

SO ORDERED.



Dated: September 14, 2006

Redfield T. Baum, Sr.

REDFIELD T. BAUM, SR
U.S. Bankruptcy Judge

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re:

TFS ELECTRONIC MANUFACTURING
SERVICES, INC.,

Debtor.

Chapter 11

Case No. 05-15403-PHX-RTB

**FINDINGS OF FACT, CONCLUSIONS
OF LAW, AND ORDER
CONFIRMING AMENDED
LIQUIDATING PLAN OF
REORGANIZATION**

This matter came before the Court for hearing on September 12, 2006, at 9:00 a.m. (Prevailing Arizona Time) ("Confirmation Hearing") to consider confirmation of the *Debtor's Amended Liquidating Plan of Reorganization*, dated August 3, 2006, as modified on the record at the Confirmation Hearing (the "Plan"), with such modifications incorporated in this Order, proposed by TFS Electronic Manufacturing Services, Inc. (the "Debtor").

RECITALS

1
2 WHEREAS, on August 3, 2006, the Debtor filed the *Debtor's Liquidating Plan of*
3 *Reorganization*, as subsequently modified by the Plan, and the *Disclosure Statement In*
4 *Support of Debtor's Liquidating Plan of Reorganization Dated August 3, 2006*, as
5 modified by the *Amended Disclosure Statement In Support of Debtor's Liquidating Plan*
6 *of Reorganization* on August 15, 2006 ("Disclosure Statement");

7 WHEREAS, after a hearing on the Disclosure Statement on August 10, 2006, the
8 Court entered an order [Docket # 436] (the "Solicitation Procedures Order") that, among
9 other things, (i) preliminarily approved the Disclosure Statement under Section 1125 of
10 the Bankruptcy Code and Fed.R.Bankr.P. 3017, (ii) approved the form of ballot with
11 respect to classes of Claims¹ entitled to vote on the Plan ("Ballot") and the form of
12 election for inclusion in the administrative convenience class under the Plan ("Election
13 Form"), (iii) fixed September 12, 2006, as the date for the commencement of the
14 Confirmation Hearing, (iv) approved the form and method of notice of the Confirmation
15 Hearing (the "Confirmation Hearing Notice"), and (v) established procedures for
16 soliciting and tabulating votes with respect to the Plan;

17 WHEREAS, the Confirmation Hearing Notice, the Disclosure Statement, the Plan,
18 the Solicitation Procedures Order (without exhibits), a Solicitation Letter from the Official
19 Committee of Unsecured Creditors, and, as to impaired Classes of Claims, the Ballot
20 (with Election Form) were transmitted in accordance with Rule 3017(d) of the Bankruptcy
21

22 Unless otherwise defined, capitalized terms used herein shall have the meanings
23 ascribed to them in the Plan, which shall be incorporated herein by this reference. An y
24 term used in the Plan or this Order that is not defined in the Plan or this Order, but that is
25 used in the United States Bankruptcy Code, 11 U.S.C. §§ 101-1330, as amended (the
26 "Bankruptcy Code"), or the Federal Rules of Bankruptcy Procedure (the "Bankruptcy
Rules"), shall have the meaning ascribed to that term in the Bankruptcy Code or the
Bankruptcy Rules.

1 Rules and the Solicitation Procedures Order, as set forth in the Certificate of Service
2 dated August 15, 2006 [Docket # 440];

3 WHEREAS, the Debtor filed its Ballot Report on September 11, 2006, attesting to
4 and certifying the results of the Ballot tabulation for Classes of Claims voting to accept or
5 reject the Plan;

6 WHEREAS, the Ballot Report indicates that all Classes entitled to vote on the Plan
7 have accepted the Plan; and

8 WHEREAS, no objections to final approval of the Disclosure Statement or to
9 confirmation of the Plan were timely filed and served.

10 NOW, THEREFORE, based upon the Court's review of the Ballot Report; upon
11 the declarations, testimony and other evidence adduced during the Confirmation Hearing;
12 upon the entire record of the Bankruptcy Case; and after due deliberation thereon; and
13 good cause appearing;

14 **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

15 IT IS HEREBY FOUND AND DETERMINED THAT

16 A. Exclusive Jurisdiction; Venue, Core Proceeding (28 U.S.C. §§ 157(b)(2)
17 and 1334(a)). This Court has jurisdiction over the Bankruptcy Case pursuant to 28 U.S.C.
18 §§ 157 and 1334. Venue is proper under 28 U.S.C. §§ 1408 and 1409. Confirmation of
19 the Plan is a core proceeding under 28 U.S.C. § 157(b)(2), and this Court has exclusive
20 jurisdiction to determine whether the Plan complies with the applicable provisions of the
21 Bankruptcy Code and should be confirmed.

22 B. Judicial Notice. This Court takes judicial notice of the docket of the
23 Bankruptcy Case maintained by the Clerk of the Bankruptcy Court, including without
24 limitation all pleadings and other documents filed, all orders entered, and all evidence and
25 arguments made, proffered or adduced, all hearings held before this Court during the
26 pendency of the Bankruptcy Case, including without limitation, (a) the Confirmation

1 Hearing; (b) the hearing held on the sale of the Debtor's assets on October 26, 2005;
2 (c) the hearings on July 7 and July 26, 2006 on the Global Settlement; and (d) the hearing
3 conducted on August 10, 2006 to consider preliminarily the adequacy of the Disclosure
4 Statement.

5 C. Transmittal and Mailing of Materials; Notice. Due, adequate and sufficient
6 notice of the Disclosure Statement, the Plan, and the Confirmation Hearing, along with the
7 deadlines for voting on or filing of objections to the Plan and deadlines for filing
8 objections to final approval of the Disclosure Statement, has been given to all known
9 holders of Claims and Interests in accordance with the procedures set forth in the
10 Solicitation Procedures Order. The Disclosure Statement, Plan, Ballot (with Election
11 Form), Solicitation Letter, Solicitation Procedures Order (without Exhibits), and
12 Confirmation Hearing Notice were transmitted and served in compliance with the
13 Solicitation Procedures Order and the Bankruptcy Rules, and such transmittal and service
14 were adequate and sufficient. Adequate and sufficient notice of the Confirmation Hearing
15 and the related bar dates and hearings described in the Solicitation Procedures Order was
16 given in compliance with the Bankruptcy Rules and the Solicitation Procedures Order,
17 and no other or further notice is or shall be required.

18 D. Burden of Proof. The Debtor, as proponent of the Plan, has the burden of
19 proving the elements of Section 1129(a) and (b) of the Bankruptcy Code by a
20 preponderance of the evidence.

21 E. Plan Compliance with Bankruptcy Code. The Plan complies with the
22 applicable provisions of the Bankruptcy Code, thereby satisfying Section 1129(a)(1) of
23 the Bankruptcy Code.

24 1. Proper Classifications (11 U.S.C. §§ 1122 and 1123(a)(1)). In
25 addition to Administrative Claims and Priority Claims, the Plan designates eight (8)
26 Classes of Claims and Interests in the Plan. The Claims and Interests placed in each Class

1 are substantially similar to other Claims or Interests, as the case may be, in each such
2 Class. Valid business, factual and legal reasons exist for separately classifying various
3 Class of Claims and Interests created under the Plan, and such Classes do not unfairly
4 discriminate between holders of Claims or Interests. Thus, the Plan satisfies Sections
5 1122 and 1123(a)(1) of the Bankruptcy Code.

6 2. Specified Unimpaired Classes (11 U.S.C. § 1123(a)(2)). Section 4 of
7 the Plan specifies that the Class 1 (Administrative Claims) and Class 2 Claims (Priority
8 Claims) are not impaired under the Plan, thereby satisfying Section 1123(a)(2) of the
9 Bankruptcy Code.

10 3. Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)).
11 Sections 7 through 10, inclusive, of the Plan designates Class 5 (Administrative
12 Convenience Class), Class 6 (General Unsecured Claims), Class 7 (General Unsecured
13 Claims of Three-Five Systems) and Class 8 (Equity Interests) as impaired, and specifies
14 the treatment of Claims and Interests in those Classes, thereby satisfying Section
15 1123(a)(3) of the Bankruptcy Code.

16 4. No Discrimination (11 U.S.C. § 1123(a)(4)). The Plan provides for
17 the same treatment by the Debtor for each Claim or Interest in each respective Class,
18 unless the holder of a particular Claim or Interest has agreed to a less favorable treatment
19 of such Claim or Interest, thereby satisfying Section 1123(a)(4) of the Bankruptcy Code.

20 5. Implementation of Plan (11 U.S.C. § 1123(a)(5)). The Plan provides
21 adequate and proper means for implementation of the Plan, thereby satisfying Section
22 1123(a)(5) of the Bankruptcy Code.

23 6. Nonvoting Equity Securities (11 U.S.C. § 1123(a)(6)). Since the
24 Plan calls for the complete liquidation of the Debtor and all its Assets, provisions
25 regarding the issuance of nonvoting equity securities are not applicable, thereby satisfying
26 Section 1123(a)(6) of the Bankruptcy Code.

1 7. Selection of Officers and Directors (11 U.S.C. § 1123(a)(7)). The
2 Debtor has properly and adequately disclosed the selection, appointment and replacement
3 of the Liquidation Trustee under the Plan and the creation of the Liquidating Trust.
4 Pursuant to Article XII of the Plan, David J. Tish has been selected to served as
5 Liquidating Trustee for the Liquidating Trust that will succeed the Debtor and effectuate
6 liquidation of the Estate. The Liquidating Trust Agreement provides for the removal or
7 replacement of the Liquidating Trustee for “cause” (as defined therein), and further
8 provides for the means for selection of a successor trustee. The Liquidating Trust
9 Agreement also establishes a Post-Confirmation Advisory Committee with functions as
10 detailed therein. As provided in the Liquidating Trust Agreement, the initial members of
11 the Post-Confirmation Advisory Committee are: (i) David L. Felsenthal of TTM
12 Technologies, Inc.; (ii) Mary S. Pacini of AVNET, Inc.; and (iii) Doug Christensen of
13 Arrow Electronics, Inc. All three initial members are currently members of the Unsecured
14 Committee, and their appointment to the Post-Confirmation Advisory Committee is
15 consistent with the interests of the Beneficiaries of the Liquidating Trust, thereby
16 satisfying Section 1123(a)(7) of the Bankruptcy Code.

17 8. Additional Plan Provisions (11 U.S.C. § 1123(b)). The Plan’s
18 provisions are appropriate and not inconsistent with applicable provisions of the
19 Bankruptcy Code, including provisions for: (i) the disposition of executory contracts and
20 unexpired leases (Article XIII); (ii) the Estate’s retention of, and right to enforce, sue,
21 settle or compromise (or refuse to do any of the foregoing with respect to) all claims,
22 rights or causes of action, suits, and proceedings, whether in law or in equity, known or
23 unknown, that the Debtor of the Estate may have against various Persons (Section 11.3 of
24 the Plan); and (iii) exculpation of various Persons with respect to actions related to or
25 taken in furtherance of the Bankruptcy Case, and injunctions against certain actions the
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1 Debtor, the Estate, the Liquidating Trust, related Persons and their respective properties
2 (Sections 17.4 and 17.5 of the Plan).

3 F. Debtor's Compliance With Bankruptcy Code (11 U.S.C. § 1129(a)(2)). The
4 Debtor has complied with the applicable provisions of the Bankruptcy Code, thereby
5 satisfying Section 1129(a)(2) of the Bankruptcy Code. Specifically:

6 (1) the Debtor is a proper debtor under Section 109 of the
7 Bankruptcy Code and proper proponents of the Plan under Section
8 1121(a) of the Bankruptcy Code.

9 (2) the Debtor has complied with applicable provisions of the
10 Bankruptcy Code, except as otherwise provided or permitted by
11 orders of this Court.

12 (3) the Debtor has complied with the applicable provisions of the
13 Bankruptcy Code in transmitting the Plan, the Disclosure Statement,
14 the Ballot, and related documents and notices in soliciting and
15 tabulating votes on the Plan.

16 G. Plan Proposed In Good Faith (11 U.S.C. § 1129(a)(3)). The Debtor has
17 proposed the Plan in good faith and not by any means forbidden by law, thereby satisfying
18 Section 1129(a)(3) of the Bankruptcy Code. In determining that the Plan has been
19 proposed in good faith, the Court has examined the totality of the circumstances
20 surrounding the filing of the Bankruptcy Case and the formulation of the Plan, and the
21 modifications thereto. The Court further notes the absence of any objections pursuant to
22 Section 1129(a)(3) of the Bankruptcy Code. The Bankruptcy Case was filed, and the Plan
23 (and modifications thereto) were proposed with the legitimate purpose of expeditiously
24 liquidating and distributing the Debtor's assets to the Creditors and interestholders
25 pursuant to a plan.

26 H. Payments For Services or Costs and Expenses (11 U.S.C. § 1129(a)(4)).
Any payment made or to be made by the Debtor for services or for costs and expenses in
or in connection with the Bankruptcy Case, or in connection with the Plan and incident to

1 the Bankruptcy Case, has been approved by, or is subject to the approval of, the Court as
2 reasonable, thereby satisfying Section 1129(a)(4) of the Bankruptcy Code.

3 I. Directors, Officers, And Insiders (11 U.S.C. § 1129(a)(5)). The Debtor has
4 complied with Section 1129(a)(5) of the Bankruptcy Code. Specifically, the Debtor has
5 disclosed that upon the Effective Date, David J. Tish, as Liquidating Trustee, will retain
6 authority over the Liquidating Trust as successor to the Debtor. Such appointment is
7 consistent with the interests of Creditors.

8 J. No Rate Changes (11 U.S.C. § 1129(a)(6)). The Debtor is not subject to any
9 governmental regulatory commission with jurisdiction after confirmation of the Plan, over
10 any rates of the Debtor. Thus, Section 1129(a)(6) of the Bankruptcy Code is not
11 applicable in the Bankruptcy Case.

12 K. Best Interest of Creditors Test (11 U.S.C. § 1129(a)(7)). The Plan satisfies
13 Section 1129(a)(7) of the Bankruptcy Code. The Plan, the Disclosure Statement, and
14 other evidence proffered or adduced at the Confirmation Hearing (i) are persuasive and
15 credible, (ii) have not been controverted by other evidence or challenged in any objection
16 to the Plan, and (iii) establish that each holder of an impaired Claim or Interest either has
17 accepted the Plan, or will receive or retain under the Plan, on account of such Claim or
18 Interest, property of a value, as of the Effective Date, that is not less than the amount that
19 such holder would receive or retain if the Debtor were liquidated under Chapter 7 of the
20 Bankruptcy Code on such date. Accordingly, the Plan is found and determined to be in
21 the best interest of creditors and interestholders, thus satisfying the requirement of Section
22 1129(a)(7) of the Bankruptcy Code.

23 L. Acceptance by Certain Classes (11 U.S.C. § 1129(a)(8)). Class 2 (Priority
24 Claims) are unimpaired by the Plan. Under Section 1126(f) of the Bankruptcy Code
25 and/or the Solicitation Procedures Order, such claimholders are conclusively presumed to
26 have accepted the Plan. Class 5 (Administrative Convenience Claims), Class 6 (General

1 Unsecured Claims) and Class 7 (General Unsecured Claims of Three-Five Systems) have
2 voted to accept the Plan pursuant to Sections 1126(c) and (d) of the Bankruptcy Code.
3 Class 8 (Equity Interests) is not receiving a distribution on account of such Interests under
4 the Plan. Accordingly, their votes have not been solicited, and Class 8 is presumed to
5 have rejected the Plan pursuant to Section 1126(g) of the Bankruptcy Code. Although
6 Section 1129(a)(8) of the Bankruptcy Code has not been satisfied with respect to Class 8,
7 the Plan is nevertheless confirmable because it satisfies Section 1129(b) of the Bankruptcy
8 Code with respect to that Class. See paragraph U, below.

9 M. Treatment of Administrative and Priority Claims (11 U.S.C. § 1129(a)(9)).

10 The treatment of Administrative Claims and non-tax Priority Claims under Sections 4.1
11 and 4.2 of the Plan satisfies the requirements of Sections 1129(a)(9)(A) and (B) of the
12 Bankruptcy Code, and the treatment of Priority Tax Claims under Section 4.3 of the Plan
13 satisfies the requirement of Section 1129(a)(9)(C) of the Bankruptcy Code.

14 N. Acceptance by Impaired Class (11 U.S.C. § 1129(a)(10)). Class 5

15 (Administrative Convenience Claims) and Class 6 (General Unsecured Claims) are
16 impaired classes of Claims that have each voted to accept the Plan and, to the Debtor's
17 knowledge, they contain no "insiders", thus satisfying Section 1129(a)(10) of the
18 Bankruptcy Code.

19 O. Feasibility (11 U.S.C. § 1129(a)(11)). The Plan explicitly provides for the

20 winding-down of the Debtor by the Liquidating Trustee and the distribution of Cash to
21 holders of Allowed Claims in accordance with the terms of the Plan and the Global
22 Settlement. Prior to the Confirmation Hearing, the vast majority of the Debtor's Assets
23 had already been sold and reduced to Cash. Thus, there is no issue here regarding the
24 ability of the Debtor, the Liquidating Trustee, or their successors to effectuate liquidation.
25 Moreover, the Plan and Liquidating Trust Agreement provide for the creation of reserves,
26 including an Operating Reserve and GUC Reserve, that will enable the Liquidating

1 Trustee to implement the terms of the Plan without the need for further financial
2 reorganization.

3 P. Payment of Fees (11 U.S.C. § 1129(a)(12)). All fees payable under 28.
4 U.S.C. § 1930 have been paid, or will be paid on the Effective Date, thereby satisfying
5 Section 1129(a)(12) of the Bankruptcy Code.

6 Q. Continuation of Retiree Benefits (11 U.S.C. § 1129(a)(13)). The Debtor is
7 not obligated to, and does not, pay any “retiree benefits” as defined in Section 1114(a) of
8 the Bankruptcy Code. Thus, Section 1129(a)(13) of the Bankruptcy Code is not
9 applicable in the Bankruptcy Case.

10 R. Domestic Support Obligations (11 U.S.C. § 1129(a)(14)). The Debtor is not
11 subject to any judicial or administrative order, or by statute, to pay any domestic support
12 obligation. Thus Section 1129(a)(14) of the Bankruptcy Code is not applicable in the
13 Bankruptcy Case.

14 S. Debtor Is Not an Individual (11 U.S.C. § 1129(a)(15)). Since the Debtor is
15 not an individual, Section 1129(a)(15) of the Bankruptcy Code is not applicable in the
16 Bankruptcy Case.

17 T. Moneyed, Business or Commercial Corporation (11 U.S.C. § 1129(a)(16)).
18 Since the Debtor is a commercial corporation, and constitutes a “moneyed, business or
19 commercial corporation”, Section 1129(a)(16) of the Bankruptcy Code is not applicable in
20 the Bankruptcy Case.

21 U. Fair and Equitable; No Unfair Discrimination (11 U.S.C. § 1129(b)). Class
22 8 Interests are impaired under the Plan and are receiving no distribution under the Plan,
23 and are therefore deemed to have rejected the Plan pursuant to Section 1126(g) of the
24 Bankruptcy Code. Class 8 is the only Class that has not accepted or been deemed to have
25 accepted the Plan. The Plan, however, does not discriminate unfairly and is fair and
26 equitable with respect to Class 8, as required by Section 1129(b)(1) of the Bankruptcy

1 Code. The Plan may be confirmed notwithstanding the Debtor's failure to satisfy Section
2 1129(a)(8) of the Bankruptcy Code.

3 V. Principal Purpose of the Plan (11 U.S.C. § 1129(d)). The principal purpose
4 of the Plan is not the avoidance of taxes or the avoidance of the application of Section 5 of
5 the Securities Act of 1933 (15 U.S.C. § 77e), and the Plan is in the best interest of the
6 Debtor's creditors.

7 W. Good Faith Solicitation (11 U.S.C. § 1129(e)). The Debtor, its agents,
8 accountants, consultants, representatives, attorneys, and advisors have solicited votes on
9 the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy
10 Code, and are entitled to the protection afforded by Section 1125(e) of the Bankruptcy
11 Code and the exculpation and limitation of the liability provisions set forth in Section 17.4
12 of the Plan.

13 X. Debtor's Compliance with Fed.R.Bankr.P. 3016(a). The Plan is dated and
14 identifies the entity submitting it, thereby satisfying Bankruptcy Rule 3016(a).

15 Y. Ballots. All procedures used to distribute solicitation materials to the
16 applicable creditors and to tabulate the Ballots were fair and conducted in accordance with
17 the Bankruptcy Code, the Bankruptcy Rules, and all other applicable rules, laws, and
18 regulations.

19 Z. Modifications to the Disclosure Statement. The modifications set forth in
20 paragraph 24 hereof do not materially and adversely affect or change the preliminary
21 finding that the Disclosure Statement contains "adequate information" as required by
22 Section 1125 of the Bankruptcy Code.

23 AA. Satisfaction of Disclosure Requirements. The Debtor received no objections
24 to the Disclosure Statement. The Disclosure Statement satisfies the requirements for
25 "adequate information" set forth in Section 1125 of the Bankruptcy Code.
26

1 BB. Modifications to the Plan. The modifications set forth in paragraph 25
2 hereof do not materially and adversely affect or change the treatment of any Claim or
3 Interest. Accordingly, pursuant to Bankruptcy Rule 3019, the modifications do not
4 require additional disclosure under Section 1125 of the Bankruptcy Code, nor do they
5 require that holders of Claim or Interest be afforded an opportunity to change previously
6 cast acceptances or rejections of the Plan.

7 CC. Satisfaction of Confirmation Requirements; No Competing Plans (11 U.S.C.
8 §1129(c). The Plan satisfies the requirements for confirmation set forth in Section 1129
9 of the Bankruptcy Code. There are no competing plans in the Bankruptcy case.

10 DD. Satisfaction of Conditions To Confirmation. The conditions to confirmation
11 set forth in Article XV of the Plan have been satisfied, or will be satisfied by entry of this
12 Order.

13 EE. Retention of Jurisdiction. The Court may properly retain jurisdiction over
14 matters set forth in Article XVI of the Plan and as contemplated herein.

15 FF. The Liquidating Trust Agreement and the Liquidating Trustee. The form of
16 Liquidating Trust Agreement attached as Exhibit 7 to the Disclosure Statement is
17 reasonable and in the best interest of creditors. Moreover, proposed compensation for the
18 Liquidating Trustee as set forth in Schedule A to the Liquidating Trust Agreement is fair
19 and reasonable.

20 GG. Rejection of Executory Contracts and Unexpired Leases. The rejection of
21 executory contracts and unexpired leases under the Plan is a reasonable exercise of the
22 Debtor's business judgment, and is in the best interests of the Debtor and the Estate.

1 NOW, THEREFORE, IT IS HEREBY ORDERED, ADJUDGED, AND
2 DECREED THAT:

3 1. Confirmation. The Plan, as modified by paragraph 25 hereof, is approved
4 and confirmed under Section 1129 of the Bankruptcy Code. The terms of the Plan and
5 exhibits thereto are incorporated by reference into and are an integral part of the Plan and
6 this Order.

7 2. Objections. There are no Objections to the Plan.

8 3. Provisions of the Plan and Order Nonseverable And Mutually Dependent.

9 The provisions of the Plan and this Order, including the findings of fact and conclusions
10 of law set forth herein, are nonseverable and mutually dependent. The findings of this
11 Court set forth in this Order constitute findings of fact and conclusions of law under
12 Bankruptcy Rule 7052, applicable to this matter under Bankruptcy Rule 9014.

13 4. Binding Effect. Pursuant to Section 1141 of the Bankruptcy Code, effective
14 as of the Effective Date, but subject to consummation of the Plan, and except as expressly
15 provided in the Plan or this Order, the provisions of the Plan (including the exhibits to,
16 and all documents and agreements executed pursuant to the Plan) and this Order shall be
17 binding on (a) the Debtor, (b) the Liquidating Trustee, (c) all holders of Claims and
18 Interests in the Debtor, whether or not, if impaired, such holder accepts the Plan, (d) each
19 Person acquiring property under the Plan, (e) any other party in interest, (f) any Person
20 making an appearance in the Bankruptcy Case, and (g) each of the foregoing's respective
21 heirs, successors, assigns, trustees, executors, administrators, affiliates, officers, directors,
22 agents, representatives, attorneys, beneficiaries, or guardians.

23 5. Revesting of Assets. Pursuant to Section 12.2 of the Plan, the Debtor's
24 right, title and interest to the Property shall vest in the Liquidating Trustee as of the
25 Effective Date, and shall remain property of the Estate under the possession and control of
26 the Liquidating Trustee for administration, liquidation and distribution in accordance with

1 the Plan and the Global Settlement, and shall continue to be subject to the jurisdiction of
2 the Bankruptcy Court following confirmation of the Plan until distributed to holders of
3 Allowed Claims in accordance with the provisions of the Plan and this Order. From and
4 after the Effective Date, all such Property shall vest in the Liquidating Trustee free and
5 clear of all Claims, Interests, liens and encumbrances, except as otherwise provided in the
6 Plan, the Liquidating Trust Agreement and this Order.

7 6. Exculpation. The exculpation and limitation of liability provisions
8 contained in Section 17.4 of the Plan are incorporated into this Order as if set forth in full,
9 and are hereby authorized and approved.

10 7. Injunctions. Except as otherwise specifically provided in the Plan or this
11 Order, from and after the Effective Date, all Persons who have held, hold, or may hold
12 Claims against or Interests in the Debtor are (i) permanently enjoined from taking any of
13 the following actions against the Estate on account of such Claim or Interest and
14 (ii) permanently enjoined from taking any of the following actions against the Debtor, the
15 Liquidating Trustee or Property of the Estate on account of such Claim or Interest:

16 (a) commencing or continuing, in any manner or in any place, any action
17 or other proceeding, including, without limitation, any actions seeking
18 affirmative relief against the Debtor and/or the Estate;

19 (b) enforcing, attaching, collecting or recovering in any manner any
20 judgment, award, decree or order;

21 (c) creating, perfecting or enforcing any lien or encumbrance;

22 (d) asserting a setoff, right of subrogation or recoupment of any kind
23 against any debt, liability or obligation due to the Debtor; and

24 (e) commencing or continuing, in any manner or in any place, any action
25 that does not comply with or is inconsistent with the provisions of the Plan;
26

1 provided, however, that (i) nothing contained in the Plan or this Order shall preclude such
2 Persons from exercising their rights pursuant to and consistent with the terms of the Plan
3 or the Global Settlement and (ii) nothing contained in the Plan or this Order shall preclude
4 or limit the right of the Estate (through its designated representatives) to assert or prevail
5 on any Preserved Litigation Claim.

6 8. Rejected Contracts and Leases. All executory contracts and unexpired
7 leases rejected under the Plan and not previously rejected are deemed rejected as of the
8 date this Court enters this Order. The Debtor and the Liquidating Trustee are released and
9 discharged from all obligations arising under all executory contracts and unexpired leases
10 rejected during the Bankruptcy Case or under the Plan. If the Debtor's rejection of an
11 executory contract or unexpired lease pursuant to the Plan gives rise to a Claim by the
12 non-Debtor party or parties to such contract or lease, such Claim shall be forever barred,
13 and shall not be enforceable against the Debtor or the Estate, the Liquidating Trustee, or
14 their respective successors or Property unless a proof of claim is filed with the Court and
15 served on counsel for the Debtor by the Rejection Claims Bar Date, as defined in Section
16 13.4 of the Plan.

17 9. Liquidating Trust Agreement. The form of Liquidating Trust Agreement
18 attached as Exhibit 7 to the Disclosure Statement is approved. Pursuant to Section 12.2 of
19 the Plan and the compensation schedule for the Liquidating Trustee attached as Schedule
20 A to the Liquidating Trust Agreement, the Debtor is authorized to execute and to take any
21 action necessary or appropriate to implement, effectuate or consummate the Liquidating
22 Trust Agreement, including the payment of fees and expenses incurred by the Liquidating
23 Trustee prior to the Effective Date. The appointment of David J. Tish, as the Liquidating
24 Trustee is approved.

25 10. The Disclosure Statement. After due notice and opportunity for hearing, the
26 Debtor's Disclosure Statement, approved on a preliminary basis pursuant to the

1 Solicitation Procedures Order on August 14, 2006, as modified by paragraph 24 hereof,
2 and in the absence of any objections to final approval, is hereby approved on a final basis
3 pursuant to Section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017(a).

4 11. General Authorizations. Pursuant to Section 1142(b) of the Bankruptcy
5 Code and pursuant to Section 17.7 of the Plan, the Debtor, Liquidating Trustee, and all
6 other necessary parties are authorized and empowered to (i) execute and deliver any
7 instrument, agreement or document and (ii) perform any act that is necessary, desirable or
8 required to comply with the terms and conditions of the Plan, the Liquidating Trust
9 Agreement or to consummate the Plan.

10 12. Cancellation of Equity Interests. All Equity Interests are cancelled and
11 terminated as of the Effective Date.

12 13. Exemption from Certain Taxes. All state or local government officials or
13 agents are directed to forego the collection of any tax or assessment described in Section
14 1146(c) of the Bankruptcy Code, and to accept for filing or recordation any of the
15 instruments or other documents described in this Order or in Section 1146(c) of the
16 Bankruptcy Code without the payment of any such tax or assessment.

17 14. Post-Confirmation Advisory Committee. Pursuant to Section 11.2(f) of the
18 Plan, the Post-Confirmation Advisory Committee shall consist of the individuals
19 designated in the Liquidating Trust Agreement and in Paragraph E.7, above. After the
20 Effective Date, the Post-Confirmation Advisory Committee shall have the rights, duties
21 and obligations, and will exist for the time period set forth in the Plan and the Liquidating
22 Trust Agreement.

23 15. No Business Activities. From and after the Effective Date, the Debtor and
24 the Liquidating Trustee shall not maintain any business operations, or engage in any
25 business activities, other than those activities of the Liquidating Trustee necessary to
26 implement the Plan and the Liquidating Trust Agreement. Except as otherwise provided

1 in the Plan, the Liquidating Trust Agreement and this Order, and subject to the oversight
2 of the Post-Confirmation Advisory Committee, the Liquidating Trustee may engage in
3 such activities without Court approval and free from any restrictions of the Bankruptcy
4 Code or Bankruptcy Rules. Without limiting the foregoing, the Liquidating Trustee may,
5 subject to Section 12.4 of the Plan, pay charges incurred after the Effective Date for
6 professional fees without the need for any application or approval by the Court.

7 16. Bar Dates for Administrative Claims. Except as otherwise ordered by the
8 Court, all holders of asserted Administrative Claims not paid prior to the Effective Date
9 must submit proofs of claim no later than thirty (30) days after the Effective Date. All
10 applications for Professional Charges and final allowance of compensation and expenses
11 for services rendered in connection with the Bankruptcy Case prior to the Effective Date
12 must be filed and served on counsel for the Debtor no later than thirty (30) days after the
13 Effective Date. Any requests under Sections 503(b)(3) through (b)(5) of the Bankruptcy
14 Code for payment of compensation and reimbursement of expenses incurred in making a
15 substantial contribution based on facts and circumstances arising during the Bankruptcy
16 Case must be filed with the Court and served on counsel for the Debtor no later than thirty
17 (30) days after the Effective Date.

18 17. Reserves. The Debtor and the Liquidating Trustee are authorized and
19 directed to establish and fund the Operating Reserve as of the Effective Date pursuant to
20 Sections 2.48 and 12.7 of the Plan. In addition, the Debtor and the Liquidating Trustee
21 are authorized and directed to establish and fund the GUC Reserve pursuant to Sections
22 2.42 and 12.7 of the Plan. After the Effective Date, changes to the amounts of any
23 reserves shall be made as set forth in the Liquidating Trust Agreement.

24 18. Resolution of Claims. Except as otherwise ordered by the Court, any Claim
25 that is not an Administrative Claims shall be determined, resolved, or adjudicated in
26 accordance with the terms of the Plan and the Liquidating Trust Agreement.

1 19. Payment of Fees. All fees payable by the Debtor under 28 U.S.C. § 1930
2 shall be paid on or before the Effective Date, and the Liquidating Trustee shall thereafter
3 pay any statutory fees that come due until the case is closed, converted or dismissed.

4 20. Filing of Reports. Pursuant to Section 17.15 of the Plan, the Debtor shall
5 continue to file periodic operating reports with the Court until the Bankruptcy Case is
6 dismissed, closed or converted to Chapter 7 of the Bankruptcy Code.

7 21. Failure to Consummate the Plan. If substantial consummation of the Plan as
8 defined in Section 1101(2) of the Bankruptcy Code does not occur, then the Plan and any
9 document or agreement executed pursuant to the Plan shall be null and void in all
10 respects. In such event, nothing contained in the Plan or this Order, and no acts taken in
11 preparation for consummation of the Plan, shall (i) constitute a waiver or release of any
12 Claims by or against, or any Interests in, the Debtor or any other Person, (ii) prejudice in
13 any manner the rights of the Debtor or any other Person, (iii) constitute an admission of
14 any sort by the Debtor or any other Person, or (iv) be construed as a finding of fact or
15 conclusion of law with respect thereto. After the Confirmation Date but before substantial
16 consummation of the Plan, the Debtor may, under Section 1127(b) of the Bankruptcy
17 Code, institute proceedings in the Court to remedy any defect or omission or reconcile any
18 inconsistency in the Plan, the Disclosure Statement, or this Order, and such matters as
19 may be necessary to carry out the purposes and effects of the Plan as long as such
20 proceedings do not materially and adversely affect the treatment of holders of Claims or
21 holders of Equity Interests under the Plan. Prior notice of such proceedings must be
22 served in accordance with the Bankruptcy Rules or applicable order of the Court.

23 22. Retention of Jurisdiction. Pursuant to Sections 105(a) and 1142 of the
24 Bankruptcy Code, and notwithstanding the entry of this Order or the occurrence of the
25 Effective Date, this Court shall retain exclusive jurisdiction over all matters arising out of,
26 and related to, the Bankruptcy Case and the Plan to the fullest extent permitted by law,

1 including among other things, jurisdiction over the matters set forth in Article XVI of the
2 Plan.

3 23. Notice of Occurrence of Effective Date. On or before the tenth Business
4 Day following the occurrence of the Effective Date, the Debtor shall serve notice of entry
5 of this Order and occurrence of the Effective Date pursuant to Bankruptcy Rules
6 2002(f)(7), 2002(k) and 3020(c)(2) on all creditors, equity security holders, the United
7 States Trustee, other parties in interest, and, if known, to any identified entity subject to an
8 injunction provided for in the Plan against conduct not otherwise enjoined by the
9 Bankruptcy Code, by causing a notice in substantially the form of the notice attached
10 hereto as Exhibit "A", which form is hereby approved (the "Notice of Effective Date"), to
11 be delivered to such parties by first class mail, postage prepaid. The notice described
12 herein is adequate under the particular circumstances and no other or further notice is
13 necessary.

14 24. Modifications to Disclosure Statement. At the request of the Debtor, and
15 with the consent of the Unsecured Committee and Three-Five Systems, the Disclosure
16 Statement is hereby modified as follows:

- 17 a. page iii, Exhibit 6 is modified by deleting "MCA"
18 Associates, Ltd. Qualifications" and substituting in
19 their place the words "David J. Tish Qualifications."
20 b. page 11, Section III.E.9. (Topsearch Litigation) is
21 modified by deleting reference to "Section III.E.4" and
22 replacing it with "Section III.E.3."

23 25. Modifications to the Plan. At the request of the Debtor, and with the
24 consent of the Unsecured Committee and Three-Five Systems, the Plan is hereby
25 modified pursuant to Section 1127(a) of the Bankruptcy Code as follows:
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a. Section 17.15 of the Plan is modified by deleting the words “28 U.S.C. §1980” and substituting in their place the words “28 U.S.C. §1930.”

26. References to Plan Provisions. The failure to include or reference specifically any particular provision of the Plan in this Order shall not diminish or impair the effectiveness of such provision, it being the intent of the Court that the Plan, as amended herein, be confirmed in its entirety.

27. Binding Effect. Pursuant to Sections 1123(a) and 1142(a) of the Bankruptcy Code and the provisions of this Order, the Plan and all Plan-related documents shall apply and be enforceable notwithstanding any otherwise applicable non-bankruptcy law.

28. Confirmation Order Controlling. If there is any direct conflict between the Plan and this Order, the terms of this Order shall control.

29. Dissolution of Stay. The stay in effect in the Bankruptcy Case under Section 362(a) of the Bankruptcy Code continues to be in effect until the Effective Date, and at that time will be dissolved and of no further effect, subject to the permanent injunction provided for in the Plan and this Order.

DATED this __ day of September, 2006.

LAW OFFICES
GREENBERG TRAURIG
2375 EAST CAMELBACK ROAD, SUITE 700
PHOENIX, ARIZONA 85016
(602) 445-8000

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HON. REDFIELD T. BAUM
CHIEF UNITED STATES BANKRUPTCY JUDGE

GRANTED

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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF ARIZONA

In re:
TFS ELECTRONIC MANUFACTURING
SERVICES, INC.,

Chapter 11
Case No. 05-15403-PHX-RTB

Debtor.

NOTICE OF ENTRY OF (I) ENTRY OF ORDER CONFIRMING AMENDED LIQUIDATING PLAN OF REORGANIZATION, AS MODIFIED, (II) EFFECTIVE DATE OF AMENDED LIQUIDATING PLAN OF REORGANIZATION, AND (III) DEADLINES FOR FILING ADMINISTRATIVE CLAIMS, APPLICATIONS FOR PROFESSIONAL CHARGES, AND REJECTION DAMAGES CLAIMS FROM EXECUTORY CONTRACTS AND UNEXPIRED LEASES REJECTED UNDER THE PLAN.

TO ALL CREDITORS AND OTHER PARTIES IN INTERESTS OF TFS ELECTRONIC MANUFACTURING SERVICES, INC. ("DEBTOR"):

PLEASE TAKE NOTICE that, on September 12, 2006, the United States Bankruptcy Court for the District of Arizona (the "Bankruptcy Court") entered its Findings of Fact, Conclusions of Law, and Order Confirming Amended Liquidating Plan of Reorganization (the "Confirmation Order") confirming the Debtor's Amended Liquidating Plan of Reorganization, Dated August 3, 2006 (the "Plan") (unless otherwise defined, capitalized terms used in this notice shall have the meaning ascribed to them in the Plan).

PLEASE TAKE FURTHER NOTICE that, on September __, 2006, all of the conditions to the Effective Date under the Plan pursuant to Article XV occurred or were waived, in accordance with the Plan and Confirmation Order. **Accordingly, September __, 2006 is the Effective Date of the Plan.**

PLEASE TAKE FURTHER NOTICE that in accordance with the Paragraph 16 of the Confirmation Order and Article XI of the Plan, any person who wishes to make an Administrative Claim or Claim for substantial contribution pursuant to Section 507(a) and 503(b), respectively, of the Bankruptcy Code based on facts and circumstances arising prior to the Effective Date must file with the Court and serve on the following parties (the "Notice Parties"): (a) counsel for the Debtor: Greenberg Traurig, LLP, 2375 E. Camelback Road, Suite 700, Phoenix, Arizona 85016 (attn: Charles R. Sterbach, Esq. (sterbachc@gtlaw.com) and Keriann M. Atencio, Esq. (atenciok@gtlaw.com)); and (b) the Office of the United States Trustee, 230 North First Avenue,

1 Suite 204, Phoenix, Arizona 85003-1706 (attn: Larry Watson, Esq. (larry.watson@usdoj.gov)),
2 no later than thirty (30) days after the Effective Date (the "Administrative Claims Bar Date") a
3 request for payment of such Administrative Claim or Claim for substantial contribution, or
4 forever be barred from doing so.

5 PLEASE TAKE FURTHER NOTICE that all final requests for compensation or
6 reimbursement for Professional Charges pursuant to Section 327, 328, 330, 331, 503(b) or 1103
7 of the Bankruptcy Code for services rendered to the Debtor or the Estate prior to the Effective
8 Date (other than for Claims for substantial contribution referred to above) must be filed with the
9 Court and served on the Notice Parties above and on the Liquidating Trustee, David J. Tish, PMB
10 436, 14241 Woodinville-Duval Road, Woodinville, WA 98072, no later than thirty (30) days after
11 the Effective Date. Objections to such final requests regarding Professional Charges must be
12 filed with the Court and served on the Notice Parties and the requesting professional (or other
13 entity) no later than thirty (30) days (or such other period as may be allowed by order of the
14 Bankruptcy Court) after the date on which such request for compensation or reimbursement was
15 served.

16 **PLEASE TAKE FURTHER NOTICE that several injunctions have been approved**
17 **under the Plan and Confirmation Order. Section 17.5 of the Plan contains an injunction**
18 **which applies to any holder of a claim against or interest in the Debtor. Pursuant to**
19 **Section 17.5 of the Plan, holders of claims against or interests in the Debtor may not, on**
20 **account of such claim or interest, seek or receive any payment or other distribution from, or**
21 **seek recourse against the Estate, the Debtor, the Liquidating Trustee, or their respective**
22 **successor or their respective property except as provided in the Plan. The scope of the**
23 **injunction is limited and designed to ensure that the distribution provisions of the Plan are**
24 **carried out. Please refer to the Plan and Confirmation Order for additional information.**

25 PLEASE TAKE FURTHER NOTICE that pursuant to Article XIII of the Plan, each
26 executory contract and unexpired lease to which the Debtor is a party (and which has not been
previously rejected by order of the Bankruptcy Court) is rejected as of the Effective Date, unless
such executory contract or unexpired lease is listed on the schedule of assumed contracts and
leases attached to the Plan as Exhibit "A". If the rejection of an executory contract or unexpired
lease pursuant to the Plan results in damages to the non-Debtor party to such contract or lease,
then a claim for such damages will be forever barred and will not be enforceable unless a proof of
claim is listed with the Bankruptcy Court and served upon the Notice Parties on or before thirty
(30) days after the Effective Date.

PLEASE TAKE FURTHER NOTICE that any questions concerning this notice should be
directed to counsel for the Debtor.

Dated this ___ day of September, 2006.

By ORDER OF THE BANKRUPTCY COURT