense Claims Bar Date (or, in the case of tax claims, such later date as may be applicable pursuant to Section 2.2(e) of the Plan) shall be forever barred from asserting such Claims against Sepco, Reorganized Sepco, or any of their respective property. Reorganized Sepco shall schedule a hearing on all Administrative Expense Claims for an omnibus

hearing date that is at least 105 days after the Effective Date.

17. Pursuant to Section 2.2 of the Plan, all Professionals or other entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and/or section 1103 of the Bankruptcy Code for services rendered before the Effective Date (including, without limitation, any compensation requested by any Professional or any other entity for making a substantial contribution in the Chapter 11 Case), other than any Professional whose compensation or reimbursement of expenses the Bankruptcy Court has allowed in a Final Order that is or was entered before the Effective Date, shall file and cause to be served (either themselves or by Kurtzman Carson Consultants LLC, Sepco's Claims and Balloting Agent) on (a) counsel for Reorganized Sepco, (b) the United States Trustee, (c) holders of Allowed Class 1, 2, 3, and 5 Claims, and (d) (in the manner authorized in the Court's *Order Authorizing . . . Certain Asbestos Claimant Notice Procedures* dated January 22, 2016 (Doc. No. 26)) holders of Class 4 Claims an application for final allowance of compensation and reimbursement of expenses no later than the Administrative Expense Claims Bar Date. Any objection to a Professional Fee Claim must be filed and served on (i) the United States Trustee, (ii) counsel for Reorganized Sepco, and (iii) the Professional(s) to whose application(s) the objection is addressed, no later than forty-five (45) calendar days after the Administrative Expense Claims Bar Date. Not later than twenty (20) calendar days after allowance by the Bankruptcy Court of compensation and expenses set forth in any application therefor submitted by a Professional, Reorganized Sepco shall pay the allowed compensation and expenses to that Professional from the Net Reserve Funds.

B. BAR DATE FOR REJECTION DAMAGES CLAIMS

18. Pursuant to Section 6.3 of the Plan, to the extent any Executory Contract is rejected by Sepco or Reorganized Sepco pursuant to the Plan and results in damages to the non-Debtor

party or parties to such Executory Contract, a claim for such damages shall be forever barred and shall not be enforceable against Sepco, Reorganized Sepco, or any of their respective properties or interests in property, and the non-Debtor party or parties to such Executory Contract shall be barred from receiving any Distribution under the Plan on account of such Claim, unless a Proof of Claim with respect to such damages is filed with the Bankruptcy Court and served upon counsel for Sepco or Reorganized Sepco, as applicable, on or before (a) if such Executory Contract is rejected pursuant to Section 6.1 of the Plan, thirty (30) calendar days after entry of this Confirmation Order; or (b) if such Executory Contract is rejected pursuant to a Final Order of the Bankruptcy Court granting a motion filed by Sepco to reject such Executory Contract, thirty (30) calendar days after entry of such order.

19. Together with the notice referenced in paragraph 57 of this Confirmation Order, the Plan constitutes due and proper notice to Entities that may assert a Claim for damages from the rejection of any and all Executory Contracts, to the extent any Executory Contract is rejected in the Plan, of the bar date for filing a Proof of Claim in connection therewith.

IV. MATTERS RELATING TO IMPLEMENTATION OF THE PLAN

A. ACTIONS IN FURTHERANCE OF THE PLAN

20. The Plan Proponents and all other parties-in-interest are authorized to implement the Plan in accordance with its terms.

21. Pursuant to sections 1123 and 1142 of the Bankruptcy Code, and applicable non-bankruptcy law (collectively, the “Reorganization Effectuation Statutes”), without further action by the Bankruptcy Court or the stockholder or directors of either Sepco or Reorganized Sepco, all matters provided for under the Plan involving the corporate structure of Sepco or Reorganized Sepco, or any corporate action to be taken by, or required of Sepco or Reorganized Sepco (including, without limitation, the Restructuring Transactions described in Section 8.10 of the Plan),

shall hereby be authorized, approved, and deemed to have occurred and be effective as provided in the Plan.

22. In addition, any officer, director, member, or manager of Sepco or Reorganized Sepco, as the case may be, is hereby authorized to execute, deliver, file, and record such contracts, instruments, releases, indentures, certificates, and other agreements or documents, and take such other actions, as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Any appropriate officer of Sepco is hereby authorized to certify or attest to any of the foregoing, if necessary.

23. Sepco and Reorganized Sepco, and all other parties, including all holders of Claims entitled to receive Distributions under the Plan, shall execute any and all documents and instruments that must be executed under or in connection with the Plan in order to implement the terms of the Plan or to effectuate the Distributions under the Plan, provided that such documents and instruments are reasonably acceptable to that party or those parties.

24. To the extent that, under applicable non-bankruptcy law, any of the foregoing actions would otherwise require the consent or approval of the stockholders or directors of Sepco or Reorganized Sepco, as the case may be, this Confirmation Order shall, pursuant to sections 1123(a)(5) and 1142 of the Bankruptcy Code and the Reorganization Effectuation Statutes, constitute such consent or approval, and such actions are deemed to have been taken by unanimous action of the stockholders or directors of Sepco or Reorganized Sepco, as the case may be,.

25. In addition to the authority to execute and deliver, adopt, or amend, as the case may be, the contracts, instruments, releases, and other agreements (including, without limitation, the Plan Documents) specifically granted in this Confirmation Order, each of Sepco and Reorganized Sepco is authorized and empowered (without further action by the Bankruptcy Court or further

action or consent by all of its respective stockholders or directors) to take any and all such actions as any of its respective officers, directors, members, or managers may determine are necessary or appropriate to implement, effectuate, and consummate the Plan, this Confirmation Order, the Plan Documents, or the transactions contemplated thereby or hereby.

26. To the extent any approval of the Bankruptcy Court is required for any of the Plan Proponents to enter into any of the Plan Documents, or to take any actions thereunder, or to consummate any of the transactions contemplated thereby, such approvals are hereby granted.

27. The approvals and authorizations specifically set forth in this Confirmation Order are non-exclusive and are not intended to limit the authority of Sepco or Reorganized Sepco or any officer, director, member, or manager thereof to take any and all actions necessary or appropriate to implement, effectuate, and consummate the Plan, this Confirmation Order, the Plan Documents, or the transactions contemplated thereby or hereby.

B. DIRECTOR AND OFFICER OF REORGANIZED SEPCO

28. The appointment of the individual who will serve as officer and director of Reorganized Sepco as of the Effective Date, in accordance with Section 8.7 of the Plan and the Notice filed with the Bankruptcy Court on March 20, 2020 [Doc. No. 718], is hereby approved.

C. CREATION OF THE ASBESTOS PERSONAL INJURY TRUST

29. On the Effective Date, the Asbestos Personal Injury Trust shall be created in accordance with the terms and conditions of the Plan and the Asbestos Personal Injury Trust Agreement. The Asbestos Personal Injury Trust and the Asbestos Personal Injury Trustee thereof are authorized and empowered to receive the assets to be transferred to the Asbestos Personal Injury Trust pursuant to Sections 8.2, 8.3, and 9.2 of the Plan, which shall include, without limitation, 100% of the Reorganized Sepco Common Stock.

30. Pursuant to the Reorganization Effectuation Statutes, as applicable, other appropriate provisions of applicable state laws governing corporations or other legal entities, and section 1142(b) of the Bankruptcy Code, without further action by the Bankruptcy Court or the directors or stockholders of Sepco and without further notice to any Entities, Sepco is authorized and directed to execute, deliver, and perform its obligations under the Asbestos Personal Injury Trust Agreement and to execute, deliver, file, record, and implement all such other contracts, instruments, agreements, or documents and take all such other actions as any of Sepco's directors or officers may determine are necessary, appropriate, or desirable in connection therewith. The Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures, as in effect on the Effective Date, shall be substantially in the forms attached to the Plan as Exhibit A and Exhibit B, respectively.

31. On the Effective Date, except as otherwise provided in the Plan, this Confirmation Order, or an order of the Bankruptcy Court in the Chapter 11 Case, all right, title, and interest in and to the Asbestos Personal Injury Trust Assets and any proceeds or causes of action thereunder shall be automatically transferred and assigned to, and indefeasibly vested in, the Asbestos Personal Injury Trust, free and clear of all Claims, Liens, Encumbrances, and other interests of any Entity, without any further action of any Entity.

D. TRANSFERS OF CERTAIN PROPERTY TO AND ASSUMPTION OF CERTAIN LIABILITIES BY THE ASBESTOS PERSONAL INJURY TRUST

1. Funding of the Asbestos Personal Injury Trust

32. The Debtor shall fund the Asbestos Personal Injury Trust in accordance with Sections 8.2(a)(ii) and 8.3 of the Plan.

2. Transfer of Claims and Demands to the Asbestos Personal Injury Trust

33. Subject to the terms and conditions of and as set forth in Articles VIII and X of the Plan, on the Effective Date, all liabilities, obligations, and responsibilities relating to all present and future Asbestos Personal Injury Claims, including, without limitation, Demands, shall be transferred and channeled to the Asbestos Personal Injury Trust and shall be satisfied solely by the assets held by the Asbestos Personal Injury Trust. This transfer and channeling is in consideration for the property transferred to the Asbestos Personal Injury Trust and in furtherance of the purposes of the Asbestos Personal Injury Trust and the Plan. The Asbestos Personal Injury Trust shall have no liability for any Claims and Demands other than Asbestos Personal Injury Claims and Asbestos Personal Injury Trust Expenses, and no Claims other than Asbestos Personal Injury Claims and Asbestos Personal Injury Trust Expenses shall be transferred and channeled to the Asbestos Personal Injury Trust.

3. Transfer of Rights and Defenses to the Asbestos Personal Injury Trust

34. With the exception of those claims released pursuant to Section 10.5 of the Plan, on the Effective Date all claims, defenses, rights and Causes of Action of Sepco and Reorganized Sepco relating to Asbestos Personal Injury Claims shall be transferred and assigned to the Asbestos Personal Injury Trust. In accordance with section 1123(b) of the Bankruptcy Code, the Asbestos Personal Injury Trust shall retain and may enforce those claims, defenses, rights, and Causes of Action and shall retain and may enforce all defenses and counterclaims to all Claims or Demands asserted against the Asbestos Personal Injury Trust, including, but not limited to, setoff, recoupment, and any rights under section 502(d) of the Bankruptcy Code; provided, however, that no such claims, defenses, Causes of Action, or counterclaims may be asserted against any Protected Party. The Asbestos Personal Injury Trust shall be deemed to be the appointed representative of

Sepco and Reorganized Sepco, and may pursue, litigate, compromise, and settle any rights, claims, or Causes of Action transferred to it, as appropriate.

4. Institution and Maintenance of Legal and Other Proceedings

35. From and after the Effective Date, the Asbestos Personal Injury Trust shall be empowered and entitled, in its sole and absolute discretion and at its own expense, to pursue, compromise, or settle all legal actions and other proceedings related to any asset, liability, or responsibility of the Asbestos Personal Injury Trust that is not released pursuant to the Plan.

5. Appointment of Asbestos Personal Injury Trustee

36. The appointment of Alan B. Rich, Esquire, as the initial Asbestos Personal Injury Trustee is hereby approved. Mr. Rich shall be appointed on the Effective Date, and shall thereafter serve in accordance with the terms of the Plan and the Asbestos Personal Injury Trust Agreement. For purposes of performing the duties and fulfilling the obligations under the Asbestos Personal Injury Trust Agreement and the Plan, the Asbestos Personal Injury Trustee shall be deemed to be a party-in-interest within the meaning of section 1109(b) of the Bankruptcy Code.

6. Appointment of Asbestos Personal Injury Trust Advisory Committee Members

37. The appointment of Thomas Bevan, Esq. of Bevan & Associates LPA, Inc., Perry Browder, Esq. of Simmons Hanly Conroy LLC, James Ferraro, Esq. of Kelley & Ferraro, LLP, Christina Hutchins, Esq. of The Gori Law Firm, Robert Shuttlesworth, Esq. of Shrader & Associates LLP, and Lauren Williams, Esq. of SWMW Law, LLC as the initial members of the Asbestos Personal Injury Trust Advisory Committee is hereby approved. As of the Effective Date, the initial members of the Asbestos Personal Injury Trust Advisory Committee shall serve as members of the committee in accordance with the terms of the Asbestos Personal Injury Trust Agreement.

7. Appointment of Post-Effective Date Future Claimants' Representative

38. Effective on the Effective Date, Lawrence Fitzpatrick shall be discharged from his duties as the Future Claimants' Representative and, on the same date, Mr. Fitzpatrick shall be appointed as the Post-Effective Date Future Claimants' Representative. The Post-Effective Date Future Claimants' Representative shall have the functions, duties, and rights provided in, and shall serve in accordance with, the Asbestos Personal Injury Trust Agreement. In addition, the Post-Effective Date Future Claimants' Representative may, at his option, participate in any: (a) appeal of this Confirmation Order; (b) hearing on a Professional Fee Claim; and (c) adversary proceeding pending on the Effective Date to which the Future Claimants' Representative was a party.

8. Asbestos Claimants Committee

39. In accordance with Section 9.1 of the Plan, effective on the Effective Date, the Asbestos Claimants Committee shall be dissolved automatically. Notwithstanding the foregoing, if the Effective Date occurs prior to this Confirmation Order becoming a Final Order, the Asbestos Claimants Committee may, at its option, continue to serve and function for the purposes of participating in any: (a) appeal of this Confirmation Order, but only until such time as this Confirmation Order becomes a Final Order; (b) hearing on a Professional Fee Claim; and (c) adversary proceeding pending on the Effective Date to which the Asbestos Claimants Committee was a party.

9. Indemnity Obligations of the Asbestos Personal Injury Trust

40. The Asbestos Personal Injury Trust shall be bound by the indemnity obligations set forth in the Asbestos Personal Injury Trust Documents, including, without limitation, those indemnity obligations set forth in Section 4.6 of the Asbestos Personal Injury Trust Agreement.

E. EXEMPTIONS FROM TAXATION

41. Pursuant to section 1146(a) of the Bankruptcy Code, any issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust, pledge, or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan shall be exempt from all stamp, transfer, or similar taxes, as provided in section 1146(a).

F. DISTRIBUTION RECORD DATE

42. The Distribution Record Date for the purposes of determining an entitlement to receive Distributions under the Plan on account of Allowed Claims, other than Asbestos Personal Injury Claims, shall be the same as the Confirmation Date, which is defined as the earlier of (a) the date on which this Confirmation Order is affirmed by the District Court or (b) the date on which this Confirmation Order is entered by the District Court.

43. As set forth in Section 5.2 of the Plan, except as otherwise provided in a Final Order, the transferees of Claims that are transferred pursuant to Rule 3001 of the Bankruptcy Rules on or prior to the Distribution Record Date shall be treated as the holders of such Claims for all purposes, notwithstanding that any period provided by Bankruptcy Rule 3001 for objecting to such transfer has not expired by the Distribution Record Date.

G. ISSUANCE OF NEW INSTRUMENTS

44. All instruments to be issued under the Plan (including, without limitation, the Reorganized Sepco Common Stock) shall upon issuance be duly authorized and validly issued, fully paid, and non-assessable, and any conditions precedent to issuance shall be deemed satisfied.

V. DISCHARGES, INJUNCTIONS, AND RELEASES

A. DISCHARGE OF CLAIMS AGAINST SEPCO AND REORGANIZED SEPCO

45. Except as specifically provided in the Plan or in this Confirmation Order, pursuant to sections 524 and 1141(d)(1)(A) of the Bankruptcy Code, confirmation of the Plan shall discharge Sepco and Reorganized Sepco on the Effective Date from any and all Claims and Demands of any nature whatsoever, including, without limitation, all Claims and liabilities that arose before the Confirmation Date and all debts of the kind specified in sections 502(g), 502(h), and 502(i) of the Bankruptcy Code, whether or not: (a) a Proof of Claim based on such Claim was filed under section 501 of the Bankruptcy Code, or such Claim was listed on any of Sepco's Schedules; (b) such Claim is or was allowed under section 502 of the Bankruptcy Code; or (c) the holder of such Claim has voted on or has accepted or rejected the Plan. Except as otherwise specifically provided for in the Plan, as of the Effective Date, the rights provided in the Plan to holders of Claims, Demands, and Equity Interests shall be in exchange for and in complete satisfaction, settlement, and discharge of all Claims (including, without limitation, Asbestos Personal Injury Claims) and Demands against, Liens on, and Equity Interests in Sepco, Reorganized Sepco, and all of their respective assets and properties.

B. DISALLOWED CLAIMS

46. As set forth in Section 10.7 of the Plan, on and after the Effective Date, Sepco and the Estate shall be fully and finally discharged from any liability or obligation on all Disallowed Claims, and any order creating a Disallowed Claim that is not a Final Order as of the Effective Date solely because of an Entity's right to move for reconsideration of such order pursuant to section 502 of the Bankruptcy Code or Bankruptcy Rule 3008 shall nevertheless become and be deemed to be a Final Order on the Effective Date. This Confirmation Order, except as otherwise

provided herein or in the Plan, shall constitute an order: (a) disallowing all Claims (other than Asbestos Personal Injury Claims) to the extent such Claims are not allowable under any provision of section 502 of the Bankruptcy Code, including, but not limited to, time-barred Claims, and Claims for unmatured interest, and (b) disallowing or subordinating, as the case may be, any Claims, or portions of Claims, for penalties or non-compensatory damages.

C. SEPCO DISCHARGE INJUNCTION

47. As set forth in Section 10.2 of the Plan, the Plan provides for the following permanent injunction (the “Sepeco Discharge Injunction”), which is hereby approved and authorized in all respects and which shall take effect as of the Effective Date:

Except as specifically provided in the Plan or the Confirmation Order, all Entities who have held, hold or may hold Claims or Demands against Sepco are permanently enjoined, on and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind against Sepco, Reorganized Sepco, or their respective property with respect to such Claim or Demand; (b) enforcing, attaching, collecting, or recovering by any manner or means of any judgment, award, decree, or order against Sepco, Reorganized Sepco, or their respective property with respect to such Claim or Demand; (c) creating, perfecting, or enforcing any Encumbrance of any kind against Sepco, Reorganized Sepco, or their respective property with respect to such Claim or Demand; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due to Sepco or against the property or interests in property of Sepco, with respect to such Claim or Demand; and/or (e) commencing or continuing any action, in any manner, against Sepco, Reorganized Sepco, or their respective property that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. The foregoing injunction shall extend to the successors of Sepco (including, without limitation, Reorganized Sepco) and their respective properties and interests in property. The discharge provided in this provision shall void any judgment obtained against Sepco at any time, to the extent that such judgment relates to a discharged Claim or Demand.

D. ASBESTOS PERSONAL INJURY CHANNELING INJUNCTION

48. As set forth in Section 10.3 of the Plan, the Plan provides for the following permanent injunction that shall channel all current asbestos-related Claims and future asbestos-related Demands to the Asbestos Personal Injury Trust (the “Asbestos Personal Injury Channeling”

Injunction”). The following Asbestos Personal Injury Channeling Injunction is hereby approved and authorized in all respects and shall take effect as of the Effective Date:

(a) **Terms.** Pursuant to section 524(g) of the Bankruptcy Code, from and after the Effective Date the sole recourse of any holder of an Asbestos Personal Injury Claim on account of such Asbestos Personal Injury Claim shall be to the Asbestos Personal Injury Trust pursuant to this Section 10.3 of the Plan and the Asbestos Personal Injury Trust Distribution Procedures, and such holder shall have no right whatsoever at any time to assert its Asbestos Personal Injury Claim against any Protected Party or any property or interest in property of any Protected Party. On and after the Effective Date, all present and future holders of Asbestos Personal Injury Claims shall be permanently and forever stayed, restrained, barred and enjoined from taking any of the following actions for the purpose of, directly or indirectly or derivatively collecting, recovering, or receiving payment of, on, or with respect to any Asbestos Personal Injury Claim (other than from the Asbestos Personal Injury Trust pursuant to the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures):

(i) *commencing, conducting, or continuing in any manner, directly, indirectly or derivatively, any suit, action, or other proceeding of any kind (including a judicial, arbitration, administrative, or other proceeding) in any forum against or affecting any Protected Party or any property or interest in property of any Protected Party;*

(ii) *enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Protected Party or any property or interest in property of any Protected Party;*

(iii) *creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Encumbrance against any Protected Party or any property or interest in property of any Protected Party;*

(iv) *setting off, seeking reimbursement of, contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to any Protected Party or any property or interest in property of any Protected Party; and*

(v) *proceeding in any manner and in any place with regard to any matter that is within the scope of the matters designated by the Plan to be subject to resolution by the Asbestos Personal Injury Trust, except in conformity and compliance with the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures.*

(b) **Reservations.** This Asbestos Personal Injury Channeling Injunction shall not stay, restrain, bar, or enjoin:

(i) *the rights of holders of Asbestos Personal Injury Claims to assert Asbestos Personal Injury Claims against the Asbestos Personal Injury Trust in accordance with the Asbestos Personal Injury Trust Distribution Procedures;*

(ii) *the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Asbestos Personal Injury Trust Expenses against the Asbestos Personal Injury Trust; and*

(iii) *the rights of holders of Asbestos Personal Injury Claims to assert any and all claims or causes of action against any Entities that are not Protected Parties, including, without limitation, any Affiliates of the Debtor.*

(c) The foregoing Asbestos Personal Injury Channeling Injunction shall apply to Settled Asbestos Insurers to the fullest extent, but only to the extent, provided by section 524(g) of the Bankruptcy Code in respect of any claim that arises by reason of one of the activities enumerated in section 524(g)(4)(A)(ii) of the Bankruptcy Code.

E. RELEASES BY THE DEBTOR AND ITS ESTATE AND RELATED INJUNCTION

49. As set forth in Section 10.5 of the Plan, except as otherwise expressly provided in the Plan or this Confirmation Order, on the Effective Date, for good and valuable consideration, the adequacy of which is confirmed by this Confirmation Order, Sepco, Reorganized Sepco, and any Entity seeking to exercise the rights of the Estate, in each case, individually or collectively (including, without limitation, any successor to Sepco or any Estate representative appointed or selected pursuant to the applicable provisions of the Bankruptcy Code), shall, and hereby shall be deemed to, completely and forever release, waive, and discharge unconditionally the Released Parties solely in their capacities as such, from any and all claims, obligations, suits, judgments, remedies, damages, Demands, debts, rights, Causes of Action and liabilities that are (or that, at any time on or prior to the Effective Date, were) property of the Estate, whether known or unknown,

liquidated or unliquidated, fixed or contingent, foreseen or unforeseen, matured or unmatured, now existing or hereafter arising, in law, equity or otherwise, whether direct, indirect, or derivative, based upon, attributable to, or arising out of, in whole or in part, any act or omission, transaction, or occurrence taking place on or prior to the Effective Date (including prior to the Petition Date); provided, however, that nothing contained in Section 10.5 of the Plan is intended to operate as a release of any liability based upon gross negligence or willful misconduct as determined by a Final Order.

F. WAIVER OF CALIFORNIA CIVIL CODE TO THE EXTENT APPLICABLE

50. As set forth in Section 10.6 of the Plan, to the extent that California law is applicable to the Plan, if at all, Sepco understands and waives the effect of section 1542 of the California Civil Code to the extent that such section is applicable to Sepco, Reorganized Sepco, or the Estate.

Section 1542 of the California Civil Code provides:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM OR HER MUST HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR.

Section 10.6 of the Plan provides:

EACH OF SEPCO AND REORGANIZED SEPCO AGREES TO ASSUME, AND SHALL BE DEEMED TO ASSUME, THE RISK OF ANY AND ALL UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS WHICH ARE RELEASED BY THE PLAN AND EACH OF SEPCO AND REORGANIZED SEPCO HEREBY WAIVES AND RELEASES ALL RIGHTS AND BENEFITS WHICH EITHER OF THEM OR THE ESTATE MIGHT OTHERWISE HAVE UNDER THE AFOREMENTIONED SECTION 1542 OF THE CALIFORNIA CIVIL CODE WITH REGARD TO THE RELEASE OF SUCH UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS. TO THE EXTENT (IF ANY) ANY OTHER LAWS

SIMILAR TO SECTION 1542 OF THE CALIFORNIA CIVIL CODE MAY BE APPLICABLE, EACH OF SEPCO AND REORGANIZED SEPCO WAIVES AND RELEASES ANY BENEFIT, RIGHT OR DEFENSE WHICH EITHER OF THEM OR THE ESTATE MIGHT OTHERWISE HAVE UNDER ANY SUCH LAW WITH REGARD TO THE RELEASE OF UNKNOWN, UNANTICIPATED OR MISUNDERSTOOD DEFENSES, CLAIMS, CAUSES OF ACTION, CONTRACTS, LIABILITIES, INDEBTEDNESS AND OBLIGATIONS.

G. RELEASES BY HOLDERS OF CLAIMS

51. As set forth in Section 8.3(g) of the Plan, in connection with the resolution of Asbestos Personal Injury Claims, the Asbestos Personal Injury Trust Distribution Procedures shall provide on the Effective Date, and shall not thereafter cease to provide, that all holders of Asbestos Personal Injury Claims shall execute an Asbestos Personal Injury Claimant Release as a precondition to receiving payment on account of their Asbestos Personal Injury Claims from the Asbestos Personal Injury Trust. The Asbestos Personal Injury Claimant Release shall be substantially in the form attached to the Plan as Exhibit H. The Asbestos Personal Injury Trust Distribution Procedures also provide that, in addition to the Asbestos Personal Injury Claimant Release, all holders of Asbestos Personal Injury Claims shall execute a release with respect to the Asbestos Personal Injury Trust and its related parties in a form to be determined by the Asbestos Personal Injury Trustee with the consent of the Asbestos Personal Injury Trust Advisory Committee and the Post-Effective Date Future Claimants' Representative.

H. TERM OF INJUNCTIONS AND AUTOMATIC STAY

1. Injunctions and/or Stays in Existence Immediately Prior to Confirmation

52. All of the injunctions and/or stays in existence immediately prior to the Confirmation Date provided for in or in connection with the Chapter 11 Case, whether pursuant to section 105, 362, or any other provision of the Bankruptcy Code, the Bankruptcy Rules, or other applicable law, shall remain in full force and effect until the injunctions set forth in the Plan become

effective pursuant to a Final Order, and shall continue to remain in full force and effect thereafter as and to the extent provided by the Plan, this Confirmation Order, or by their own terms. Upon effectiveness of the injunctions set forth in the Plan, the automatic stay imposed by section 362 of the Bankruptcy Code shall be terminated. In addition, on and after the Confirmation Date, Sepco or Reorganized Sepco, as applicable, may seek such further orders as it may deem necessary or appropriate to preserve the status quo during the time between the Confirmation Date and the Effective Date.

2. Injunctions Provided for in the Plan or Confirmation Order

53. Each of the injunctions contained in the Plan or this Confirmation Order shall become effective on the Effective Date and shall continue in effect at all times thereafter unless otherwise provided in the Plan or this Confirmation Order.

VI. EXCULPATION PROVISIONS

54. As set forth in Section 10.4 of the Plan, none of the Exculpated Parties shall have or incur any liability to any Entity for any act or omission in connection with, related to, or arising out of: (a) the Chapter 11 Case; (b) negotiation, formulation, and preparation of the Plan and the other Plan Documents, and any of the terms and/or settlements and compromises reflected in the Plan and the other Plan Documents; (c) pursuit of confirmation of the Plan; (d) consummation of the Plan, or administration of the Plan or the property to be distributed under the Plan or the Asbestos Personal Injury Trust Distribution Procedures; (e) the releases and injunctions contained in the Plan; or (f) the management or operation of Sepco. Without limiting the generality of the foregoing, the Exculpated Parties shall be entitled to and granted the protections and benefits of section 1125(e) of the Bankruptcy Code.

VII. ISSUES RELATED TO THE PLAN AND OBJECTIONS TO CONFIRMATION

55. No objections were received to confirmation of the Plan.

VIII. RETENTION OF JURISDICTION BY THE BANKRUPTCY COURT

56. The Bankruptcy Court shall retain jurisdiction in the Chapter 11 Case as set forth in Section 12.1 of the Plan.

IX. NOTICE OF ENTRY OF CONFIRMATION ORDER

57. Pursuant to Bankruptcy Rules 2002(f)(7) and 3020(c), Reorganized Sepco is authorized and directed to serve (or cause to be served by Kurtzman Carson Consultants LLC), within ten (10) days after the occurrence of the Effective Date, a notice of the entry of this Confirmation Order, which shall include: notice of the bar date for Administrative Expense Claims, including Professional Fee Claims, established by the Plan and this Confirmation Order; notice of the issuance of the Sepco Discharge Injunction and the Asbestos Personal Injury Channeling Injunction; notice of the Effective Date; notice of affirmance of the Confirmation Order by the District Court; and notice of substantial consummation of the Plan, substantially in the form of Exhibit B attached hereto and incorporated herein by reference (the “Confirmation Notice”), on all parties that received notice of the Confirmation Hearing, including, without limitation, the various counsel to holders of Asbestos Personal Injury Claims; provided, however, that Reorganized Sepco is authorized and directed to serve (or cause to be served by Kurtzman Carson Consultants LLC) the Confirmation Notice directly on those holders of Asbestos Personal Injury Claims that received solicitation packages directly from the Claims and Balloting Agent pursuant to the terms of the Solicitation Procedures Order.

X. PAYMENT OF FEES

58. All fees payable pursuant to section 1930 of title 28 of the United States Code prior

to the Effective Date shall be paid by the Debtor on the Effective Date. After the Effective Date, the Reorganized Debtor shall pay any and all such fees from the Net Reserve Funds when due and payable, and shall file with the Bankruptcy Court quarterly reports in a form reasonably acceptable to the United States Trustee. The Debtor and the Reorganized Debtor shall remain obligated to pay quarterly fees to the Office of the United States Trustee until the Debtor's case is converted, dismissed, or closed, whichever occurs first.

XI. EFFECT OF REVERSAL

59. If any or all provisions of this Confirmation Order are reversed, modified, or vacated by subsequent order, such act shall not affect the validity of acts or obligations taken or incurred under the Plan, Plan Documents, or this Confirmation Order prior to provision to the Plan Proponents of notice of such reversal, modification, or vacatur. Notwithstanding any such reversal, modification, or vacatur of this Confirmation Order, any such act or obligation incurred or undertaken pursuant to, and in reliance on, this Confirmation Order prior to the effective date of such reversal, modification, or vacatur shall be governed in all respects by the provisions of this Confirmation Order and the Plan or any amendments or modifications thereto.

XII. NO JUST CAUSE FOR DELAY

60. The Bankruptcy Court determines that there is no just cause for delay, and that this Confirmation Order shall take effect immediately upon entry, notwithstanding anything to the contrary in Federal Rules of Bankruptcy Procedure 3020(e) or 7062(a).

XIII. REPORT AND RECOMMENDATION TO THE DISTRICT COURT

61. To the extent required under 28 U.S.C. § 157(d), the Bankruptcy Court hereby reports to the District Court and recommends that the District Court enter an order issuing and affirming the Asbestos Personal Injury Channeling Injunction set forth in the Plan and paragraph

48 (“Asbestos Personal Injury Channeling Injunction”) of this Confirmation Order and adopting the Findings of Fact and Conclusions of Law incorporated by reference herein with respect to compliance with the requirements of section 524(g), pursuant to section 524(g)(3) of the Bankruptcy Code.

XIV. RECORDATION

THIS ORDER IS HEREBY DECLARED TO BE IN RECORDABLE FORM AND SHALL BE ACCEPTED BY ANY RECORDING OFFICER FOR FILING AND RECORDING PURPOSES WITHOUT FURTHER OR ADDITIONAL ORDERS, CERTIFICATIONS, OR OTHER SUPPORTING DOCUMENTS.

#

Exhibit A

Confirmed Plan

[TO BE INSERTED]

Exhibit B

Form of Confirmation Notice

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:	:	Chapter 11
SEPCO CORPORATION,	:	Case No. 16-50058
Debtor. ²	:	Judge Alan M. Koschik

NOTICE OF (A) ENTRY OF CONFIRMATION ORDER, (B) EFFECTIVE DATE OF THE PLAN, (C) SUBSTANTIAL CONSUMMATION OF THE PLAN, AND (D) BAR DATE FOR ADMINISTRATIVE EXPENSE CLAIMS, INCLUDING PROFESSIONAL FEE CLAIMS

PLEASE TAKE NOTICE OF THE FOLLOWING:

1. **Confirmation of the Plan.** Sepco Corporation (“Sepco” or the “Debtor” and, as reorganized, “Reorganized Sepco”) hereby gives notice that, on _____, 2020 (the “Confirmation Date”), the Honorable Alan M. Koschik, United States Bankruptcy Judge, entered an order (the “Confirmation Order”) [Docket No. ___] confirming the *Second Amended Plan of Reorganization, as Modified, for Sepco Corporation Under Chapter 11 of the Bankruptcy Code* (as modified through the Confirmation Date, the “Plan”), and also entered the *Findings of Fact and Conclusions of Law in Support of Order Confirming the Second Amended Plan of Reorganization, as Modified, for Sepco Corporation Under Chapter 11 of the Bankruptcy Code* (the “Findings of Fact and Conclusions of Law”) [Docket No. ___]. On _____, 2020, the United States District Court for the Northern District of Ohio entered an order (the “Affirmance Order”) affirming the Confirmation Order and adopting the Findings of Fact and Conclusions of Law [Docket No. ___]. The Affirmance Order was entered on the District Court docket on _____, 2020 [Case No. ___, Docket No. _____]. Unless otherwise defined in this Notice, capitalized terms and phrases used herein have the meanings set forth in the Plan.

2. **Effective Date.** Pursuant to the Confirmation Order, Reorganized Sepco hereby gives notice that the Plan became effective in accordance with its terms, and that the Effective Date occurred, on _____, 2020 (the “Effective Date”).

3. **Substantial Consummation.** Reorganized Sepco hereby gives notice that the Plan has been substantially consummated within the meaning of section 1101(2) of the

² The last four digits of Sepco’s federal tax identification number are 7402.

Bankruptcy Code.

4. **Releases and Injunctions.** The Plan contains certain provisions regarding releases and injunctions, which are set forth in Article X of the Plan and are described in Section VIII.D of the Disclosure Statement. The injunction provisions include the following:

a. **Discharge Injunction** *Except as specifically provided in the Plan or the Confirmation Order, all Entities who have held, hold or may hold Claims or Demands against Sepco are permanently enjoined, on and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind against Sepco, Reorganized Sepco, or their respective property with respect to such Claim or Demand; (b) enforcing, attaching, collecting, or recovering by any manner or means of any judgment, award, decree, or order against Sepco, Reorganized Sepco, or their respective property with respect to such Claim or Demand; (c) creating, perfecting, or enforcing any Encumbrance of any kind against Sepco, Reorganized Sepco, or their respective property with respect to such Claim or Demand; (d) asserting any right of setoff, subrogation, or recoupment of any kind against any obligation due to Sepco or against the property or interests in property of Sepco, with respect to such Claim or Demand; and/or (e) commencing or continuing any action, in any manner, against Sepco, Reorganized Sepco, or their respective property that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. The foregoing injunction shall extend to the successors of Sepco (including, without limitation, Reorganized Sepco) and their respective properties and interests in property. The discharge provided in this provision shall void any judgment obtained against Sepco at any time, to the extent that such judgment relates to a discharged Claim or Demand.*

b. **Asbestos Personal Injury Channeling Injunction.** *Pursuant to section 524(g) of the Bankruptcy Code, from and after the Effective Date the sole recourse of any holder of an Asbestos Personal Injury Claim on account of such Asbestos Personal Injury Claim shall be to the Asbestos Personal Injury Trust pursuant to Section 10.3 of the Plan and the Asbestos Personal Injury Trust Distribution Procedures, and such holder shall have no right whatsoever at any time to assert its Asbestos Personal Injury Claim against any Protected Party or any property or interest in property of any Protected Party. On and after the Effective Date, all present and future holders of Asbestos Personal Injury Claims shall be permanently and forever stayed, restrained, barred and enjoined from taking any of the following actions for the purpose of, directly or indirectly or derivatively collecting, recovering, or receiving payment of, on, or with respect to any Asbestos Personal Injury Claim (other than from the Asbestos Personal Injury Trust pursuant to the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures):*

(i) *commencing, conducting, or continuing in any manner, directly, indirectly or derivatively, any suit, action, or other proceeding of any kind (including a judicial, arbitration, administrative, or other proceeding) in any forum against or affecting any Protected Party or any property or interest in property of any Protected Party;*

(ii) *enforcing, levying, attaching (including any prejudgment attachment), collecting, or otherwise recovering by any means or in any manner, whether directly or indirectly, any judgment, award, decree, or other order against any Protected Party or any property or interest in property of any Protected Party;*

(iii) *creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Encumbrance against any Protected Party or any property or interest in property of any Protected Party;*

(iv) *setting off, seeking reimbursement of, contribution from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability owed to any Protected Party or any property or interest in property of any Protected Party; and*

(v) *proceeding in any manner and in any place with regard to any matter that is within the scope of the matters designated by the Plan to be subject to resolution by the Asbestos Personal Injury Trust, except in conformity and compliance with the Asbestos Personal Injury Trust Agreement and the Asbestos Personal Injury Trust Distribution Procedures.*

(c) **Reservations.** *This Asbestos Personal Injury Channeling Injunction shall not stay, restrain, bar, or enjoin:*

(i) *the rights of holders of Asbestos Personal Injury Claims to assert Asbestos Personal Injury Claims against the Asbestos Personal Injury Trust in accordance with the Asbestos Personal Injury Trust Distribution Procedures;*

(ii) *the rights of Entities to assert any Claim, debt, obligation, or liability for payment of Asbestos Personal Injury Trust Expenses against the Asbestos Personal Injury Trust; and*

(iii) *the rights of holders of Asbestos Personal Injury Claims to assert any and all claims or causes of action against any Entities that are not Protected Parties, including, without limitation, any Affiliates of the Debtor.*

(d) *The foregoing Asbestos Personal Injury Channeling Injunction shall apply to Settled Asbestos Insurers to the fullest extent, but only to the extent, provided by section 524(g) of the Bankruptcy Code in respect of any*

claim that arises by reason of one of the activities enumerated in section 524(g)(4)(A)(ii) of the Bankruptcy Code.

5. **Holders of Asbestos Personal Injury Claims** . Pursuant to the Plan and the Confirmation Order, the Asbestos Personal Injury Trust shall assume full and exclusive liability and responsibility for all Asbestos Personal Injury Claims (as defined in the Plan). Holders of Asbestos Personal Injury Claims shall be entitled to assert such claims solely against the Asbestos Personal Injury Trust, and shall not be entitled to assert their Asbestos Personal Injury Claims against any other Entity. Holders of Asbestos Personal Injury Claims shall be required to grant a release of certain claims as a precondition to receiving payment on account of their Asbestos Personal Injury Claims from the Asbestos Personal Injury Trust, which release is described in Section 8.3(h) of the Plan and a copy of which release is appended to the Plan as Exhibit H thereto.

6. **Bar Date for Administrative Expense Claims** . Pursuant to the Plan and the Confirmation Order, Administrative Expense Claims, which include all claims held by Professionals or other entities requesting compensation or reimbursement of expenses pursuant to sections 327, 328, 330, 331, 503(b) and/or section 1103 of the Bankruptcy Code for services rendered before the Effective Date (including, without limitation, any compensation requested by any Professional or any other entity for making a substantial contribution in the Chapter 11 Case), other than any Professional whose compensation or reimbursement of expenses the Bankruptcy Court has allowed in a Final Order that is or was entered before the Effective Date, shall file and cause to be served (either themselves or by Kurtzman Carson Consultants LLC, Sepco's Claims and Balloting Agent) on (a) counsel for Reorganized Sepco, (b) the United States Trustee, (c) holders of Allowed Class 1, 2, 3, and 5 Claims, and (d) (in the manner authorized in the Court's *Order Authorizing . . . Certain Asbestos Claimant Notice Procedures* dated January 22, 2016 (Doc. No. 26)) holders of Class 4 Claims an application for final allowance of compensation and reimbursement of expenses no later than _____, 2020 (the "Administrative Expense Claims Bar Date"). Any objection to a Professional Fee Claim must be filed and served on (i) the United States Trustee, (ii) counsel for Reorganized Sepco, and (iii) the Professional(s) to whose application the objection is addressed, no later than forty-five (45) calendar days after the Administrative Expense Claims Bar Date. Not later than twenty (20) calendar days after allowance by the Bankruptcy Court of compensation and expenses set forth in any application therefor submitted by a Professional, Reorganized Sepco shall pay the allowed compensation and expenses to that Professional from the Net Reserve Funds

7. **Distribution Record Date** . The Distribution Record Date for purposes of determining an entitlement to receive Distributions under the Plan on account of Allowed Claims, other than Asbestos Personal Injury Claims, is _____, 2020. As of the close of business on the Distribution Record Date, the various transfer and claims registers for each of the classes of Claims as maintained by the Debtor or its agent shall be deemed closed. In the event that the holder of any Claim transfers such Claim on and after the Distribution Record Date, the holder must immediately advise the Debtor in writing of such transfer. The Debtor will be entitled to assume that no transfer of any Claim has been made by any holder

unless and until written notice of a transfer has been actually received by the Debtor.

8. **Claims Arising from Rejection of Executory Contracts or Unexpired Leases.** To the extent any Executory Contract is rejected by the Debtor pursuant to the Plan and results in damages to the non-Debtor party or parties to such Executory Contract, a Claim for such damages shall be forever barred and shall not be enforceable against Sepco, Reorganized Sepco, or any of their respective properties or interests in property, and the non-Debtor party or parties to such Executory Contract shall be barred from receiving any Distribution under the Plan on account of such Claim, unless a Proof of Claim with respect to such damages is filed with the Bankruptcy Court and served upon counsel for Sepco or Reorganized Sepco, as applicable, on or before (a) if such Executory Contract is rejected pursuant to Section 6.1 of the Plan, thirty (30) calendar days after entry of the Confirmation Order; or (b) if such Executory Contract is rejected pursuant to a Final Order of the Bankruptcy Court granting a motion filed by Sepco to reject such Executory Contract, thirty (30) calendar days after entry of such order.

9. **Termination of the Automatic Stay.** The automatic stay under section 362 of the Bankruptcy Code, as applicable to the Debtor, expired on _____, 2020.

10. **Copies of Plan and Confirmation Order.** Copies of the Plan, any Exhibits or Schedules to the Plan, the Confirmation Order, the Findings of Fact and Conclusions of Law, or the Affirmance Order may be (a) obtained free of charge from the Debtor's Balloting Agent, Kurtzman Carson Consultants, LLC ("KCC"), 222 N. Pacific Coast Highway, 3rd Floor, El Segundo, California 90245; (b) viewed free of charge at KCC's dedicated website related to the Debtor's Chapter 11 Case (<http://www.kccllc.net/sepco>); (c) inspected during regular business hours at the Office of the Clerk of the Bankruptcy Court, 455 U.S. Courthouse, 2 South Main Street, Akron, Ohio 44308; or (d) for a fee, viewed on the Internet at the Bankruptcy Court's website (<http://www.ohnb.uscourts.gov>).

Dated: _____, 2020

BY ORDER OF THE COURT

/s/

HARRY W. GREENFIELD (0003839)
hgreenfield@bernsteinlaw.com
JEFFREY C. TOOLE (0064688)
jtoole@bernsteinlaw.com
BERNSTEIN-BURKLEY, P.C.
Fifth Third Center
600 Superior Avenue East, Suite 1300
Cleveland, Ohio 44114
Telephone: (800) 693-4013
Facsimile: (412) 456-8135

Attorneys for Sepco Corporation,
Debtor and Debtor-in-Possession