

**UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

PLIANT CORPORATION, et al.,¹

Debtors.

Chapter 11

Case No. 09- 10443

Jointly Administered

DISCLOSURE STATEMENT FOR DEBTORS' JOINT PLAN OF REORGANIZATION

February 11, 2009

Date by which Ballots must be received: _____, 2009

Date by which objections to Confirmation of the Plan must be filed and served: _____, 2009

Hearing on Confirmation of the Plan: _____, 2009 at [] [.m.] (Prevailing Eastern Time)

SIDLEY AUSTIN LLP

YOUNG CONAWAY STARGATT & TAYLOR, LLP

Larry J. Nyhan
James F. Conlan
Jessica C.K. Boelter
Alex R. Rovira
Kerriann S. Mills
One South Dearborn Street
Chicago, Illinois 60603
Telephone: (312) 853-7000
Facsimile: (312) 853-7036

Robert S. Brady (No. 2847)
Edmon L. Morton (No. 3856)
Kenneth J. Enos (No. 4544)
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, Delaware 19899-0391
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

Proposed Counsel to the Debtors and Debtors-in-Possession

THIS DISCLOSURE STATEMENT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT. THE FILING AND DISSEMINATION OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS A SOLICITATION OF ACCEPTANCES OF THE PLAN, NOR SHOULD THE INFORMATION CONTAINED HEREIN BE RELIED UPON FOR ANY OTHER PURPOSE UNTIL THIS DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE.

¹ The Debtors are: Pliant Corporation (Tax ID No. XX-XXX7725), Pliant Corporation International (Tax ID No. XX-XXX3075), Uniplast Holdings, Inc. (Tax ID No. XX-XXX9589), Pliant Film Products of Mexico, Inc. (Tax ID No. XX-XXX0805), Pliant Packaging of Canada, LLC (Tax ID No. XX-XXX0929), Alliant Company LLC (Tax ID No. XX-XXX6811), Uniplast U.S., Inc. (Tax ID No. XX-XXX9066), Uniplast Industries Co. (N/A), and Pliant Corporation of Canada Ltd. (N/A). The mailing address for Pliant Corporation is 1475 Woodfield Road, Suite 700, Schaumburg, IL 60173.

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- Exhibit A - Debtors' Joint Plan of Reorganization
- Exhibit B - Corporate Structure Chart
- Exhibit C - Compensation and Benefits Program
- Exhibit D - List of Retained Litigation
- Exhibit E - Projections
- Exhibit F - Liquidation Analysis
- Exhibit G - Form of Exit Financing Term Sheet
- Exhibit H - Selected Historical Financial Information

I. INTRODUCTION

On February 11, 2009 (the "Petition Date"),² Pliant Corporation and certain of its subsidiaries, Pliant Corporation International, Uniplast Holdings, Inc., Pliant Film Products of Mexico, Inc., Pliant Packaging of Canada, LLC, Alliant Company LLC, Uniplast U.S., Inc., Uniplast Industries Co., and Pliant Corporation of Canada Ltd. (collectively, the "Debtors") filed voluntary petitions for relief (collectively, the "Chapter 11 Cases") under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court"). In all, the Debtors comprise nine (9) entities, three (3) of which are also Canadian Debtors (as defined herein). Also on the Petition Date, the Canadian Debtors commenced ancillary proceedings recognizing their chapter 11 proceedings as "foreign proceedings" pursuant to section 18.6 of the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA"), in Toronto, Canada.

The Debtors submit this Disclosure Statement in connection with the solicitation of acceptances and rejections with respect to the Debtors' Joint Plan of Reorganization (the "Plan"), a copy of which is attached as Exhibit A to this Disclosure Statement.

The purpose of this Disclosure Statement is to set forth information (1) regarding the history of the Debtors, their businesses and the Chapter 11 Cases, (2) concerning the Plan and alternatives to the Plan, (3) advising the holders of Claims of their rights under the Plan, (4) assisting the holders of Claims in making an informed judgment regarding whether they should vote to accept or reject the Plan and (5) assisting the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

By order dated [____], 2009, the Bankruptcy Court approved this Disclosure Statement, in accordance with section 1125 of the Bankruptcy Code, as containing "adequate information" to enable a hypothetical, reasonable investor typical of holders of Claims against, or Interests in, the Debtors to make an informed judgment as to whether to accept or reject the Plan, and authorized its use in connection with the solicitation of votes with respect to the Plan.

APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN. No solicitation of votes may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. In voting on the Plan, holders of Claims should not rely on any information relating to the Debtors and their businesses, other than that contained in this Disclosure Statement, the Plan and all exhibits and appendices hereto and thereto.

The Debtors may supplement or amend this Disclosure Statement or any Exhibits attached hereto at any time prior to the hearing to approve the Disclosure Statement.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES, AND CONFIRMATION, OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY OTHER PURPOSE. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES

² Unless otherwise defined elsewhere in this Disclosure Statement, capitalized terms used but not defined herein have the meanings ascribed to them in the Plan or the Bankruptcy Code.

OF THE PLAN OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT AND ANY ACCOMPANYING DOCUMENTS.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS AND SCHEDULES ATTACHED TO THE PLAN, WHICH CONTROL IN THE EVENT OF ANY INCONSISTENCY OR INCOMPLETENESS. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE OF THIS DISCLOSURE STATEMENT, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THIS DATE.

ANY STATEMENTS IN THIS DISCLOSURE STATEMENT CONCERNING THE PROVISIONS OF ANY DOCUMENT ARE NOT NECESSARILY COMPLETE, AND IN EACH INSTANCE REFERENCE IS MADE TO SUCH DOCUMENT FOR THE FULL TEXT THEREOF. CERTAIN DOCUMENTS DESCRIBED OR REFERRED TO IN THIS DISCLOSURE STATEMENT HAVE NOT BEEN ATTACHED AS EXHIBITS BECAUSE OF THE IMPRACTICABILITY OF FURNISHING COPIES OF SUCH DOCUMENTS TO ALL RECIPIENTS OF THIS DISCLOSURE STATEMENT.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW OR THE LAWS OF ANY FOREIGN JURISDICTION.

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC") OR ANY STATE OR FOREIGN SECURITIES REGULATOR, AND NEITHER THE SEC NOR ANY STATE OR FOREIGN SECURITIES REGULATOR HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OF OR CLAIMS AGAINST THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

THIS DISCLOSURE STATEMENT AND ANY ACCOMPANYING DOCUMENTS ARE THE ONLY DOCUMENTS TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO SOLICITATION OF VOTES MAY BE MADE EXCEPT AFTER DISTRIBUTION OF THIS DISCLOSURE STATEMENT.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. THE WORDS "BELIEVE," "MAY," "WILL," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND

ASSUMPTIONS, INCLUDING THOSE DESCRIBED IN ARTICLE X, "RISK FACTORS" AND IN PLIANT'S ANNUAL REPORT ON FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2007. IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD-LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS DISCLOSURE STATEMENT MAY NOT OCCUR, AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS. NONE OF THE DEBTORS, NOR ANY OF THE REORGANIZED DEBTORS UNDERTAKE ANY OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND IN ITS EXHIBITS HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

THE DEBTORS' MANAGEMENT, IN CONSULTATION WITH THEIR PROFESSIONAL ADVISORS, PREPARED THE PROJECTIONS PROVIDED IN THIS DISCLOSURE STATEMENT. WHILE THE DEBTORS HAVE PRESENTED THESE PROJECTIONS WITH NUMERICAL SPECIFICITY, THEY HAVE NECESSARILY BASED THE PROJECTIONS ON A VARIETY OF ESTIMATES AND ASSUMPTIONS THAT, THOUGH CONSIDERED REASONABLE BY MANAGEMENT, MAY NOT BE REALIZED, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, COMPETITIVE, INDUSTRY, REGULATORY, MARKET AND FINANCIAL UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH WILL BE BEYOND THE REORGANIZED DEBTORS' CONTROL. THE DEBTORS CAUTION THAT THEY CANNOT MAKE ANY REPRESENTATIONS AS TO THE ACCURACY OF THESE PROJECTIONS OR TO THE REORGANIZED DEBTORS' ABILITY TO ACHIEVE THE PROJECTED RESULTS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE. FURTHERMORE, EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THESE PROJECTIONS WERE PREPARED MAY DIFFER FROM ANY ASSUMED FACTS AND CIRCUMSTANCES. ALTERNATIVELY, ANY EVENTS AND CIRCUMSTANCES THAT COME TO PASS MAY WELL HAVE BEEN UNANTICIPATED, AND THUS MAY AFFECT FINANCIAL RESULTS IN A MATERIALLY ADVERSE OR MATERIALLY BENEFICIAL MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTY OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, EITHER THE DEBTORS OR THE REORGANIZED DEBTORS.

A. PARTIES ENTITLED TO VOTE ON THE PLAN

Under the provisions of the Bankruptcy Code, not all parties in interest are entitled to vote on a chapter 11 plan. Creditors or equity interest holders whose claims or interests are not

impaired by a plan are deemed to accept the plan under section 1126(f) of the Bankruptcy Code and are not entitled to vote. Creditors or equity interest holders whose claims or interests are impaired by the Plan, but will receive no distribution under the Plan, are also not entitled to vote because they are deemed to have rejected the Plan under section 1126(g) of the Bankruptcy Code. For a discussion of these matters, see Article VI, "Voting Procedures and Requirements" and Article VII, "Confirmation of the Plan."

The following sets forth which classes are entitled to vote on the Plan and which are not:

- The Debtors are seeking votes from the holders of Claims in Classes 4, 5, 6, and 7.
- The Debtors are not seeking votes from holders of Claims and Interests in Classes 1, 2, 3 and 11 because those Claims are Unimpaired under the Plan, and the holders of Claims in each of these Classes are conclusively presumed to have accepted the Plan and are not entitled to vote on the Plan.
- The Debtors are not seeking votes from holders of Claims and Interests in Classes 8, 9 and 10 because those Claims and Interests are impaired under the Plan and the holders are receiving no distribution on account of such Claims and Interests. These holders will be deemed to have voted to reject the Plan.

For a detailed description of the Classes of Claims and Interests and their treatment under the Plan, see Article V.B-F.

B. SOLICITATION PACKAGE

Accompanying this Disclosure Statement (which is provided on CD-ROM) is a package of hard copy materials called the "Solicitation Package." The Solicitation Package contains copies of, among other things:

- the Bankruptcy Court order approving the Disclosure Statement and procedures for soliciting and tabulating votes on the Plan (the "Solicitation Order") which, among other things, approves this Disclosure Statement as containing adequate information, schedules the Confirmation Hearing, sets the voting deadline, sets out the procedures for distributing Solicitation Packages to the holders of Claims against the Debtors, establishes the procedures for tabulating ballots used in voting on the Plan, and sets the deadline for objecting to confirmation of the Plan;
- the notice of Confirmation Hearing and entry of the Disclosure Statement Order; and
- one or more ballots and a postage-paid return envelope (ballots are provided only to holders of Claims that are entitled to vote on the Plan), which will be used by creditors and interest holders who are entitled to vote on the Plan.

C. VOTING PROCEDURES, BALLOTS, AND VOTING DEADLINE

After carefully reviewing the materials in the Solicitation Package and the detailed instructions accompanying your ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan. In order for your vote to be counted, you must complete and sign your original ballot and return it in the envelope provided (copies will not be accepted). Each

ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded ballot or ballots sent to you with this Disclosure Statement.

In order for your vote to be counted, your ballot must be properly completed in accordance with the voting instructions on the ballot and received no later than the Voting Deadline (as defined in the Solicitation Order) by the Voting Agent (as defined below). Any ballot received after the Voting Deadline shall be counted at the sole discretion of the Debtors. Do not return any debt instruments or equity securities with your ballot.

Any executed ballot that does not indicate either an acceptance or rejection of the Plan or indicates both an acceptance and rejection of the Plan will not be counted as a vote either to accept or reject the Plan.

If you are a holder of a Claim who is entitled to vote on the Plan and did not receive a ballot, received a damaged ballot or lost your ballot, please call the Voting Agent, [_____] (____) [____]-[____].³

If you have any questions about the procedure for voting your Claim, the packet of materials that you have received, the amount of your Claim, or if you wish to obtain, at your own expense an additional copy of this Disclosure Statement and its appendices and exhibits, please contact the Voting Agent.

FOR FURTHER INFORMATION AND INSTRUCTIONS ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE ARTICLE VI, "VOTING PROCEDURES AND REQUIREMENTS."

Before voting on the Plan, each Holder of Claims in Classes that are entitled to vote on the Plan should read, in its entirety, this Disclosure Statement, the Plan, the Solicitation Order, the notice of the Confirmation Hearing, and the instructions accompanying the ballots. These documents contain important information concerning how Claims are classified for voting purposes and how votes will be tabulated.

D. CONFIRMATION HEARING AND DEADLINE FOR OBJECTIONS TO CONFIRMATION

The Bankruptcy Court has scheduled the Confirmation Hearing on [_____] 2009 at [_____.m.] (prevailing Eastern time) before the Honorable [_____] United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, Fifth Floor, Courtroom No. [____], Wilmington, Delaware 19801. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of adjournment at the Confirmation Hearing, or at any subsequent adjourned Confirmation Hearing. Any objection to Confirmation of the Plan must: (i) be made in writing; (ii) state the name and address of the objecting party and the nature of the claim or interest of such party; (iii) state with particularity the legal and factual basis and nature of any objection to the Plan; and (iv) be filed with the Court, together with proof of service, and served so that they are received **on or before [_____] 2009 at [_____.m.], prevailing Eastern Time**, by the following parties:

³ A telephone number will be provided no later than three (3) business days prior to the objection deadline set with respect to this Disclosure Statement.

Counsel to the Debtors:

Sidley Austin LLP
One South Dearborn Street
Chicago, Illinois 60603
Facsimile: (312) 853-7036
Attn: Larry J. Nyhan

Young Conaway Stargatt & Taylor, LLP
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, Delaware 19899-0391
Facsimile: (302) 571-1253
Attn: Robert S. Brady

The U.S. Trustee:

U.S. Trustee
Office of the U.S. Trustee
J. Caleb Boggs Federal Building
844 King Street, Suite 2207
Lock Box 35
Wilmington, DE 19801
Facsimile: (302) []
Attn: []

II. OVERVIEW OF THE PLAN

The following summary is a general overview only, which is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information, and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the Plan. For a more detailed description of the terms and provisions of the Plan, see Article V, "The Plan of Reorganization." The Debtors, moreover, reserve the right to modify the Plan consistent with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019.

A. GENERAL OVERVIEW

The Plan is based primarily upon a prepetition compromise and lockup agreement with the Debtors' First Lien Noteholders. Specifically, on February 11, 2009, the Debtors entered into a Restructuring and Lockup Agreement (the "Lockup Agreement") with the holders of more than 66 2/3% of their First Lien Notes, pursuant to which such holders agreed, subject to the terms and conditions contained in the Lockup Agreement, to support the proposed financial restructuring described in the Plan attached as an exhibit to the Lockup Agreement. At its core, the Plan, a copy of which is also attached as Exhibit A to this Disclosure Statement, provides that (i) the Debtors' First Lien Notes will be exchanged for 100% of the New Common Stock to be issued pursuant to the Plan (subject to dilution by the new warrants and a management equity incentive plan contemplated by the Plan), (ii) to the extent classes containing the claims of Second Lien Noteholders, Senior Subordinated Noteholders, and general unsecured claims vote to accept the Plan, holders of claims in such classes will receive a pro rata distribution of new warrants to be issued pursuant to the Plan, (iii) the Debtors' prepetition credit facility claims will be paid in full in cash, and (iv) claims and interests of Pliant's existing equity holders will be extinguished.

B. SUMMARY OF CLASSIFICATION AND TREATMENT OF ALLOWED CLAIMS AGAINST AND INTERESTS IN EACH OF THE DEBTORS UNDER THE PLAN

The following chart summarizes the projected distributions to holders of Allowed Claims against and Interests in each of the Debtors under the Plan. Although every reasonable effort was made to be accurate, the projections of estimated recoveries are only an estimate. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts allowed by the Bankruptcy Court. As a result of the foregoing and other uncertainties which are inherent in the estimates, the estimated recoveries in this Disclosure Statement may vary from the actual recoveries received. In addition, the ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain confirmation of the Plan and meet the conditions to confirmation and effectiveness of the Plan, as discussed in this Disclosure Statement. The recoveries set forth below are projected recoveries only and may change based upon changes in the amount of Allowed Claims and Interests as well as other factors related to the Debtors' business operations and general economic conditions. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Allowed Claims against and Interests in each of the Debtors.

Summary⁴

<u>Class</u>	<u>Claim/Interest</u>	<u>Treatment</u>	<u>Estimated Allowed Amount</u> (in millions)	<u>Estimated Recovery (%)</u>
N/A	Administrative Expense Claims	Unimpaired		
N/A	DIP Facility Claims	Unimpaired		
N/A	Priority Tax Claims	Unimpaired		
Class 1	Priority Non-Tax Claims	Unimpaired		
Class 2	Other Secured Claims	Unimpaired		
Class 3	Prepetition Credit Facility Claims	Unimpaired		
Class 4	First Lien Notes Claims	Impaired		
Class 5	Unsecured Claims	Impaired		
Class 6	Senior Subordinated Notes Claims	Impaired		
Class 7	Intercompany Claims	Impaired		
Class 8	Section 510(b) Claims	Impaired		
Class 9	Pliant Preferred Stock Interests	Impaired		
Class 10	Pliant Outstanding Common Stock Interests	Impaired		
Class 11	Subsidiary Interests	Unimpaired		

III. GENERAL INFORMATION

A. OVERVIEW OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and its equity security holders. In addition to permitting the rehabilitation of a debtor, another goal of chapter 11 is to promote the equality of treatment of similarly situated creditors and equity interest holders with respect to the distribution of a debtor's assets. In furtherance of these

⁴ The Estimated Allowed Amount and Estimated Recovery Percentage for each Class of Claims shall be filed no later than three (3) business days prior to the objection deadline set with respect to this Disclosure Statement.

two goals, upon the filing of a petition for relief under chapter 11, section 362 of the Bankruptcy Code generally provides for an automatic stay of substantially all acts and proceedings against the debtor and its property, including all attempts to collect claims or enforce liens that arose prior to the commencement of the debtor's chapter 11 case.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the commencement date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession."

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and equity interests in the debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity interest holder of a debtor. Subject to certain limited exceptions, the order approving confirmation of a plan discharges a debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefore the obligations specified under the confirmed plan.

After a plan of reorganization has been filed in a chapter 11 case, certain holders of claims against or equity interests in a debtor are permitted to vote to accept or reject the plan. Prior to soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a plan proponent to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment whether to accept or reject the plan. The Debtors are submitting this Disclosure Statement to holders of Allowed Claims against each Debtor in order to satisfy the requirements of section 1125 of the Bankruptcy Code.

B. THE DEBTORS' BUSINESSES AND PROPERTIES

Pliant was founded in 1992. Following a series of mergers and acquisitions, as well as name changes, the company changed its name to Pliant Corporation in October 2000. As set forth in the corporate organization chart attached hereto as Exhibit B, Pliant is the ultimate parent company of each of the other Debtors. Pliant is also the ultimate parent company of several foreign corporations that are neither debtors herein nor in any other bankruptcy or insolvency proceedings. These corporations are: (a) Pliant Corporation Pty. Ltd., an Australian Corporation, (b) Pliant Film Products GmbH, a German corporation, (c) ASPEN Industrial, S.A. de C.V., a Mexican Corporation, (d) Jacinto Mexico, S.A. de C.V., a Mexican Corporation, and (e) Pliant de Mexico, S.A. de C.V., a Mexican Corporation.

Pliant (together with its Debtor and non-Debtor affiliates, the "Company") is one of North America's leading manufacturers of value-added films and flexible packaging for food, personal care, medical, agricultural and industrial applications. Through their four operating segments, the Debtors' products are sold into numerous markets for a wide variety of end uses. For example, the Debtors annually produce approximately four billion bread and bakery bags (20 to 25% of North America's total usage), and are the third largest producer of films for cookie, cracker and cereal box liners with an estimated market share of between 15 to 20%. The Debtors are also a leading manufacturer of polyethylene mulch films that are sold to fruit and vegetable growers and nursery operators, and personal care films used in disposable diapers, feminine care products and

adult incontinence products. In addition, the Debtors are a manufacturer of specialized medical films used in disposable surgical drapes and gowns, as well as in protective packaging for medical supplies.

The Company operates 21 manufacturing and research and development facilities worldwide and currently has approximately one billion pounds of annual production capacity. In addition to the U.S. and Canadian operations of the Debtors, the Company operates facilities in Australia, Mexico and Germany. The Company employs approximately 2,900 people worldwide, of which more than 2,300 are employed by the Debtors in the U.S. and Canada.

In fiscal year 2007, the Company recorded \$1.096 billion in net sales, resulting in an EBITDA from continuing operations of approximately \$117 million. For the nine months ending September 30, 2008, the Company recorded net sales of \$881 million, which represents an increase of \$61 million during the first nine months of 2008 as compared to the same time period in 2007.

1. Customers.

The Company manufactures and sells a variety of plastic films and flexible packaging products. The Company's products serve customers in a variety of flexible packaging markets, including the food and beverage, retail, pharmaceutical, medical, personal care, household, industrial and agricultural film markets, as well as secondary packaging and non-packaging end use markets.

For the year ended December 31, 2007, the Company's top ten customers accounted for approximately 24.4% of its net sales. No single customer accounted for more than 10% of the Company's net sales for the year ended December 31, 2007.

2. Manufacturing and Raw Materials.

The Company manufactures film products by combining thermoplastic resin pellets with other resins, plasticizers or modifiers, then melting them in a controlled, high temperature, pressurized process known as extrusion to create films with specific performance characteristics. The films are then placed on a circular core in up to 40-inch diameter rolls, packaged, and shipped directly to customers as rollstock or may undergo further processing. Additional processing steps can include printing in up to ten (10) colors, slitting down to a narrower width roll, converting into finished bags, or re-rolling onto smaller diameter rolls and packaging for sale as retail or institutional cutterboxes.

The products that the Company produces require a variety of raw materials, including polyethylene, PVC, polypropylene and other resins and additives (collectively, "Resins"). The Company purchases most of its Resins from major oil companies and petrochemical companies in North America and purchases a portion of its Resins from manufacturers located outside North America. The Company also purchases certain non-prime Resins from secondary market brokers in North America, and is currently one of the largest buyers of Middle Eastern film-grade Resins. For the year ended December 31, 2007, raw material costs, which consist primarily of the cost of Resins, comprised approximately 66% of the Company's manufacturing costs.

3. Sales and Marketing.

Due to the Company's broad range of product offerings and customers, its sales and marketing efforts are generally product or customer specific. The Company markets in various ways, depending on both the customer and the product. However, most of the Company's salespeople are dedicated to a specific product line and sometimes to specific markets or customers. While certain of the Company's specialty films, printed products and engineered films are sold through independent third-party brokers, most of these products are sold by the Company's own direct sales force. These salespeople are supported by customer service and technical specialists assigned to each salesperson, and in some cases, to specific customers. Customer service representatives assist with order intake, scheduling and product information. Technical support personnel assist the salesperson and the customer with technical expertise, quality control and product development.

4. Intellectual Property.

Patents, trademarks and licenses are significant to the Company's business. The Company has patent protection on several of its products and processes, regularly applies for new patents on significant product and process developments, and has also registered trademarks on many of its products. The Company also often relies on unpatented proprietary know-how, continuing technological innovation and other trade secrets to develop and maintain its competitive position. In addition, the Company occasionally licenses from third parties the right to use some of their intellectual property.

5. Properties.

The Company's executive offices are located at 1475 Woodfield Road, Suite 700, Schaumburg, Illinois 60173. This executive office space is leased by the Company. The Company also leases warehouse and office space at various other locations.

In addition, as set forth below, the Company currently operates 21 principal manufacturing and research and development facilities in the United States, Canada, Australia, Mexico and Germany. With the exception of five (5) of these facilities, all are owned by the Company. During the second quarter of 2008, the Company announced the planned closures of four (4) of the facilities set forth below: (i) South Deerfield, Massachusetts, (ii) Dalton, Georgia, (iii) Harrington, Delaware, and (iv) Newport News, Virginia.

Location	Products
Harrington, Delaware	Personal care, medical and custom films
McAlester, Oklahoma	Personal care and medical films
Washington, Georgia	Personal care, medical and agricultural films
Kent, Washington	Printed bags and rollstock
Macedon, New York	Printed bags and rollstock
Mexico City, Mexico*	Personal care films, printed bags and rollstock
Calhoun, Georgia	PVC films
Danville, Kentucky*	Stretch and custom films
Lewisburg, Tennessee	Stretch films
Phillipsburg, Germany	PVC films
Preston, Australia*	PVC films

Toronto, Canada	PVC and stretch films
Bloomington, Indiana*	Barrier and converter films
Chippewa Falls, Wisconsin	Converter, industrial and personal care films
Dalton, Georgia	Converter, barrier and medical films
Danville, Kentucky	Converter, barrier and custom films
South Deerfield, Massachusetts	Converter and industrial films
Odon, Indiana	Barrier films
Orillia, Canada (two plants)*	Converter films
Newport News, Virginia	Research facility and pilot plant

* Indicates a leased building. In the case of Orillia, Canada, only one (1) of the two (2) plants is leased.

C. OPERATIONAL STRUCTURE OF THE DEBTORS

Pliant currently has thirteen (13) domestic and foreign subsidiaries. The integrated operations of Pliant and its domestic and foreign subsidiaries are divided into four operating segments corresponding generally to major product groups: (a) specialty films (the “Specialty Films Segment”), (b) printed products (the “Printed Products Segment”), (c) industrial films (the “Industrial Films Segment”), and (d) engineered films (the “Engineered Films Segment”).

1. Specialty Films Segment.

The Company’s Specialty Films Segment, which accounted for 18.8% of the Company’s consolidated net sales in 2007, produces personal care films, medical films, and agricultural films.

(a) **Personal Care Films.** The Company is a leading producer of personal care films used in disposable diapers, feminine care products and adult incontinence products. Typically, personal care films must meet diverse and highly technical specifications. For example, many of these films must “breathe,” allowing water vapors to escape, and in some applications, the softness or “quietness” of the film is important, as in adult incontinence products.

(b) **Medical Films.** The Company is a specialized niche manufacturer of medical films, and its medical films are used in disposable surgical drapes and gowns. The Company also produces protective packaging for medical supplies, such as disposable syringes and intravenous fluid bags, and packaging for disposable medical devices. The Company’s medical films are manufactured to meet stringent barrier requirements and must be able to withstand varied sterilization processes. For example, a sterile barrier is necessary to provide and assure the integrity of the devices and to prevent contamination and tampering.

(c) **Agricultural Films.** The Company is a leading manufacturer of polyethylene mulch films that are sold to fruit and vegetable growers and to nursery operators. The Company’s mulch films are used extensively in North America and Latin America and the primary consumers of such films are commercial growers of crops like peppers, tomatoes, cucumbers and strawberries. These crops are typically planted on raised beds that are tightly covered with mulch film. The mulch film eliminates or retards weed growth, significantly reduces the amount of water required by plants, controls soil bed temperatures for ideal growing conditions and allows easy application of fertilizer.

2. Printed Products Segment.

The Company's Printed Products Segment accounted for 19.3% of the Company's consolidated net sales in 2007. The Printed Products Segment provides printed rollstock, bags and sheets used to package consumer goods. Printed bags and rollstocks are sold to bakeries, fresh and frozen food processors, manufacturers of personal care products, textile manufacturers and other dry goods processors. Bread and bakery bags represent a significant portion of the Company's printed products business. The Company's Printed Products Segment produces approximately four billion bread and bakery bags each year, with an estimated share of between 20% to 25% of the North American market.

The Company's Printed Products Segment also includes the Company's non-debtor Mexican subsidiary, Pliant de Mexico S.A. de C.V., which is a leading producer of printed products for Mexico and other Latin American countries. Pliant de Mexico S.A. de C.V. also produces personal care and barrier films for these markets. In 2007, approximately 25% of the Company's total printed products sales were outside the United States, primarily in Mexico and Latin America.

3. Industrial Films Segment.

The Industrial Films Segment, which accounted for 28.9% of the Company's consolidated net sales in 2007, manufactures stretch, shrink and PVC films. In 2007, approximately 27% of the Company's industrial films sales were outside the United States, primarily in Canada, Europe and Australia. The Company's customers in this segment include national distributors, such as Bunzl, and Xpedx; grocery chains, such as A&P, Kroger, Publix and Safeway; and end-users, such as P&G, Costco, and Wal-Mart.

(a) **Stretch and Shrink Films.** Stretch and shrink films are used on packaging. For example, stretch films are used to bundle, unitize and protect palletized loads during shipping and storage. These films continue to replace more traditional packaging, such as corrugated boxes and metal strapping, because of their lower cost, higher strength, and ease of use. The Company is North America's fourth largest producer of stretch films, with an estimated market share of between 10% and 13%.

(b) **PVC Films.** The Company's PVC films are used by supermarkets, delicatessens and restaurants to wrap meat, cheese and produce. Use of PVC films in these applications is preferred because of the films' clarity, elasticity and cling. The Company also produces PVC films for laundry wrap and other industrial applications. In addition, the Company produces individually-packaged rolls of PVC film for consumer household use where the film is packaged in cartons (cutterboxes) with serrated edges or slide-cutters, and sold into bulk retail and food service markets in North America, Latin America and Asia. In 2007, the Company was the third largest producer of PVC films in North America, with an estimated market share of approximately 25%. The Company is also a leading producer of PVC films in Australia and the second largest producer in Europe, with estimated market shares of approximately 50% and 16%, respectively.

4. Engineered Films Segment.

The Engineered Films Segment accounted for 31.6% of the Company's consolidated net sales in 2007. Engineered films are a key component in a wide variety of flexible packaging products. These films are used in packaging for end-use markets such as coffee, confections, snacks,

fresh produce, lidding, and hot-fill liquids. Generally, the engineered films add value by providing the final packaging product with specific performance characteristics, such as moisture, oxygen or odor barriers, ultraviolet protection or desired sealant properties. Because engineered films are sold for their sealant, barrier or other properties, they must meet stringent performance specifications established by the customer, including gauge control, clarity, sealability and width accuracy. The Company is a leader in introducing new engineered film products to meet flexible packaging industry trends and specific customer needs. The Company is one of North America's leading manufacturers of polyethylene-based sealant films with an estimated market share of between 30% and 35%.

The Company also manufactures a variety of barrier and custom films, primarily for smaller, but profitable, niche segments in flexible packaging and industrial markets. For example, in 2007 the Company was North America's third largest producer of films for cookie, cracker and cereal box liners, with an estimated market share of between 15% and 20%. The Company is also a leading manufacturer of barrier films for liners in multi-wall pet food packaging.

D. MANAGEMENT OF THE DEBTORS

1. Board of Directors.

The board of directors of Pliant currently consists of seven (7) members. The holders of Pliant's common stock have the right to designate five (5) directors, one of which is Pliant's Chief Executive Officer. The holders of Pliant's Series AA Preferred Stock have the right to designate two (2) directors. Six (6) of the seven (7) directors are independent directors under the listing standards of NASDAQ Stock Market, Inc.

Set forth below are the directors of Pliant, as of the date of the filing of this Disclosure Statement.

<u>Name</u>	<u>Position</u>
Harold C. Bevis	Director, President and Chief Executive Officer
John D. Bowlin	Director and Non-Executive Chairman
Eugene I. Davis	Director
David G. Elkins	Director
Edward A. Lapekas	Director
Stephen V. McKenna	Director
Timothy J. Walsh	Director

2. Biographies of Directors.

Harold C. Bevis was named President and Chief Executive Officer of Pliant in October 2003. He has over 20 years of global experience with multiple types of technology-driven manufactured products sold across a full range of sales channels. Mr. Bevis joined Pliant from Emerson Electric, where he served as President of Emerson Telecommunications Products, a group of manufacturing companies, beginning in 1998. Mr. Bevis led the sale of this group to Emerson while he was President and Chief Executive Officer of Jordan Telecommunication Products, Inc., a manufacturer of nonproprietary communications products. Prior to that, Mr. Bevis served as Senior Vice President and General Manager of General Cable Corporation, a large, vertically integrated domestic manufacturer of wire and cable products sold through wholesale and retail channels to

companies such as The Home Depot, True Value Hardware, Rexel and Graybar. Mr. Bevis has also held positions of increasing responsibility with General Electric, Booz, Allen & Hamilton, and General Dynamics, where he began his career as an engineer. Mr. Bevis holds a B.S. in Industrial Engineering from Iowa State University and an M.B.A. in Marketing from Columbia University. Mr. Bevis is one of the persons currently designated to serve as a director by Pliant's common stock holders.

John D. Bowlin became one of Pliant's directors on January 31, 2005. Mr. Bowlin was President and Chief Executive Officer of Miller Brewing Company from 1999 until 2003, leading its sale to South African Breweries in 2002. From 1985 until 2002, Mr. Bowlin was employed by Philip Morris Companies, Inc. in various leadership capacities, including President, Kraft International, Inc. (1996-1999), President and Chief Operating Officer, Kraft Foods North America (1994-1996), President and Chief Operating Officer, Miller Brewing Company (1993-1994), and President, Oscar Mayer Food Corporation (1991-1993). Mr. Bowlin holds an M.B.A. from Columbia University and a B.S. from Georgetown University. He is also a director of Generac Power Systems, Inc. and Spectrum Brands where he is non-executive chairman. Mr. Bowlin is one of the persons currently designated to serve as a director by Pliant's common stock holders.

Eugene I. Davis became one of Pliant's directors on July 18, 2006. Mr. Davis is the Chairman and Chief Executive Officer of PIRINATE Consulting Group, LLC, a privately-held consulting firm specializing in turn-around management, merger and acquisition consulting, hostile and friendly takeovers, proxy contests and strategic planning advisory services for domestic and international public and private business entities. Since forming PIRINATE in 1997, Mr. Davis has advised, managed, sold, liquidated and/or acted as a Chief Executive Officer, Chief Restructuring Officer, Director, Committee Chairman and/or Chairman of the Board of a number of businesses, including companies operating in the telecommunications, automotive, manufacturing, high-technology, medical technologies, metals, energy, financial services, consumer products and services, import-export, mining and transportation and logistics sectors. As a bankruptcy professional, many of the companies with which Mr. Davis has worked have been in bankruptcy proceedings prior to and/or during his tenure. Prior to forming PIRINATE, Mr. Davis served as President, Vice-Chairman and Director of Emerson Radio Corp., and Chief Executive Officer and Vice-Chairman of Sport Supply Group, Inc. Mr. Davis began his career as an attorney and international negotiator with Exxon Corp. and Standard Oil Company (Indiana) and as a partner in two Texas-based law firms where he specialized in corporate/securities law, international transactions and restructuring advisory. Mr. Davis holds a B.A. from Columbia College, a Masters of International Affairs in International Law and Organization from the School of International Affairs of Columbia University and a J.D. from Columbia University School of Law. Mr. Davis is one of the persons currently designated to serve as a director by the holders of Pliant's Series AA Preferred Stock.

David G. Elkins became one of Pliant's directors on July 18, 2006. Mr. Elkins retired as President and Co-Chief Executive Officer of Sterling Chemicals, Inc. in January 2003. Prior to joining Sterling Chemicals in 1998, Mr. Elkins was a senior partner in the law firm of Andrews Kurth LLP, where he specialized in corporate and business law, including mergers and acquisitions, securities law matters and corporate governance matters. Mr. Elkins currently serves as an independent director of several organizations and corporations, including ZiLOG, Inc., a NASDAQ-listed manufacturer of micrologic semiconductor devices headquartered in San Jose, California. Since 1996 Mr. Elkins has served as business representative and advisor for a large group of private investors in connection with substantial real estate holdings in Nevada and California. Mr. Elkins

holds a B.B.A. degree from the University of Texas, Arlington and a J.D. from Southern Methodist University. Mr. Elkins is one of the persons currently designated to serve as a director by the holders of Pliant's Series AA Preferred Stock.

Edward A. Lapekas became one of Pliant's directors on December 19, 2001 and became Pliant's Non-Executive Chairman on October 22, 2003. Mr. Lapekas served as Pliant's interim Chief Executive Officer from August 24, 2003 until October 22, 2003. From November 2002 until March 2003, Mr. Lapekas served as Chairman and Chief Executive Officer of NexPak Corporation, a media packaging company. Prior to that, Mr. Lapekas was Executive Chairman of Packtion Corporation, an e-commerce venture, from October 2000 until June 2001. From May 1996 until July 2000, Mr. Lapekas was employed by American National Can Group, Inc., last serving as Chairman and Chief Executive Officer. Prior to that position, Mr. Lapekas served as Deputy Chairman and Chief Operating Officer of Schmalbach-Lubeca AG. From 1971 until 1991, Mr. Lapekas was employed by Continental Can Company, where he served in various strategy, planning, operating and marketing capacities. Mr. Lapekas is also a director of Silgan Corp. He received a B.A. from Albion College and an M.B.A. from Wayne State University. Mr. Lapekas is one of the persons currently designated to serve as a director by Pliant's common stock holders.

Stephen McKenna became one of Pliant's directors on June 23, 2005. Mr. McKenna is a managing director of CCMP Capital Advisors, LLC ("CCMP"), a private equity firm formed in August 2006 by the former buyout/growth equity professionals of J.P. Morgan Partners, LLC ("JPMP"). CCMP serves as an investment adviser to JP Morgan, Pliant's principal stockholder, with respect to its investment in the Company. Prior to joining CCMP, Mr. McKenna was a partner of JPMP. Prior to joining JPMP, Mr. McKenna worked in the Consumer Investment Banking Group of Morgan Stanley. Mr. McKenna has extensive experience managing JPMP portfolio companies and is also on the Board of Directors of Compressed Air Energy Systems, Generac Power Systems, Inc. and Jetro Holdings. Mr. McKenna holds a B.A. from Dartmouth College and an M.B.A. from the University of Chicago Graduate School of Business. Mr. McKenna is one of the persons currently designated to serve as a director by Pliant's common stock holders.

Timothy J. Walsh became one of Pliant's directors on May 31, 2000. He served as Non-Executive Chairman from June 2002 until October 2003. Mr. Walsh is a managing director of CCMP which, as mentioned above, serves as an investment adviser to JP Morgan, Pliant's principal stockholder, with respect to its investment in the Company. Prior to joining CCMP, Mr. Walsh was a managing director of JPMP Capital Corp., which is the general partner of JPMP Master Fund Manager, L.P., which is the general partner of J.P. Morgan Partners (BHCA), L.P. Mr. Walsh had been a partner of JPMP from 1999 until joining CCMP. From 1993 to 1999, Mr. Walsh held various positions with JPMP in Europe and North America. From 1989 to 1993, he was a Vice President of J.P. Morgan Chase & Co. (formerly, The Chase Manhattan Corporation). Mr. Walsh is also a director of Generac Power Systems, Inc. (2006), Kraton Polymers (2003) and Metokote Corporation (1998). Mr. Walsh received a B.S. degree from Trinity College and an M.B.A. degree from the University of Chicago Graduate School of Business. Mr. Walsh is one of the persons currently designated to serve as a director by Pliant's common stock holders.

3. Subcommittees of the Board of Directors.

Pliant's board of directors has an audit committee and a compensation committee. The audit committee maintains oversight responsibilities with respect to Pliant's accounting, auditing, financial reporting and internal control processes generally. The members of the audit

committee are Eugene I. Davis (Chair), Timothy J. Walsh and Edward A. Lapekas. The compensation committee maintains oversight responsibilities with respect to the compensation of Pliant's officers and directors. The members of the compensation committee are Timothy J. Walsh (chair), John D. Bowlin and David G. Elkins.

There is no nominating committee of the board of directors. Instead, the entire board of directors currently operates as Pliant's nominating committee, and all directors participate in the consideration of director nominees. The board of directors has not established a nominating committee primarily because it believes that the current composition and size of the board permits candid and open discussion regarding potential new candidates for director.

4. Compensation of Directors.

Pliant has standard compensation arrangements for its Board of Directors. Each member of Pliant's board of directors receives compensation which includes a base fee of \$50,000 annually. Each member of Pliant's audit committee earns a supplement of \$10,000 annually and each member of each other committee earns a supplement of \$10,000 annually. Additionally, Pliant's non-executive chairman, Mr. Bowlin, earns a supplement of \$50,000 annually. The chair of Pliant's audit committee, Mr. Davis, earns a supplement of \$20,000 annually and the chair of each other committee earns a supplement of \$5,000 annually. Pliant does not provide equity or incentive compensation, deferred compensation, or pension arrangements for service as a director. The following is a summary of the compensation of directors for fiscal year 2008.

Name	Fees Earned or Paid in Cash
Harold C. Bevis	\$60,000
David G. Elkins	\$64,000
Eugene I. Davis	\$90,000
Edward A. Lapekas	\$65,000
John D. Bowlin	\$116,000
Timothy J. Walsh ⁽¹⁾	\$85,000
Stephen V. McKenna ⁽¹⁾	\$55,000

⁽¹⁾ Messrs. Walsh and McKenna are managing directors of CCMP, a private equity firm formed in August 2006 by the former buyout/growth equity professionals of JPMP. Directors' fees earned by Messrs. Walsh and McKenna are paid to JPMP.

5. Executive Officers.

Set forth below are the senior executive officers of Pliant, as of the date of the filing of this Disclosure Statement, elected by Pliant's board of directors and each officer's position within Pliant.

<u>Name</u>	<u>Position</u>
Harold C. Bevis	President, Chief Executive Officer and Director
Stephen T. Auburn	Vice President, General Counsel and Secretary
Keith Brechtelsbauer	Divisional Vice President and General Manager— Specialty Films
R. David Corey	Executive Vice President and Chief Operating Officer
Gabriele Ditsch	Managing Director— Germany

Timothy M. French	Managing Director—Canada
Greg E. Gard	Senior Vice President, Technology & Innovation
James L. Kaboski	Vice President and General Manager—Printed Products
James M. Kingsley	Senior Vice President, Business Development
Joseph J. Kwederis	Senior Vice President, Finance & Accounting
Robert J. Maltarich	Vice President and General Manager—PVC Products
Thomas C. Spielberg	Senior Vice President and Chief Financial Officer
Kenneth J. Swanson	Senior Vice President and President, Engineered Films Group
Fred D. Wampnar	Vice President and General Manager—Stretch and Shrink Products

6. Biographies of the Senior Executive Officers.

Harold C. Bevis was named President and Chief Executive Officer in October 2003. Mr. Bevis also serves on Pliant's board of directors. He has over 20 years of global experience with multiple types of technology-driven manufactured products sold across a full range of sales channels. Mr. Bevis joined Pliant from Emerson Electric, where he served as President of Emerson Telecommunications Products, a group of manufacturing companies, beginning in 1998. Mr. Bevis led the sale of this group to Emerson while he was President and Chief Executive Officer of Jordan Telecommunication Products, Inc., a manufacturer of nonproprietary communications products. Prior to that, Mr. Bevis served as Senior Vice President and General Manager of General Cable Corporation, a large, vertically integrated domestic manufacturer of wire and cable products sold through wholesale and retail channels to companies such as The Home Depot, True Value Hardware, Rexel and Graybar. Mr. Bevis has also held positions of increasing responsibility with General Electric, Booz, Allen & Hamilton, and General Dynamics, where he began his career as an engineer. Mr. Bevis holds a B.S. in Industrial Engineering from Iowa State University and an M.B.A. in Marketing from Columbia University.

Stephen T. Auburn, Vice President, General Counsel and Secretary, joined Pliant in 2005 and has over 25 years of broad, international legal experience. Prior to joining Pliant, Mr. Auburn worked at Pactiv Corporation from 1995 to 2005 where he held legal positions of increasing responsibility, most recently as Assistant General Counsel and Division Counsel for Pactiv's Foodservice and Food Packaging Division. Prior to Pactiv, he was Counsel to Mobil Chemical's Consumer Products and Films Divisions from 1989 to 1995. Mr. Auburn began his career in private practice. Mr. Auburn received his B.A. from the State University of New York, Potsdam, and holds J.D. and M.P.A. degrees from Syracuse University and an M.B.A. from Northwestern University's Kellogg Graduate School of Management.

Keith D. Brechtelsbauer, Divisional Vice President and General Manager – Specialty Films, joined Pliant in June 2004 as Vice President, Marketing for the Specialty Group, which comprised all printed and converted products. In November 2005 Mr. Brechtelsbauer was promoted to his current role, which oversees both the domestic and global aspects of the personal care and medical markets. Prior to joining Pliant, from 1998-2004, Mr. Brechtelsbauer worked for Tredegar Film products as Global Sales Manager and Market Development Manager. From 1987-1988, Mr. Brechtelsbauer was employed by Sealed Air Corporation—Cryovac Division, a global leader in packaging solutions. Mr. Brechtelsbauer held a variety of Sales, Operations and Marketing leadership positions during his tenure there. Mr. Brechtelsbauer holds a BS in Business

Communication from James Madison University, and an MA from Northern Illinois University in Organizational Communication.

R. David Corey was named Chief Operating Officer in March 2004. He joined Pliant as Executive Vice President for Global Operations in November 2003. Mr. Corey has over 30 years of experience leading extrusion-based manufacturing businesses. Mr. Corey was a senior executive at Emerson Electric where he was President of Dura-Line, a manufacturing business that produced telecom, gas and water conduit products. He supervised plants and sales forces in the United States, Mexico, United Kingdom, Spain, Brazil, Czech Republic, Malaysia, India and China. Before holding that position, Mr. Corey was President of International Wire with operations in the United States, and Asia. Prior to that, Mr. Corey was Senior Vice President and General Manager of Telecom products for General Cable Corporation. He earned a B.S. in Business from Eastern Illinois University.

Gabriele Ditsch, Managing Director for Pliant's European Business Unit located in Germany, joined Pliant in 1988 and held various sales positions of increasing responsibility in the European Packaging Division of Huntsman Packaging, which became Pliant Corporation. In 2002 she was appointed Managing Director for Pliant's European Business Unit. She is responsible for all aspects of the European business including production, sales and administration. Mrs. Ditsch holds a degree in languages (English and French) and economics from the University of Mainz, Germany.

Timothy M. French, Managing Director Canada, joined Pliant in 2008 and has over 25 years of experience in the manufacturing sector with more than 20 of those years being in the flexible packaging industry. Prior to joining Pliant Mr. French was President And Chief Executive Officer of Snowbear Limited, a designer and manufacturer of utility trailers sold through major North American retailers such as The Home Depot, Canadian Tire, Costco and Wal-mart Canada. Prior to Snowbear Tim held various positions of increasing responsibility culminating in President and Chief Operating Officer for PCL Packaging Corporation. PCL Packaging, having more than six hundred employees and six facilities with locations in Canada and the United States was an extruder, printer and converter of polyethylene products for use in waste disposal and retail carry out bag market. In this position Tim had overall P&L responsibility for all aspects of the operation and reported directly to the Board of Directors. Prior to PCL Tim worked for Uniplast Industries (now part of the Pliant family) as plant manger responsible for two facilities extruding custom polyethylene film for use in convertor and lamination markets. Mr. French holds an MBA from Athabasca University.

Greg E. Gard joined Pliant in 1989 and has held numerous technical positions supporting the various market segments within Pliant. Mr. Gard presently serves as Senior Vice President, Technology & Innovation. His responsibilities in this regard include Product Development and Technical Service for the Corporation, with particular focus on shortening product development cycles, improving speed to market, and directing a team of packaging professionals in the development of packages that protect and preserve while improving functionality and appearance. Before joining Pliant, Mr. Gard held engineering and management positions with Cryovac Sealed Air Corporation. Prior to this he worked for several years as an engineer with Dresser Atlas in oil and gas exploration. He holds a B.S. degree in electrical and computer engineering from the University of Wisconsin Madison. Mr. Gard is actively involved with Clemson University's Packaging Science program, one of only four academic institutions in the United States that offers a four-year program leading to a B.S. degree in Packaging Science. He currently serves on the Packaging Advisory Board at Clemson.

James L. Kaboski joined Pliant in 2005 and is the Vice President and General Manager—Printed Products. Prior to this position, Mr. Kaboski was the Vice President of Strategy, Marketing and Business Development. Prior to joining Pliant, Mr. Kaboski worked at Booz Allen Hamilton from 1996 to 2005 where he was a senior leader in the firm's Consumer Packaged Goods practice. Prior to Booz Allen, Mr. Kaboski was with Kraft Foods from 1991 to 1995 where he held Technical Brand Manager and packaging engineering positions. Prior to Kraft, Mr. Kaboski was an engineer with Dow Chemical. Mr. Kaboski holds a B.S. in Chemical Engineering from the University of Wisconsin and an M.B.A. from Northwestern University's Kellogg Graduate School of Management.

James M. Kingsley joined Pliant in 2006 and is the Senior Vice President, Business Development. Prior to this position, Mr. Kingsley was the Senior Vice President and General Manager of the Engineered Films Division at Pliant. Prior to joining Pliant, from 2000 to 2006, Mr. Kingsley was President of Emerson Electric's Optical Connectivity Division, a global supplier of critical-need data center and LAN connectivity solutions with operations in the United States, Mexico, Morocco and China. Prior to this role, Mr. Kingsley was the Vice President of Sales, Marketing and Business Development for the Connectivity division of Emerson. From 1998 to 1999, Mr. Kingsley was the Director of Business Development for Jordan Telecommunications Products, Inc. ("Jordan") in charge of all acquisition and business development activity. Prior to Jordan, Mr. Kingsley held a variety of management positions in Marketing and Sales at Lucent Technologies and AT&T. Mr. Kingsley began his career in public accounting at Arthur Andersen & Co. Mr. Kingsley holds a B.S. degree in Accounting from the University of Illinois and a M.B.A. from Northwestern University's Kellogg Graduate School of Management.

Joseph J. Kwederis was named Senior Vice President, Finance & Accounting on March 12, 2008. Mr. Kwederis joined Pliant in February 2005 and served as Pliant's Senior Vice President and Chief Financial Officer until March 2008. Prior to joining Pliant, Mr. Kwederis was Senior Vice President/Chief Financial Officer of Dura-Line Corporation from 1999-2004, and Vice President of Finance for International Wire Group from 1996-1999. From 1974 until 1996 he held positions of increasing responsibility in Accounting and Finance at General Cable Corporation. Mr. Kwederis holds a B.S. in Accounting from Rutgers University and an M.B.A. from the University of Connecticut.

Robert J. Maltarich, Vice President and General Manager—PVC Products, joined Pliant Corporation in July 1992 following the acquisition of Goodyear Tire & Rubber Company's Films Division. Since that time, he has held numerous positions within Pliant. From 1992-1993 he served as Marketing Manager Film Products Worldwide, from 1994-1996 he was Director of National Accounts, and from 1997-1998 he was General Manager Custom Films Group. Other positions included Vice President and General Manager Barrier and Custom Films and, most recently, Senior Vice President of Sales, Flexible Packaging. Mr. Maltarich was promoted in October 2002 to Vice President and General Manager, Industrial Films, where he was responsible for Pliant's Stretch, Custom, and PVC film businesses. He assumed his current role in 2006. Prior to joining Pliant, Mr. Maltarich held numerous national and international positions in both sales and marketing with Goodyear Tire & Rubber Company. During his 18-year career at Goodyear, he served as General Marketing Manager Film Products Worldwide, General Manager European Film Products, Manager Film Products USA and District Sales Manager. He holds a B.S. degree in Business Administration from the University of Akron.

Thomas C. Spielberg was named Senior Vice President and Chief Financial Officer of Pliant on March 12, 2008. In 2003, Mr. Spielberg founded Gaslight Equity Group, LLC, a private equity group acquiring middle market entrepreneurial businesses, where he retains an interest, but no longer holds a management role. Between 1989 and 2003, Mr. Spielberg had been employed by Jordan Industries, Inc., where he had held a number of positions including Controller, Vice President of Finance and Accounting, Senior Vice President of Finance and Accounting and finally Chief Financial Officer and Senior Vice President. Prior to working at Jordan Industries, Inc. Mr. Spielberg had worked for Ernst & Young LLP from 1984 until 1989, and held various positions including Audit Senior and Manager of Mergers and Acquisitions Group. Mr. Spielberg is a Certified Public Accountant and holds a B.A. in Accounting from State University of New York in Binghamton and an M.B.A. in Finance from Columbia University.

Kenneth J. Swanson, joined Pliant in 1997 following the acquisition of CT Films and is currently Senior Vice President and President, Engineered Films Group. Prior to this position, Mr. Swanson was the Senior Vice President and General Manager of the Specialty Films Division at Pliant. Since 1992, Mr. Swanson has had various leadership positions with CT Films and Pliant. Mr. Swanson has over 18 years experience in the plastics industry and supervises teams domestically and internationally. Prior to 1992, Mr. Swanson held multiple sales and marketing management positions in the injection molding segment of the plastics industry. Mr. Swanson holds a BS in Business Management from the University of Redlands.

Fred D. Wampnar, Vice President and General Manager—Stretch and Shrink Products, joined Pliant in 1998 and has held numerous positions including Vice President of Marketing and Vice President of Operations before assuming his current role. Prior to joining Pliant, Mr. Wampnar held positions of Vice President of Operations and Vice President of Sales and Marketing with Paragon Films, and as Director of Manufacturing with Linear Films. He holds a B.S. in Operations Management from Oklahoma State University.

7. Compensation of Top Five Paid Officers.

The following summary compensation table sets forth information about compensation earned in the fiscal year ended December 31, 2007 and fiscal year ended December 31, 2008 by Pliant's five most highly compensated executive officers during each such year. Pliant did not grant stock options or other equity awards and as a result, the following summary does not include any columns for those types of rewards.

Summary Compensation Table

Name and Principal Position	Year	Salary (1)	Bonus (2)	Non-equity Incentive Plan Compensation (3)	All Other Compensation (4)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (5)	Total
Harold C. Bevis President and Chief Executive Officer	2007	\$675,000	\$600,000	\$685,384	\$134,335	-	\$2,094,719
	2008	\$719,712	\$0	\$0	\$129,201		\$848,913
R. David Corey Executive Vice	2007	\$411,635	\$190,000	\$106,920	\$14,963	-	\$723,518

President and Chief Operating Officer	2008	\$430,793	\$0	\$0	\$15,784		\$446,577
Kenneth J. Swanson Senior Vice President and President, Engineered Films Group	2007	\$243,064	\$70,000	\$63,90	\$16,144	\$0	\$393,109
	2008	\$254,081	\$0	\$0	\$17,233	\$0	\$271,314
Joseph J. Kwederis Senior Vice President, Finance & Accounting (6)	2007	\$252,022	\$75,000	\$43,179	\$16,042	-	\$386,243
	2008	\$263,445	\$0	\$0	\$12,745		\$276,190
Stephen T. Auburn Vice President and General Counsel	2007	\$252,022	\$75,000	\$30,842	\$15,663	-	\$373,527
	2008	\$263,445	\$0	\$0	\$16,555		\$280,000
Thomas C. Spielberg Senior Vice President and Chief Financial Officer (7)		-	-	-	-	-	-
	2008	\$256,000	\$0	\$0	\$12,764		\$268,764

- (1) This column includes the earnings of the final pay period of 2007 that were paid in 2008 and the earnings of the final pay period of 2008 that were paid in 2009.
- (2) This column shows the "floor level" bonus authorized for 2007 in the absence of an annual bonus under Pliant's Management Incentive Plan for first year. No MIP award was granted to the listed individuals for 2008.
- (3) This column shows the Series M Bonus under Pliant's Stock Plan for 2007. No such bonus was paid for 2008.
- (4) This column reports matching contributions to Pliant's tax-qualified Section 401(k) plan on behalf of Pliant's named executive officers (which for each named executive officer were \$6,750 in 2007 and \$6,900 in 2008 (except Spielberg prorated to \$5,520 in 2008)), plus other compensation and personal benefits. Other compensation for Mr. Bevis includes \$54,000 in 2007 and \$60,000 in 2008 for services as a member of Pliant's Board of Directors. Personal benefits for all of Pliant's Schaumburg-based named executive officers (Messrs. Bevis, Kwederis, Corey, Auburn, and Spielberg (2008 only)) included indoor parking at Pliant's headquarters (with an annual cost to Pliant of \$1500 for each individual in 2007 and 2008 (except Spielberg prorated to \$1,200 in 2008)). In addition, personal benefits for Mr. Bevis included a car allowance of \$27,600 in 2007 and 2008, country club dues reimbursement of \$14,000 in 2007, tax and financial planning reimbursement of \$10,500 in 2007, \$9,018 in 2008 for country club dues and tax and financial planning, and event tickets, spouse travel expenses, airline lounge membership and gifts totaling \$21,985 in 2007 and \$21,183 in 2008. Mr. Kwederis received reimbursed moving expenses of \$3,842 in 2007. Personal benefits for Mr. Kwederis included event tickets, spouse travel expenses and gifts totaling \$3,950 in 2007 and \$4,345 in 2008. Personal benefits for Mr. Corey included event tickets, airline lounge membership and gifts totaling \$6,713 in 2007 and \$7,384 in 2008. Personal benefits for Mr. Auburn included event tickets, airline lounge membership and gifts totaling \$7,414 in 2007 and \$8,155 in 2008. Personal benefits for Mr. Swanson included family travel expenses, airline lounge memberships and event tickets totaling \$9,394 in 2007 and \$10,333 in 2008. 2008 personal benefit totals indicated above have been assumed for purposes of this disclosure to be 110% of the applicable 2007 totals, provided that Mr. Spielberg's personal benefit amount for 2008 was assumed to be an average of applicable 2008 amounts for Messrs Auburn, Swanson, Kwederis and Corey, and his "All Other Compensation" totals were prorated to 80% in light of his March 2008 start date.
- (5) Mr. Swanson is the only named executive officer to have a pension benefit. This column would report increases in the present value of that frozen accrued benefit. However, in 2007, the present value decreased from \$68,743 at December 31, 2006 to \$67,308 at December 31, 2007, due to changes in the discount rate from 6.00% as of December 31, 2006 to 6.29% as of December 31, 2007. Under governing regulations a negative amount for this item is reported as \$0. In 2008, the present value decreased from \$67,308 at December 31, 2007 to \$67,217 at

December 31, 2008, due to changes in the discount rate from 6.29% as of December 31, 2007 to 6.53% as of December 31, 2008. Under governing regulations a negative amount for this item is reported as \$0.

- (6) Mr. Kwederis joined Pliant in February 2005 and served as Pliant's Senior Vice President and Chief Financial Officer until March 2008. Mr. Kwederis was named Senior Vice President, Finance & Accounting on March 12, 2008.
- (7) Mr. Spielberg was named Senior Vice President and Chief Financial Officer of Pliant in March 2008. His stated 2008 compensation actually paid is not among the top 5 for that year because of his partial year of service, but he is included for informational purposes.

E. COMPENSATION AND BENEFITS PROGRAMS

In the ordinary course of business, the Debtors have implemented a number of compensation and benefits programs, which are designed to reward the Debtors' management and non-management employees for excellent service, incentivize future performance, and provide employees with a competitive compensation and benefits package. Except as otherwise indicated on Exhibit 12.6 or Exhibit 7.1 of the Plan, the Debtors intend to honor, in the ordinary course of business after their emergence from chapter 11, all of their employee compensation and benefits programs that are in effect as of the Confirmation Date, as they may be amended or modified from time to time. These employee compensation and benefits programs are listed and generally described in Exhibit C hereto, with the exception of collectively bargained programs (e.g., collectively bargained agreements and pension and other benefit plans), insured and self-insured programs (e.g., health plans), and customary fringe benefit policies (e.g., vacation, sick leave). The descriptions set forth in Exhibit C are not, and are not intended to be, comprehensive and, in the case of agreements specifying a particular base salary or other compensation amount, do not necessarily reflect any subsequent increases or decreases thereto, if any. All such plans and other programs are governed by applicable plan and program terms and conditions, as in effect or amended from time to time. In addition, the Debtors reserve the right to modify, amend or terminate any or all of their employee benefit and compensation programs in the ordinary course of business in their sole discretion, subject to applicable modification, amendment or termination provisions and/or applicable law. In the event the Debtors terminate any compensation or benefit programs prior to the Confirmation Date, they will file an amendment to Exhibit 12.6 or Exhibit 7.1 to the Plan, as applicable.

F. SUCCESS BONUS PLAN

In addition to those compensation and benefit programs discussed above, the Plan contemplates that on the Effective Date of the Plan, a limited number of officers and other key employees principally responsible for the Debtors' reorganization efforts shall receive a success bonus payment, which payment shall be to incentivize such officers and key employees to enable the Debtors to emerge from chapter 11 and achieve the Debtors' goals. Any such payments will be made in accordance with terms and conditions of the Restructuring Bonus Plan, a summary of which is attached as Exhibit 5.13 to the Plan and a form of which shall be filed as Exhibit 5.13 to the Plan no later than three (3) business days prior to the objection deadline set with respect to the Disclosure Statement.

G. DEBT AND CAPITAL STRUCTURE OF THE COMPANY

1. Prior Reorganization

On January 3, 2006 (the “2006 Petition Date”), each of the Debtors herein (the “2006 Debtors”) filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (collectively, the “2006 Cases”). The 2006 Cases were assigned to United States Bankruptcy Judge Mary F. Walrath and were jointly administered under the caption “In re: Pliant Corporation, et al., Case No. 06-10001.”

On the 2006 Petition Date, three of the 2006 Debtors– Uniplast Industries Co., Pliant Corporation of Canada Ltd. and Pliant Packaging of Canada, LLC – obtained an Initial Order (the “2006 Recognition Order”) from the Ontario Superior Court of Justice (the “Canadian Court”) recognizing their chapter 11 proceedings as “foreign proceedings” pursuant to section 18.6 of the CCAA. Pursuant to the Recognition Order, RSM Richter Inc. was appointed as information officer (the “2006 Information Officer”) for the purpose of ensuring that Canadian stakeholders and the Canadian Court were apprised of developments in the chapter 11 proceedings.

The 2006 Cases were filed as part of a pre-negotiated financial restructuring of the 2006 Debtors’ balance sheet, caused primarily by a severe contraction in trade terms from their essential raw material suppliers and challenging industry conditions (namely the increase in the price of the principal raw materials – Resins – used to manufacture the 2006 Debtors’ products) in the months prior to the 2006 Petition Date. This combination of events cost the 2006 Debtors millions of dollars and severely impacted the 2006 Debtors’ liquidity resulting in the 2006 Debtors being unable to service their debt obligations at the then existing levels.

During the 2006 Cases, the 2006 Debtors continued to operate in the normal course of business and all of their manufacturing and research and development facilities around the world remained open and continued to serve customers.

2. The 2006 Plan and Related Transactions.

On June 19, 2006, the 2006 Debtors filed their Fourth Amended Joint Plan of Reorganization (the “2006 Plan”). The 2006 Plan was based primarily upon a prepetition compromise and agreement with the holders of more than 66 2/3% of Pliant’s then-existing 13% Senior Subordinated Notes, the holders of a majority of the then-existing outstanding shares of Pliant’s mandatorily redeemable preferred stock and the holders of a majority of the then-existing outstanding shares of Pliant’s common stock. At its core, the 2006 Plan provided that (i) \$320 million of Pliant’s 13% Senior Subordinated Notes would be exchanged for a combination of 30% of new common stock, \$260 million of new Series AA Preferred Stock, certain additional consideration, and up to \$35 million of new debt, (ii) \$278 million of Pliant’s mandatorily redeemable preferred stock would be exchanged for a combination of up to \$75.5 million of new Series AA Preferred Stock and 28% of new common stock, (iii) holders of outstanding common stock would receive 42% of new common stock, and (iv) the holders of claims under the First Lien Notes Indenture and Second Lien Notes Indenture and the claims of trade and other general unsecured creditors would be unimpaired. As part of the 2006 Plan, Pliant would be reincorporated in Delaware, and the new common stock, Series AA Preferred Stock and new debt would be issued by Pliant Corporation, a Delaware corporation.

On June 23, 2006, the Bankruptcy Court entered an order confirming the 2006 Plan and the 2006 Plan became effective on July 18, 2006 (the “2006 Effective Date”). On the 2006 Effective Date, the 2006 Debtors consummated their reorganization through a series of transactions contemplated by the 2006 Plan.

3. Description of the Debtors’ Prepetition Debt Structure.

The Debtors’ prepetition debt structure is comprised of four components: (a) the Prepetition Credit Facility (as hereinafter defined), (b) the First Lien Notes (as hereinafter defined), (c) the Second Lien Notes (as hereinafter defined), and (d) the Senior Subordinated Notes (as hereinafter defined). As of the Petition Date, these debt issuances totaled approximately \$847.8 million in principal amount.

(a) Credit Facilities.

The prepetition credit facility (the “Prepetition Credit Facility”) is comprised of two components: (1) the Prepetition Working Capital Credit Agreement, and (2) the Prepetition Fixed Asset Credit Agreement.

Specifically, on July 18, 2006, Pliant, Uniplast Holdings, Inc. and Uniplast U.S., Inc. (the “Domestic Subsidiary Borrowers”), Pliant Corporation of Canada Ltd. (“Pliant Toronto”), Uniplast Industries Co. (“Pliant Orillia”), Pliant Corporation Pty Ltd. (the “Australian Subsidiary Borrower”), Pliant Film Products GmbH (the “German Subsidiary Borrower”), Aspen Industrial, S.A. de C.V. (the “Mexican Subsidiary Borrower”), and together with Pliant Toronto, the Australian Subsidiary Borrower and the German Subsidiary Borrower, the “Foreign Subsidiary Borrowers”), as borrowers (collectively, the “Prepetition Working Capital Credit Borrowers”), entered into the Prepetition Working Capital Credit Agreement with the Prepetition Working Capital Lenders, Merrill Lynch Bank USA, as administrative agent, and Merrill Lynch Commercial Finance Corp., as sole lead arranger and book manager. Also on that date, the Foreign Subsidiary Borrowers entered into the Prepetition Fixed Asset Credit Agreement, among the lender parties thereto (the “Prepetition Fixed Asset Lenders,” and together with the Prepetition Working Capital Lenders, the “Prepetition Credit Facility Lenders”), Merrill Lynch Bank USA, as administrative agent, and Merrill Lynch Commercial Finance Corp.

Under the Prepetition Credit Facility separate loans were made by foreign bank lenders (the “Prepetition Foreign Lenders”) to each of the Foreign Subsidiary Borrowers (the “Prepetition Foreign Subsidiary Obligations”). Pursuant to certain guaranty and security agreements, each of the Foreign Subsidiary Borrowers, other than the German Subsidiary Borrower, but including Jacinto Mexico, S.A. De C.V., and Pliant de Mexico, S.A. de C.V. (the “Foreign Subsidiary Guarantors”)⁵ guaranteed and secured each others’ Prepetition Foreign Subsidiary Obligations to the Prepetition Foreign Lenders. As more fully described below, the Foreign Subsidiary Guarantors did not, however, guarantee nor otherwise secure Pliant’s, Pliant Orillia’s or the Domestic Subsidiary Borrowers’ obligations under the Prepetition Credit Facilities. Pliant’s, Pliant Orillia’s and the Domestic Subsidiary Borrowers’ obligations under the Prepetition Credit Facilities are separately guaranteed and secured by the Subsidiary Guarantors.⁶

⁵ None of the Foreign Subsidiary Guarantors are Debtors in these chapter 11 cases, nor are they subject to insolvency proceedings in any jurisdiction, with the sole exception of Pliant Corporation of Canada Ltd., which is a Debtor in these chapter 11 cases.

⁶ The “Subsidiary Guarantors” means Uniplast Holdings, Inc., Pliant Corporation International, Pliant Film Products of

Pliant's, Pliant Orillia's and the Domestic Subsidiary Borrowers' obligations under the Prepetition Working Capital Credit Agreement are secured by a security interest in and lien upon Pliant and the Subsidiary Guarantors' property, including a first priority security interest in, among other things, inventory, receivables, deposit accounts, the capital stock of, or other equity interests in, existing and future domestic subsidiaries and certain first-tier foreign subsidiaries, and investment property (the "Prepetition Working Capital First Priority Collateral") and a second priority security interest in the First Lien Notes First Priority Collateral (as defined below) (the "Prepetition Working Capital Second Priority Collateral" and together with the Working Capital First Priority Collateral, the "Prepetition Working Capital Collateral"). The obligations of the Foreign Subsidiary Borrowers under the Prepetition Working Capital Credit Agreement are secured by a first priority security interest in, among other things, the German Subsidiary Borrower's⁷ and the Foreign Subsidiary Guarantors' inventory, receivables, deposit accounts, the capital stock of, or other equity interests in, existing and future domestic subsidiaries and certain first-tier foreign subsidiaries, and investment property. The obligations of the Foreign Subsidiary Borrowers under the Fixed Asset Credit Agreement are secured by a first-priority security interest in, among other things, the German Subsidiary Borrower's and the Foreign Subsidiary Guarantors' real property, fixtures, and equipment.

The Prepetition Credit Facility provided up to \$200 million of total commitments, subject to a borrowing base and certain other limitations. As of the Petition Date, the aggregate principal amount outstanding under the Prepetition Credit Facility was approximately \$167.4 million (the "Prepetition Credit Facility Indebtedness"). Of this amount, approximately \$22.4 million is attributable to the Prepetition Foreign Subsidiary Obligations owed to the Prepetition Foreign Lenders and guaranteed and secured by each of the Foreign Subsidiary Guarantors. Approximately \$6.4 million of the Prepetition Foreign Subsidiary Obligations is owed by PCC, the sole Debtor Foreign Subsidiary Borrower.

(b) First Lien Notes.

Pliant is party to an Amended and Restated Indenture, dated as of February 17, 2004 (as amended and restated as of May 6, 2005, and supplemented as of July 18, 2006) (the "First Lien Indenture") pursuant to which Pliant issued (a) 11-5/8% senior secured notes due 2009 (the "11-5/8% Senior Secured Notes"); and (b) 11-1/8% senior secured notes due 2009 (the "11-1/8% Senior Secured Notes," together with the 11-7/8% Senior Secured Notes, the "First Lien Notes"). The obligations under the First Lien Indenture (the "First Lien Indebtedness") are guaranteed by the Subsidiary Guarantors. As security for the First Lien Indebtedness, Pliant and the Subsidiary Guarantors granted to the Indenture Trustee for the First Lien Notes (the "First Lien Indenture Trustee"), for its benefit and the benefit of the First Lien Noteholders, a first priority security interest and lien upon the Fixed Asset Collateral, and a second priority security interest and lien upon the Working Capital First Priority Collateral. As of the Petition Date, the aggregate principal amount of First Lien Notes outstanding was approximately \$392.5 million.

Mexico, Inc., Pliant Packaging of Canada, LLC, Pliant Investment, Inc., Alliant Company LLC, Uniplast U.S., Inc., and Uniplast Industries Co., each of which is a debtor in these Chapter 11 Cases.

⁷ The German Subsidiary Borrower separately granted security interests and liens on its own collateral to secure the loans made to it under the Prepetition Working Capital Credit Agreement and Fixed Asset Credit Agreement.

(c) Second Lien Notes.

Pliant is party to an Indenture, dated as of May 30, 2003 (the "Second Lien Indenture") pursuant to which Pliant issued the 11-1/8% Senior Secured Notes due 2009 (the "Second Lien Notes"). The obligations under the Second Lien Indenture (the "Second Lien Indebtedness") are guaranteed by the Subsidiary Guarantors. As security for the Second Lien Indebtedness, Pliant and the Subsidiary Guarantors granted to the indenture trustee for the Second Lien Notes (the "Second Lien Indenture Trustee"), for its benefit and for the benefit of the Second Lien Noteholders, a second priority security interest in and lien upon the Working Capital Collateral and the Fixed Asset Collateral. As of the Petition Date, the aggregate principal amount outstanding of Second Lien Notes was approximately \$261.6 million.

(d) Senior Subordinated Notes.

Pliant is party to an Indenture, dated June 14, 2007 (the "Senior Subordinated Notes Indenture"), pursuant to which Pliant issued the 18% Senior Subordinated Notes due 2012 (the "Senior Subordinated Notes"). Pliant's obligations under the Subordinated Notes Indenture are guaranteed by the Subsidiary Guarantors. As of the Petition Date, the aggregate principal amount outstanding of Subordinated Notes was approximately \$26.3 million. The obligations under the Subordinated Notes Indenture are unsecured.

(e) Intercreditor Agreement

The collateral agents for the Working Capital Credit Facility, the First Lien Indenture Trustee and the Second Lien Indenture Trustee are parties to an Intercreditor Agreement dated as of February 17, 2004 (the "Intercreditor Agreement"). The Intercreditor Agreement delineates the rights and obligations of the parties with respect to the liens in the Working Capital Collateral and the Fixed Asset Collateral in a bankruptcy proceeding.

Specifically, the parties agreed that the liens granted by the Debtors enjoy the following priority structure within a bankruptcy: (i) with respect to the Working Capital Collateral, the security interests and liens granted by Pliant and the Subsidiary Guarantors in favor of the collateral agent to secure the indebtedness under the Working Capital Credit Facility are senior in all respects and prior to the security interests and liens granted by Pliant and the Subsidiary Guarantors in favor of the First Lien Indenture Trustee and Second Lien Indenture Trustee to secure the First Lien Indebtedness and Second Lien Indebtedness, respectively; (ii) with respect to the Fixed Asset Collateral, the security interests and liens granted by Pliant and the Subsidiary Guarantors in favor of the First Lien Indenture Trustee to secure the First Lien Indebtedness are senior in all respects and prior to the security interests and liens granted by Pliant and the Subsidiary Guarantors in favor of the collateral agent and Second Lien Indenture Trustee to secure the Prepetition Indebtedness and Second Lien Indebtedness, respectively; and (iii) the security interests and liens granted by Pliant and the Subsidiary Guarantors in favor of the Second Lien Indenture Trustee to secure the Second Lien Indebtedness are junior and subordinated in all respects to the security interests and liens granted in favor of the collateral agent under the Working Capital Credit Facility with respect to the Working Capital Collateral and the security interests and liens granted in favor of the First Lien Indenture Trustee with respect to the First Lien Noteholder Collateral, respectively, and therefore the security interests and liens granted in favor of the Second Lien Indenture Trustee are in a second-priority position in both instances.

4. Description of the Debtors' Prepetition Equity Interests.

Pliant has two classes of preferred stock and one class of common stock. Each class of Pliant's stock is described below.

(a) Series AA Preferred Stock.

On July 18, 2006, Pliant issued approximately 334,780 shares of Series AA Preferred Stock. Effective as of August 1, 2007, the Company's Series AA Preferred Stock is quoted on the OTCBB under the symbol PLIAP. If the Series AA Preferred Stock has not been redeemed or repurchased by July 18, 2011, the holders of at least 40% of the outstanding shares of Series AA Preferred Stock shall have the right to cause all of the outstanding class of Series AA Preferred Stock to be converted into the number of shares of the Pliant's common stock equal to 99.9% of the number of fully diluted shares of Pliant's common stock after giving effect to such conversion (excluding shares, if any, of Pliant's common stock issued to stockholders of the other party to a merger qualifying for the "Merger Exception" as defined in Pliant's Amended and Restated Certificate of Incorporation). As of March 12, 2008, there were 15 holders of record of Pliant's Series AA Preferred Stock. Also as of that date, J.P. Morgan Partners (BHCA), L.P. and/or its affiliates owned approximately 12.51% of the Company's outstanding Series AA Redeemable Preferred Stock.

(b) Series M Preferred Stock.

The Series M Preferred Stock is Pliant's only class of equity securities issued under its equity compensation plans. The Series M Preferred Stock is closely held and not publicly traded. As of December 31, 2007, all 8,000 authorized shares of Series M Preferred Stock had been issued pursuant to Pliant's 2006 Restricted Stock Incentive Plan, and no additional shares of Series M Preferred Stock remain available for future issuance under Pliant's equity compensation plans. Further, there are no outstanding options, warrants or rights under which any shares of the Series M Preferred Stock are to be issued. As of March 12, 2008, there were 10 holders of record of the Company's Series M Preferred Stock.

(c) Pliant Common Stock.

As of March 12, 2008, Pliant had 97,348 shares of common stock outstanding and there were 339 holders of record of the Pliant's common stock. There is no established trading market for Pliant's common stock. Pliant has not declared or paid any cash dividends on its common stock during the last two years and does not anticipate paying any cash dividends in the foreseeable future. As of March 12, 2008, J.P. Morgan Partners (BHCA), L.P. and/or affiliates owned approximately 51.45% of the Company's outstanding common stock, par value \$.01 per share.

H. PENDING LITIGATION AGAINST THE DEBTORS.

As a consequence of the Debtors' commencement of these Chapter 11 Cases, all pending claims and litigation against the Debtors in the United States have been automatically stayed pursuant to section 362 of the Bankruptcy Code. In addition, as discussed more fully below in Section IV.C, three of the Debtors – Uniplast Industries Co., Pliant Corporation of Canada Ltd., and Pliant Packaging of Canada, LLC (the "Canadian Debtors") – have commenced proceedings

recognizing their chapter 11 proceedings as “foreign proceedings” pursuant to section 18.6 of the CCAA. In connection therewith, the Canadian Debtors anticipate that all pending claims and litigation against Uniplast Industries Co., Pliant Corporation of Canada Ltd., and Pliant Packaging of Canada, LLC in Canada will be stayed by order of the Canadian Court.

The Debtors are involved from time to time in a variety of litigation that is incidental to their businesses. The material pending litigation related to prepetition causes of action of which the Debtors are currently aware and which may result in further litigation following the Effective Date are set forth on the attached Exhibit D. Exhibit D of the Disclosure Statement is not, and is not intended to be, a comprehensive list of all actions involving the Debtors and specifically excludes, among others, administrative actions, workers compensation actions and actions involving union grievances. Inclusion on Exhibit D is for disclosure purposes only and is not an admission, and is not intended to be an admission, of liability with respect to any claim or action.

To the extent any of the litigation set forth on Exhibit D is not resolved prior to the Effective Date of the Plan, the Debtors’ may seek to estimate claims on account of such litigation, which claims shall then be treated in accordance with the provisions of the Plan.

I. EVENTS LEADING UP TO CHAPTER 11

The Company emerged from bankruptcy in July 2006, and consistent with its five-year financial plan continued its efforts to reduce costs and improve productivity. The Company also made various strategic capital investments aimed at fostering accretive growth and made substantial progress in re-establishing favorable trade terms with its vendors and strengthening its relationships with its customers. While these efforts positively impacted the Company’s financial performance in 2006 and 2007, the Company still faced significant challenges as a result of declining overall market demand, increased competitive pressures, and higher Resin prices.

To address these issues, the Company, beginning in 2007, took a number of steps to preserve its core businesses and help stimulate accretive growth. By way of example, in early 2008, Pliant’s Board of Directors approved Management’s proposed “\$15 Million Cost Reduction Program” and its proposed “\$80 Million Debt Reduction Program,” which were designed to modernize equipment, improve efficiencies and reduce operating costs. The Company also took steps to reduce inventory, cut headcount, freeze salaries and eliminate fixed overhead costs where appropriate. In this later regard, the Company is currently in the process of closing certain of its operating facilities. In addition, during 2008, the Company has pursued various strategic acquisition initiatives that were intended to improve the Company’s financial prospects and strengthen its balance sheet.

Notwithstanding these efforts, recent developments in the energy sector and in capital markets have forced the Company to commence these Chapter 11 Cases. Last summer’s unprecedented run-up in crude oil and natural gas prices has negatively impacted the Debtors’ operations and liquidity in the following ways. First, during the second and third quarters of 2008, the Debtors experienced a dramatic increase in the price of Resins, which were already priced much higher than had been forecasted in 2006. Second, as a result of the unprecedented increase in oil prices, the Debtors’ transportation costs dramatically increased primarily as a result of fuel surcharges – much of which the Debtors were unable to pass through to their customers. Third, the Debtors’ manufacturing facilities (many operating 24 hours a day and seven days a week) consume large quantities of electricity and natural gas. The increase in energy prices has translated into substantial increases in the utility costs associated with operating these facilities.

Recent and dramatic changes in capital markets have also adversely impacted the Company and its prospects for refinancing its First and Second Lien Notes, which as noted above, mature in 2009. It was the Company's intention to seek to refinance those instruments on comparable, or if possible more attractive, terms. However, as a result of recent strains on capital and credit markets, it has become evident that the Debtors will not be able to refinance those debt obligations when they come due in mid-2009.

Because of these factors, the Debtors have found it necessary to commence these Chapter 11 Cases in order to restructure their balance sheets and address their immediate liquidity needs.

IV. EVENTS DURING THE CHAPTER 11 CASES

On the Petition Date, the Debtors filed voluntary petitions for reorganization under the Bankruptcy Code in the Bankruptcy Court. The Debtors also sought relief in the form of various "first day orders" from the Bankruptcy Court as to various matters, certain of which are described below. The Debtors believe that each of these requests, if granted, would facilitate the Chapter 11 Cases and enable the Debtors to transition in and out of the Chapter 11 Cases with as little disruption to their businesses as possible. There can be no assurance, however, the Bankruptcy Court will grant such relief. The following list and discussion of "first day motions" [and "first day orders"] is not exhaustive, and the Debtors reserve the right to seek further orders and additional relief from the Bankruptcy Court to the extent the Debtors determine that such orders and relief are necessary or appropriate at such time as the bankruptcy proceedings are commenced, or not to seek portions of the relief described below.

A. JOINT ADMINISTRATION OF DEBTORS' CHAPTER 11 CASES

On the Petition Date, the Debtors filed the Motion of the Debtors for an Order Directing Joint Administration of Related Chapter 11 Cases, which requests procedural consolidation of these Chapter 11 Cases for ease of administration.

B. OTHER FIRST-DAY RELIEF

On the Petition Date, the Debtors also filed "first day" motions seeking authority to, among other relief, (i) pay prepetition wages and other benefits to their employees, (ii) honor prepetition customer obligations and continue customer programs, (iii) pay certain prepetition claims of shippers, warehousemen and other lien claimants, (iv) make payments to certain prepetition creditors that are vital to the Debtors' uninterrupted operations, (v) continue use of their existing cash management system, bank accounts and business forms, (vi) make tax payments to federal, state and local taxing authorities on an uninterrupted basis (vii) pay the prepetition commissions of the Debtors' brokers, (viii) prohibit utility companies from discontinuing, altering or refusing service, (ix) obtain additional time to file schedules and statements of financial affairs, and (x) obtain postpetition financing and use cash collateral. The Debtors also filed a motion requesting authority to fund certain foreign non-debtor subsidiaries. Finally, on the Petition Date, the Debtors filed a proposed Plan and this Disclosure Statement.

A description of the relief requested in each of certain of the motions filed on the Petition Date follows.

(a) Employee Compensation.

The Debtors rely on their employees for their day-to day business operations. The Debtors believe that any delay in paying any of their employees compensation, deductions, reimbursement and benefits could severely disrupt the Debtors' relationship with their employees, thereby creating the risk that their operations could be severely impaired. As a result, through the Motion of the Debtors for an Order Authorizing, (I) Payment of Prepetition Employee Wages, Salaries, and Other Compensation; (II) Reimbursement of Prepetition Employee Business Expenses; (III) Contributions to Prepetition Employee Benefit Programs and Continuation of such Programs in the Ordinary Course; (IV) Payment of Workers' Compensation Obligations; (V) Payments for which Prepetition Payroll Deductions were made; (VI) Payment of all Costs and Expenses Incident to the Foregoing Payments and Contributions; and (VII) Payment to Third Parties of all Amounts Incident to the Foregoing Payments and Contributions, the Debtors requested Bankruptcy Court authorization to pay certain prepetition wages and other benefits to their employees.

(b) Customer Programs.

Prior to the Petition Date, the Debtors engaged in customer programs to develop customer loyalty, encourage repeat business, and ensure customer satisfaction. The Debtors believe that these customer programs assisted, and will continue to assist, them in retaining current customers, attracting new customers, and, ultimately, increasing revenues. Accordingly, through the Motion of the Debtors for Order Authorizing, but not Requiring, the Debtors to Honor Certain Prepetition Obligations to Customers and to Otherwise Continue Prepetition Customer Programs and Practices in the Ordinary Course of Business, the Debtors requested Bankruptcy Court authorization to continue certain prepetition customer programs, such as customer rebates, pre-payment, bill-to-storage arrangements, customer adjustments, and customer royalty payments in the ordinary course of business.

(c) Shippers, Warehousemen and Other Lien Claimants.

The Debtors' supply and delivery system depends upon the use of reputable common carriers, shippers, couriers, freight-forwarders, truckers, third-party logistic providers, and customs agents, as well as a network of third-party warehouses to store goods in transit. The Debtors also routinely transact business with a number of other third parties who provide equipment and perform various services for the Debtors (including manufacturing tooling, dies, molds and other capital and non-capital equipment and parts necessary for the Debtors' operations) and who, under applicable state law, have the potential to assert liens against the Debtors and their property if the Debtors fail to pay for goods or services rendered prior to the Petition Date. The Debtors believe that the failure to satisfy such claims could have a material adverse effect on the Debtors' day-to-day business operations and relationships with their customers. Accordingly, through the Motion of the Debtors for an Order Authorizing, but not Requiring, the Payment of Prepetition Claims of Shippers, Warehousemen and Other Lien Claimants, the Debtors requested authority to pay certain prepetition claims held by certain shippers and warehousemen in amounts the Debtors determine necessary or appropriate to (i) obtain releases of critical or valuable goods or equipment that may be subject to liens, (ii) maintain a reliable, efficient and smooth distribution system, and (iii) induce critical shippers and warehousemen and other lien claimants to continue to carry goods and equipment and make timely deliveries thereof. Additionally, the Debtors requested immediate authority to pay and discharge, in the Debtors' discretion, the claims of certain third parties who, under applicable state law, have the potential to assert liens against the Debtors and their property if the Debtors fail to pay for goods or services rendered prior to the Petition Date.

(d) Critical Vendors.

Certain of the Debtors' vendors are the only source from which the Debtors can procure certain goods within a timeframe and at a price that will permit the Debtors to avoid production shutdowns. To prevent disruption of service from such vendors, through the Motion of the Debtors for an Order (I) Authorizing, on an Emergency Basis, Payment of Prepetition Claims of Critical Vendors and (II) Authorizing, but not Directing, After Notice and a Hearing, the Debtors to Pay Certain Obligations Arising in Connection with Goods Received by the Debtors within the Twenty Day Period Before the Petition Date, the Debtors seek entry of (i) an order authorizing the Debtors, on an emergency basis, in their discretion, to pay the prepetition claims of critical vendors that delivered materials, supplies, goods, products and related items before the Petition Date and to pay the prepetition claims of critical service providers; and (ii) an order authorizing, after notice and a hearing, the Debtors to pay, in their discretion, certain administrative expense priority claims for obligations arising in connection with Goods supplied by certain vendors that were received by the Debtors in the ordinary course of business within the twenty day period before the Petition Date.

(e) Cash Management.

Prior to the Petition Date, Pliant utilized a centralized cash management system to collect funds for its United States operations and to pay the operating and administrative expenses in connection therewith. The Canadian Debtors also employed a cash management system under which they collected funds for their Canadian operations and made disbursements to pay operating expenses in connection therewith. In order to, among other things, avoid administrative inefficiencies, through the Motion of the Debtors for an Order (I) Approving Cash Management System, (II) Authorizing Use of Prepetition Bank Accounts and Business Forms, (III) Waiving the Requirements of 11 U.S.C. §345(b) on an Interim Basis, and (IV) Granting Administrative Expense Status to Intercompany Claims Between the Debtors, the Debtors requested entry of an order (a) authorizing and approving the continued use of their existing cash management system, (b) authorizing the continued use of their existing bank accounts and business forms, (c) authorizing their deposit practices and waiving the requirements of section 345(b) in connection therewith on an interim basis, and (d) granting administrative priority status to intercompany claims between and among the Debtor and between and among the Debtors and their non-Debtor affiliates.

(f) Taxes.

The Debtors believed that, in some cases, certain authorities had the ability to exercise rights that would be detrimental to the Debtors' restructuring if the Debtors failed to meet obligations imposed upon them to remit certain taxes and fees. Accordingly, through the Motion of the Debtors for an Order Authorizing, but not Directing, the Payment of Certain Prepetition Sales, Use, Franchise and Property Taxes, the Debtors requested Bankruptcy Court authorization to pay certain sales, use, franchise and property taxes that are payable directly to various state and local taxing authorities as such payments become due.

(g) Broker Commissions.

The Debtors obtain new customers and maintain long-term customer relationships for certain of their products through various channels of sale and distribution. A significant method of sale is the Debtors' independent contractor relationships that have been formed with approximately 54 independent, non-employee brokers or broker groups. Because the Debtors rely heavily on their independent brokers to sell their many products into various industries, through the Motion of the

Debtors for an Order Pursuant to 11 U.S.C. §§ 363(b) and 363(c)(1) Authorizing, but not Requiring, the Debtors to Continue to Operate in the Ordinary Course, Including Payment of Pre-Petition Claims, with Respect to Non-Debtor Brokers, the Debtors requested entry of an order granting the Debtors authority, in their discretion, to operate in the ordinary course of business and to maintain their business relationships with the brokers, including the performance or payment of certain pre-Petition Date obligations the Debtors owe to their brokers.

(h) Utilities.

In connection with the operation of their businesses and management of their properties, the Debtors incur utility expenses in the ordinary course of business for, among other things, water, sewer service, electricity, gas, local and long-distance telecom service, data service, fiber transmission, waste disposal and other similar services. Because uninterrupted Utility Services are essential to the Debtors' ongoing operations and the success of the Debtors' reorganization efforts, through the Motion of the Debtors for a Bridge Order and a Final Order Pursuant to Sections 105(a) and 366(b) of the Bankruptcy Code (I) Prohibiting Utility Providers from Altering, Refusing, or Discontinuing Utility Services, (II) Deeming Utility Providers Adequately Assured of Future Performance, and (III) Establishing Procedures for Determining Adequate Assurance of Payment, the Debtors requested entry of (i) a bridge order and (ii) a final order (a) prohibiting the utility providers from altering, refusing, or discontinuing service to the Debtors on account of prepetition invoices, including the making of demands for security deposits or accelerated payment terms; (b) providing that the utility providers have "adequate assurance of payment" within the meaning of section 366 of the Bankruptcy Code, based, *inter alia*, on the Debtors' establishment of a segregated account containing an amount equal to fifty percent (50%) of the Debtors' estimated monthly cost of utility service; and (c) establishing procedures for resolving requests for additional adequate assurance and authorizing the Debtors to provide adequate assurance of future payment to the utility providers.

(i) Schedules and Statements.

The Bankruptcy Code and relevant rules require the Debtors to file schedules containing, among other things, their assets and liabilities (the "Schedules") and a statement of financial affairs (the "Statements") with the Bankruptcy Court within 30 days after the Petition Date. Due to the number of the Debtors' creditors, the size and complexity of the Debtors' businesses, the diversity of their operations and assets, and the limited staffing available to gather, process and complete the Schedules and Statements, the Debtors anticipate that they will need additional time to complete the Schedules and Statements. Accordingly, through the Motion for an Order Granting the Debtors Additional Time to File Schedules and Statement of Financial Affairs, the Debtors requested an extension of 30 additional days (for a total of 60 days from the Petition Date) to prepare and file the Schedules and Statements.

(j) Postpetition Financing and Use Cash Collateral.

In order to ensure sufficient liquidity to continue their operations while they restructure under chapter 11, through the Motion for Interim and Final Orders (I) Authorizing the Debtors to (A) Obtain Post-Petition Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 363(c), 363(e), 364(c), 364(d)(1), and 364(e); and (B) Utilize Cash Collateral of Prepetition Secured Parties; (II) Granting Adequate Protection to Prepetition Secured Parties; (III) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and 4001(c); and (IV) Granting Related Relief, the Debtors requested authority to, among other things, obtain secured postpetition financing consisting of a

multiple draw secured term loan facility in an aggregate principal amount not to exceed \$75 million, utilize cash collateral of prepetition secured parties, and grant adequate protection to prepetition secured parties.

(k) Foreign Non-Debtor Subsidiaries.

In order to preserve their overall enterprise value and to avoid a significant disruption of world-wide business operations, the Debtors believed that it was necessary to advance funds to certain of their non-Debtor foreign subsidiaries to satisfy certain foreign debt obligations under the Prepetition Credit Facility, thereby releasing certain liens on, and preventing foreclosure on, the assets of the Non-Debtor Foreign Subsidiaries. Accordingly, through the Motion of the Debtors for an Order Pursuant to 11 U.S.C. §§ 105(a) and 363 Authorizing, but not Directing, the Debtors to Advance Funds to Certain Foreign Non-Debtor Subsidiaries, the Debtors requested authority to advance approximately \$22,379,000 in cash to Pliant Film Products GmbH, (ii) Pliant Corporation Pty Ltd., (iii) ASPEN Industrial S.A. de C.V., (iv) Jacinto Mexico, S.A. de C.V., and (iv) Pliant de Mexico, S.A. de C.V.

C. REQUEST FOR RECOGNITION BY CANADIAN COURT

Subsequent to the commencement of these chapter 11 proceedings, the Canadian Debtors will seek recognition of their chapter 11 proceedings in a Canadian court as “foreign proceedings” pursuant to Section 18.6 of the CCAA. Section 18.6 of the CCAA permits the Canadian court to make such orders and grant such relief as it considers whether it is appropriate to facilitate, approve or implement arrangements that will result in a co-ordination of the Canadian proceedings with the United States Proceedings. Accordingly, the Canadian Debtors will seek the Canadian Court’s recognition of this Court’s jurisdiction over the Canadian Debtors because: (i) there is a sufficient degree of interdependence between the businesses of the Canadian Debtors and the other chapter 11 Debtors; and (ii) the stakeholders of the Canadian Debtors will have an opportunity to have their claims dealt with in the United States Proceedings. In addition to staying proceedings against the Canadian Debtors in Canada, such recognition by the Canadian court will allow certain orders of this Court to be in full force and effect in the same manner and in all respects as if they had been made by the Canadian court.

The Canadian Debtors plan to seek recognition of the following orders once they are entered by the Bankruptcy Court:

- Order (I) Approving the Cash Management System, (II) Authorizing Use of Prepetition Bank Accounts and Business Forms, (III) Waiving the Requirements of 11 U.S.C. §345(b) on an Interim Basis, and (IV) Granting Administrative Expense Status to Intercompany Claims Between the Debtors;
- (b) Interim and Final Orders (I) Authorizing the Debtors (A) to Obtain Post-Petition Financing Pursuant to Section 364 of the Bankruptcy Code; (II) Authorizing Limited Use of Cash Collateral; (III) Granting Liens, Including Priming Liens, and Super-Priority Claims; (IV) Granting Adequate Protection to Prepetition Secured Parties; and (V) Scheduling the Final Hearing on the Debtors’ Motion to Incur Such Financing on a Permanent Basis and Approving the Form and Method of Notice Thereof;
- Order Authorizing the Payment of Certain Prepetition Sales, Use, and Franchise and Property Taxes;
- Order Granting the Debtors’ Motion for an Order (I) Authorizing, But not Directing, on an Emergency Basis, Payment of Prepetition Claims of Critical Vendors and (II) Scheduling a

Hearing to Consider the Allowance of Administrative Expense Status for Obligations Arising in Connection With Non-Critical Goods Received By the Debtors Within the Twenty Day Period Before the Petition Date and to Consider Authorization, but not Direction, to Pay Such Obligations;

- Order Pursuant to 11 U.S.C. §§ 363(b) and 363(c)(1) Authorizing, but not Requiring, the Debtors to Continue to Operate in the Ordinary Course, Including Payment of Pre-Petition Claims, with Respect to Non-Debtor Brokers;
- Order Authorizing, But not Directing The Payment Of Prepetition Claims Of Shippers, Warehousemen and Other Lien Claimants;
- Order Authorizing, but Not Requiring, the Debtors to Honor Certain Prepetition Obligations to Customers and to Otherwise Continue Prepetition Customer Programs and Practices in the Ordinary Course of Business;
- Bridge Order and Final Order (I) Prohibiting Utility Companies from Discontinuing, Altering or Refusing Service, (II) Establishing Procedures for Providing Advance Payments to Requesting Utilities, (III) Deeming Utility Companies To Have Adequate Assurance of Payment, and (IV) Establishing Procedures for Resolving Requests for Additional Assurance Pursuant To 11 U.S.C. §§ 105(a) & 366; and
- Order Authorizing, (I) Payment of Prepetition Employee Wages, Salaries, and Other Compensation; (II) Reimbursement of Prepetition Employee Business Expenses; (III) Contributions to Prepetition Employee Benefit Programs and Continuation of such Programs in the Ordinary Course; (IV) Payment of Workers' Compensation Obligations; (V) Payments for which Prepetition Payroll Deductions were made; (VI) Payment of all Costs and Expenses Incident to the Foregoing Payments and Contributions; and (VII) Payment to Third Parties of all Amounts Incident to the Foregoing Payments and Contributions.

The businesses and operations of the Canadian Debtors are integral to the overall businesses of the Debtors, and efforts to restructure the Debtors will necessarily involve the Canadian Debtors and be conducted on a global basis. In addition, the Canadian Debtors have integrated management and financing in common with all of the Debtors, as well as sharing a number of key suppliers and creditors. Due to the integrated management of the Canadian Debtors with the Debtors, as well as the role that Uniplast Industries Co. and Pliant Packaging of Canada, LLC play in the Debtors' overall prepetition debt structure, these Chapter 11 Cases will function as the main proceedings with respect to these entities.

The Canadian Debtors will seek an order from the Canadian court so that a stay is put in place ensuring that no suit, action, proceeding, enforcement process, right or remedy (judicial or extra-judicial) taken or exercised, or that may be taken or exercised, in Canada is brought against any of the Canadian Debtors or their property. This includes the right of any claimant to commence or continue any seizure, attachment, realization or similar proceeding in Canada with respect to any claim or security interest, encumbrance, lien, charge, mortgage or other security held in relation to, or any trust attaching to, any of the Canadian Debtors' property, except with prior leave of the Canadian court.

The Canadian Debtors will request that during the Canadian stay period, all Claimants having agreements or other arrangements with the Canadian Debtors in connection with any of the Canadian Debtors' property, whether written or oral, will, among other things, be restrained from accelerating, terminating, suspending, modifying or cancelling such agreements or other arrangements or the rights of any of the Canadian Debtors thereunder or exercising any other

remedy provided for under such agreements or arrangements, except with prior leave of the Canadian court.

The Canadian Debtors will seek authorization and empowerment by the Canadian court to enter into that certain Guarantee Agreement (as defined in the DIP Credit Agreement) with respect to the DIP Credit Agreement (as defined in the DIP Financing Order) and to obtain funds from the United States Debtors where the United States Debtors may borrow from the DIP Lender (as defined in the DIP Financing Order) such monies from time to time as the United States Debtors may consider necessary or desirable under the DIP Credit Agreement on the terms and subject to the conditions set out in the DIP Credit Agreement. In addition, the Canadian Debtors will also seek authority to execute and deliver in favor of the DIP Lender any mortgages, charges, hypothecs, pledges, security or other documents (collectively the “DIP Loan Documents”) as may reasonably be required by the DIP Lender pursuant to the Guarantee Agreement. The Canadian Debtors will also request authority to execute and deliver in favor of the DIP Lender all such security as may be reasonably required by the DIP Lender pursuant to the Guarantee Agreement, charging, and creating a security interest in, all of the existing and after-acquired assets, property and undertakings in Canada, and the DIP Lender will be authorized to take such steps as it deems necessary or appropriate to register, record or perfect the DIP Loan Documents, notwithstanding the stay of proceedings granted pursuant to the Canadian court’s order.

The Canadian Debtors will also seek that the DIP Charge and the security granted in favor of the DIP Lender contained in and constituted by the DIP Loan Documents and the Guarantee Agreement will have first priority over all of the existing and after-acquired property of the Canadian Debtors and any proceeds thereof and all other charges, encumbrances or security, subject to certain liens or trusts and certain purchase money security interests. In addition, the Canadian Debtors will seek a stay of the exercise of certain rights and remedies by the DIP Lender upon default under such documents. Any payments made by any of the Canadian Debtors to the DIP Lender pursuant thereto will not constitute fraudulent preferences, fraudulent conveyances, oppressive conduct, settlements or other challengeable or reviewable transactions under any applicable law.

The Canadian Debtors will submit to the Canadian Court that they shall continue to remit, in accordance with Canadian legal requirements: (i) all monies required to be deducted from employees’ wages, including amounts in respect of the Canada Pension Plan, (ii) amounts accruing in respect of employer insurance, employer health taxes, and any similar Canadian obligations with respect to employees, and (iii) all applicable sales taxes payable by the Canadian Debtors or their customers.

The Canadian Debtors will also request that RSM Richter, Inc. (the “Information Officer”) be appointed as information officer, and that it shall deliver to the Canadian court a report at least once every three months outlining the status of the United States Proceedings, the development of any process for dealing with claims, and such other information as the Information Officer believes to be material.

D. CASE ADMINISTRATION AND RELATED ACTIVITIES

As soon as practicable after the commencement of the Chapter 11 Cases, the Debtors also intend to seek relief, after notice and, if necessary, a hearing, in the form of various “next day orders” from the Bankruptcy Court as to various matters, certain of which are described below.

There can be no assurance that the Bankruptcy Court will grant any such relief. The following “next day motions” are not exhaustive and the Debtors reserve the right to seek further orders and additional relief from the Bankruptcy Court to the extent the Debtors determine that such orders and relief are necessary or appropriate at such time as the bankruptcy proceedings are commenced, or not to seek portions of the relief described below.

The Debtors’ intend to apply for entry of an order authorizing the retention of Sidley Austin LLP as their general reorganization and bankruptcy counsel under section 327(a) of the Bankruptcy Code. The Debtors also intend to seek authority to retain Young Conaway Stargatt and Taylor LLP as Delaware bankruptcy co-counsel in these Chapter 11 Cases and McMillan Binch Mendelsohn LLP as Canadian bankruptcy co-counsel. In addition, the Debtors intend to request authorization to retain Sonnenschein Nath & Rosenthal LLP as special corporate counsel.

The Debtors also intend to file an application to retain Jeffries & Company, Inc. as their investment bankers. To further assist them in carrying out their duties as debtors-in-possession and to otherwise represent their interests in the Chapter 11 Cases, the Debtors also intend to seek to retain Ernst & Young LLP as their auditor and tax advisor.⁸ Finally, the Debtors intend to seek to employ various “ordinary course professionals” to assist them in operating their businesses.

V. THE PLAN OF REORGANIZATION

A. GENERAL

The confirmation requirements of section 1129(a) of the Bankruptcy Code must be satisfied separately with respect to each Debtor. Therefore, notwithstanding the combination of the separate plans of reorganization of all Debtors in the Plan for purposes of, among other things, economy and efficiency, the Plan shall be deemed a separate chapter 11 plan for each such Debtor.

THE FOLLOWING SECTIONS SUMMARIZE CERTAIN KEY INFORMATION CONTAINED IN THE PLAN. THIS SUMMARY REFERS TO, AND IS QUALIFIED IN ITS ENTIRETY BY, REFERENCE TO THE PLAN, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT A. THE TERMS OF THE PLAN WILL GOVERN IN THE EVENT ANY INCONSISTENCY ARISES BETWEEN THIS SUMMARY AND THE PLAN. THE COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN DO NOT YET BIND ANY PERSON OR ENTITY. IF THE BANKRUPTCY COURT DOES CONFIRM THE PLAN, HOWEVER, THEN IT WILL BIND ALL CLAIM AND INTEREST HOLDERS.

CAPITALIZED TERMS USED IN THIS SECTION V OF THE DISCLOSURE STATEMENT THAT ARE NOT OTHERWISE DEFINED IN THIS SECTION V OF THE DISCLOSURE STATEMENT SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE PLAN.

⁸ On the Petition Date, the Debtors will also request authority to employ Epiq Systems, Inc. as their claims and balloting agent.

B. CLASSIFICATION AND ALLOWANCE OF CLAIMS & EQUITY INTERESTS GENERALLY.

1. Classification and Allowance.

Section 1123 of the Bankruptcy Code provides that, except for administrative expense claims and priority tax claims, a plan of reorganization must categorize claims against and equity interests in a debtor into individual classes. Although the Bankruptcy Code gives a debtor significant flexibility in classifying claims and interests, section 1122 of the Bankruptcy Code dictates that a plan of reorganization may only place a claim or an equity interest into a class containing claims or equity interests that are substantially similar.

The Plan creates numerous "Classes" of Claims and Interests. These Classes take into account the differing nature and priority of Claims against and Interests in the Debtors. Administrative Expense Claims, DIP Facility Claims and Priority Tax Claims are not classified for purposes of voting or receiving distributions under the Plan, but are treated separately as unclassified Claims.

The Plan provides specific treatment for each Class of Claims and Interests. Only holders of Allowed Claims are entitled to vote on and receive distributions under the Plan.

Unless otherwise provided in the Plan or the Confirmation Order, the treatment of any Claim or Interest under the Plan will be in full satisfaction, settlement, release and discharge of, and in exchange for, such Claim or Interest.

C. PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS, DIP FACILITY CLAIMS AND PRIORITY TAX CLAIMS

1. Administrative Expense Claims.

Administrative Expense Claims are Claims Claim for costs and expenses of administration of the Chapter 11 Cases that are Allowed under sections 328, 330, 363, 364(c)(1), 365, 503(b), and 507(a)(2) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the Debtors' Estates and operating the businesses of the Debtors (such as wages, salaries and commissions for services and payments for inventory, leased equipment and premises) and Claims of governmental units for taxes (including tax audit Claims) related to tax years commencing after the Petition Date, but excluding Claims related to tax periods, or portions thereof, ending on or before the Petition Date; (b) all compensation for legal, financial, advisory, accounting and other services and reimbursement of expenses Allowed by the Bankruptcy Court; (c) all Ad Hoc Committee Advisor Claims, without any requirement for the filing of retention applications or fee applications in the Chapter 11 Cases; (d) any indebtedness or obligations incurred or assumed by the Debtors in Possession during the Chapter 11 Cases; (e) any payment to be made under the Plan or otherwise to cure a default on an assumed executory contract or unexpired lease; (f) all First Lien Notes Indenture Trustee Claims without any requirement for filing fee applications in the Chapter 11 Cases; (g) Claims for out-of-pocket expenses incurred by members of the Ad Hoc Committee of First Lien Noteholders (excluding any fees or expenses for legal or financial advisors

except as otherwise provided in the Plan); and (h) all fees and expenses incurred by the Information Officer [which are subject to a super-priority charge granted by order of the Canadian Court].⁹

The Bankruptcy Code does not require that administrative expense claims be classified under a plan. It does, however, require that allowed administrative expense claims be paid in full in cash in order for a plan to be confirmed, unless the holder of such claim consents to different treatment.

Pursuant to the Plan, each holder of an Allowed Administrative Expense Claim will receive payment in full in Cash of the unpaid portion of such Allowed Administrative Expense Claim as follows: (a) in the case of the Ad Hoc Committee Advisors, payment in the ordinary course of business (without the requirement to file a fee application with the Bankruptcy Court) but no later than the Effective Date, of the Ad Hoc Committee Advisor Claims, (b) in the case of other professional advisors, subject to the provisions of sections 328, 330, 331 and 503(b) of the Bankruptcy Code and the Interim Compensation Order, as soon as practicable after Bankruptcy Court approval thereof, (c) in the case of the First Lien Notes Indenture Trustee, (i) payment in the ordinary course of business (subject to the Debtors' prior receipt of invoices and reasonable documentation in connection therewith and without the requirement to file a fee application with the Bankruptcy Court) but no later than the Effective Date, of the First Lien Notes Indenture Trustee Claims, provided, that such fees, costs and expenses are reimbursable under the terms of the First Lien Notes Indenture and (ii) payment in the ordinary course of business (subject to the Debtors' prior receipt of invoices and reasonable documentation in connection therewith) of all reasonable fees, costs, and expenses incurred by the First Lien Notes Indenture Trustee after the Effective Date in connection with the distributions required pursuant to section 5.7 of the Plan or the implementation of any provisions of the Plan, and (d) with respect to each other Allowed Administrative Expense Claim, at the later to occur of: (i) on the Effective Date, (ii) on the date upon which such Administrative Expense Claim becomes an Allowed Claim, (iii) in the ordinary course of business as such claims become due; provided, however, that Administrative Expense Claims not yet due or that represent obligations incurred by the Debtors in the ordinary course of their business during these Chapter 11 Cases, or assumed by the Debtors during these Chapter 11 Cases, shall be paid or performed when due in the ordinary course of business and in accordance with the terms and conditions of the particular agreements governing such obligations, or (iv) on such other date as may be agreed upon between the Holder of such Allowed Administrative Expense Claim and the Debtors.

As set forth above in Section II.B., the Debtors estimate that the Allowed amount of Administrative Expense Claims as of their emergence from chapter 11 will be approximately \$ _____ million.¹⁰

2. DIP Facility Claims.

DIP Facility Claims are all Claims held by the DIP Facility Agent and the DIP Facility Lenders pursuant to the DIP Facility Agreement and the Final DIP Order.

Pursuant to the Plan, on the Effective Date, all Allowed DIP Facility Claims shall be paid in full in Cash from the Exit Financing and the Commitments (as defined in the DIP Facility

⁹ All fees and charges assessed against the Debtors' Estates under section 1930, chapter 123, of title 28 of the United States Code are excluded from the definition of Administrative Expense Claim and shall be paid in accordance with Section 12.10 of the Plan.

¹⁰ This amount will be provided no later than three (3) business days prior to the objection deadline set with respect to this Disclosure Statement.

Agreement) under the DIP Facility Agreement shall be cancelled. Notwithstanding anything to the contrary in the Plan, the liens and security interests securing the DIP Facility Claims shall continue in full force and effect until the DIP Facility Claims have been paid in full in Cash.

3. Priority Tax Claims.

Priority Tax Claims are Allowed Claims of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

The taxes entitled to priority are (a) taxes on income or gross receipts that meet the requirements of section 507(a)(8)(A), (b) property taxes meeting the requirements of section 507(a)(8)(B), (c) taxes that were required to be collected or withheld by the Debtors and for which the Debtors are liable in any capacity as described in section 507(a)(8)(C), (d) employment taxes on wages, salaries, or commissions that are entitled to priority pursuant to section 507(a)(4), to the extent such taxes also meet the requirements of section 507(a)(8)(D), (e) excise taxes of the kind specified in section 507(a)(8)(E), (f) customs duties arising out of the importation of merchandise that meet the requirements of section 507(a)(8)(F), and (g) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in section 507(a)(8)(G).

The Bankruptcy Code does not require that priority tax claims be classified under a plan. It does, however, require that such claims receive the treatment described below in order for a plan to be confirmed unless the holder of such claims consents to different treatment.

Pursuant to the Plan, on or as soon as reasonably practicable after (i) the Effective Date if a Priority Tax Claim is an Allowed Priority Tax Claim or (ii) the date on which a Priority Tax Claim becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive in full satisfaction, settlement and release of and in exchange for such Allowed Priority Tax Claim, at the election of the Debtors: (a) Cash equal to the amount of such Allowed Priority Tax Claim; (b) such other treatment as to which the Debtors or the Reorganized Debtors and the Holder of such Allowed Priority Tax Claims shall have agreed upon in writing; or (c) such Claim will be otherwise treated in any other manner such that it will not be Impaired; provided, however, that any Allowed Priority Tax Claim not due and owing on the Effective Date will be paid when such Claim becomes due and owing.

D. NON-SUBSTANTIVE CONSOLIDATION AND CLASSIFICATION OF CLAIMS

The Plan is a joint plan that does not provide for substantive consolidation of the Debtors' estates, and on the Effective Date, the Debtors' estates shall not be deemed to be substantively consolidated for purposes thereof. Except as specifically set forth in the Plan, nothing in the Plan or the Disclosure Statement shall constitute or be deemed to constitute an admission that any one of the Debtors is subject to or liable for any claim against any other Debtor.

Additionally, claimants holding Claims against multiple Debtors, to the extent Allowed in each Debtor's case, will be treated as a separate claim against each Debtor's estate, provided, however, that no Holder shall be entitled to received more than payment in full of its Allowed Claim (plus postpetition interest, if and to the extent provided in the Plan), and such Claims will be administered and treated in the manner provided in the Plan.

The categories of Claims and Interests listed below, which exclude Administrative Expense Claims, DIP Facility Claims and Priority Tax Claims in accordance with section 1123(a)(1) of the Bankruptcy Code, are classified for all purposes, including voting, confirmation, and distribution pursuant to the Plan, as follows:

Class	Designation	Impairment	Entitled to Vote
Class 1	Priority Non-Tax Claims	Unimpaired	No (deemed to accept)
Class 2	Other Secured Claims	Unimpaired	No (deemed to accept)
Class 3	Prepetition Credit Facility Claims	Unimpaired	No (deemed to accept)
Class 4	First Lien Notes Claims	Impaired	Yes
Class 5	Unsecured Claims	Impaired	Yes
Class 6	Senior Subordinated Notes Claims	Impaired	Yes
Class 7	Intercompany Claims	Impaired	Yes
Class 8	Section 510(b) Claims	Impaired	No (deemed to reject)
Class 9	Pliant Preferred Stock Interests	Impaired	No (deemed to reject)
Class 10	Pliant Outstanding Common Stock Interests	Impaired	No (deemed to reject)
Class 11	Subsidiary Interests	Unimpaired	No (deemed to accept)

E. PROVISIONS FOR TREATMENT OF CLAIMS AND INTERESTS

The classification and treatment of Claims against and Interests in the various Debtors are set forth in detail in Article 3 of the Plan. A summary of that treatment is provided below.

1. Priority Non-Tax Claims (Class 1).

Priority Non-Tax Claims are Claims other than Administrative Expense Claims or Priority Tax Claims, entitled to priority in payment as specified in section 507(a) of the Bankruptcy Code.

Pursuant to the Plan, each Holder of an Allowed Priority Non-Tax Claim shall have its Claim Reinstated.

2. Other Secured Claims (Class 2).

Other Secured Claims are Claims other than Administrative Expense Claims, DIP Credit Facility Claims, Prepetition Facility Claims, and First Lien Notes Claims that are secured by a lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of the setoff, pursuant to section 553 of the Bankruptcy Code.

Pursuant to the Plan, each Holder of an Allowed Other Secured Claim shall have its Claim Reinstated.

3. Prepetition Credit Facility Claims (Class 3).

Prepetition Credit Facility Claims are Claims arising under or evidenced by the Prepetition Credit Facility and related documents, or the Final DIP Order.

Pursuant to the Plan, Allowed Prepetition Credit Facility Claims shall be paid in full in Cash on the Effective Date from the proceeds of the Exit Facility (to the extent unpaid prior to the Effective Date pursuant to the terms of the Final DIP Order or otherwise), including, without limitation, all unpaid interest accrued at the non-default contract rate and any unpaid professional fees and expenses, as provided for in the Prepetition Credit Facility Agreement.

4. First Lien Notes Claims (Class 4).

First Lien Notes Claims are all Claims (i) arising under or evidenced by the First Lien Notes, the First Lien Notes Indenture and related documents (other than the First Lien Notes Indenture Trustee Claims) and (ii) pursuant to section 507(b) of the Bankruptcy Code granted to the First Lien Noteholders or the First Lien Indenture Trustee pursuant to the terms of the Final DIP Order.

Pursuant to the Plan, Claims in Class 4 shall be deemed Allowed in full and, for avoidance of doubt, shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination (whether equitable, contractual or otherwise), counterclaim, cross-claim, defense, disallowance, impairment, objection or any challenges under any applicable law or regulation by any Person, in aggregate amount equal to (i) \$[] million plus (ii) the aggregate accreted value of all accrued and unpaid interest at the non-default contract rate under the First Lien Notes Indenture as of the Effective Date, except to the extent such interest is otherwise provided herein to be paid or satisfied, plus (iii) all other Obligations as defined in the First Lien Notes Indenture, except to the extent that claims of the First Lien Notes Indenture Trustee are otherwise provided to be paid or satisfied.

The Plan provides that each Holder of an Allowed First Lien Notes Claim, other than the First Lien Notes Indenture Trustee, shall receive in full and complete settlement, release and discharge of such Claim (including any Administrative Expense Claim asserted by such Holder under the terms of Final DIP Order), its Pro Rata share of 100% of the New Common Stock issued and outstanding on the Effective Date (subject to dilution by the New Warrants and the New Common Stock issued under the Management Equity Incentive Plan).

5. Unsecured Claims (Class 5).

Unsecured Claims are, collectively, all Claims (i) arising under or evidenced by the Second Lien Notes or the Second Lien Notes Indenture and related documents, including any Claim of the Second Lien Notes Indenture Trustee, (ii) pursuant to section 507(b) of the Bankruptcy Code granted to the holders of the Second Lien Notes or the Second Lien Notes Indenture Trustee pursuant to the terms of the Final DIP Order, and (iii) against the Debtors that are not Administrative Expense Claims, DIP Facility Claims, Priority Tax Claims, Priority Non-Tax Claims, Other Secured Claims, Prepetition Credit Facility Claims, First Lien Notes Claims, Senior Subordinated Notes Claims, Intercompany Claims or Section 510(b) Claims. Unsecured Claims do not include Claims that are disallowed or released, whether by operation of law or pursuant to order of the Bankruptcy Court, written release or settlement, the provisions of the Plan or otherwise.

Pursuant to the Plan, if Class 5 votes to accept the Plan, then Second Lien Notes Claims shall be deemed Allowed as of the Effective Date in the aggregate amount equal to the outstanding principal of the Second Lien Notes plus the outstanding interest accrued thereon prior to the Petition Date, and except as otherwise provided in the Plan:

(a) On or as soon as reasonably practicable after the latest of (1) the Initial Distribution Date, (2) the date on which such Class 5 Claim becomes an Allowed Class 5 Claim, or (3) the date on which such Class 5 Claim becomes due and payable pursuant to any agreement between a Debtor and a Holder of an Allowed Class 5 Claim, in full and complete settlement, release and discharge of its Allowed Unsecured Claim, each Holder of an Allowed Unsecured Claim shall receive such Holder's Pro Rata share of the product of (x) the Initial New Warrant Pool and (y) the Class 5 Initial Distribution Percentage.

(b) On or as soon as reasonably practicable after the Final Distribution Date, each Holder of an Allowed Unsecured Claim shall receive such Holder's Pro Rata share of the product of (x) the Excess New Warrant Pool and (y) the Class 5 Final Distribution Percentage.

(c) On the Effective Date, all Class 5 Claims arising under any guaranty provided by any Subsidiary Debtor shall be released, extinguished and discharged. In consideration of the treatment afforded to holders of Class 5 Claims as set forth herein, all Class 5 Claims arising under guaranty agreements shall receive no additional distribution under the Plan on account of any such guaranty claims.

Alternatively, if Class 5 votes to reject the Plan, then each Holder of an Allowed Unsecured Claim shall have its Claim discharged and extinguished on the Effective Date and shall not receive or retain any property under the Plan on account of such Unsecured Claim.

6. Senior Subordinated Notes Claims (Class 6).

Senior Subordinated Notes Claims are Claims arising under or evidenced by the Senior Subordinated Notes Indenture and related documents.

Pursuant to the Plan, if Class 5 and Class 6 vote to accept the Plan, then, Subordinated Notes Claims shall be deemed Allowed as of the Effective Date in the aggregate amount equal to the outstanding principal of the Subordinated Note Claims plus the outstanding interest accrued thereon prior to the Petition Date, and except as otherwise provided in the Plan. In addition, the Plan provides that:

(a) On or as soon as reasonably practicable after the latest of (1) the Initial Distribution Date, (2) the date on which such Class 6 Claim becomes an Allowed Class 6 Claim, or the (3) the date on which such Class 6 Claim becomes due and payable pursuant to any agreement between a Debtor and a Holder of an Allowed Class 6 Claim, in full and complete settlement, release and discharge of its Allowed Senior Subordinated Notes Claim, each Holder of an Allowed Senior Subordinated Notes Claim shall receive such Holder's Pro Rata share of the product of (x) the Initial New Warrant Pool and (y) the Class 6 Initial Distribution Percentage.

(b) On or as soon as reasonably practicable after the Final Distribution Date, each Holder of an Allowed Senior Subordinated Notes Claim shall receive such Holder's Pro Rata share of the product of (x) the Excess New Warrant Pool and (y) the Class 6 Final Distribution Percentage.

(c) Provided, however, that in the case of subsection (a) or (b) above, to the extent necessary to comply with the contractual subordination provisions in the Senior Subordinated Notes Indenture, all distributions allocable to the Holders of Allowed Senior Subordinated Notes Claims shall be paid directly to the Second Lien Notes Indenture Trustee for further distribution to the holders of Second Lien Notes Claims.

(d) On the Effective Date, all Class 6 Claims arising under any guaranty provided by any Subsidiary Debtor shall be released, extinguished and discharged. In consideration of the treatment afforded to holders of Class 6 Claims as set forth herein, all Class 6 Claims arising under guaranty agreements shall receive no additional distribution under the Plan on account of any such guaranty claims.

However, if Class 5 or Class 6 vote to reject the Plan, then each Holder of an Allowed Senior Subordinated Notes Claim shall have its Claim discharged and extinguished on the Effective Date and shall not receive or retain any property under the Plan on account of such Senior Subordinated Notes Claim.

7. Intercompany Claims (Class 7).

Intercompany Claims are pre-Petition Date Claims against any of the Debtors held by a Debtor or a Non-Debtor Affiliate.

Pursuant to the terms of the Plan, on the Effective Date, at the option of the Debtors, all Intercompany Claims in Class 7 shall either be (i) Reinstated, in full or in part, or (ii) discharged and extinguished, in full or in part, in which case such discharged and extinguished portion shall be eliminated and the holders thereof shall not be entitled to, and shall not receive or retain, any property or interest on account of such portion under the Plan, provided, however, that prior to such discharge and extinguishment such Intercompany Claims may be contributed to capital, transferred, setoff or subject to any other arrangement at the option of the Debtors. Any and all Class 7 Claims, or portions thereof, being extinguished and, to the extent, if any, such Claims are being contributed to capital or treated in another manner as permitted herein, are set forth in Exhibit 3.2(g) to the Plan, which shall be provided in the Plan Supplement.

8. Section 510(b) Claims (Class 8).

Section 510(b) Claims are Claims against any Debtor that are subordinated, or subject to subordination, pursuant to section 510(b) of the Bankruptcy Code, including Claims arising from rescission of a purchase or sale of a security of a Debtor or an affiliate of a Debtor, for damages arising from the purchase or sale of such a security, or for reimbursement or contribution allowed under section 502 of the Bankruptcy Code on account of such Claim.

Pursuant to the Plan, on the Effective Date, all Section 510(b) Claims shall be extinguished and shall not receive or retain any property under the Plan on account of such Section 510(b) Claim.

9. Pliant Preferred Stock Interests (Class 9).

Pliant Preferred Stock Interests are any Claims or Interests attributable to ownership of shares of Series AA Preferred Stock or Series M Preferred Stock, or any other series of preferred stock issued by the Company.

Pursuant to the Plan, each Holder of a Pliant Preferred Stock Interest shall have its Interest cancelled, annulled and extinguished on the Effective Date, and the Holders of Pliant Preferred Stock Interests shall not receive or retain any property under the Plan on account of such Pliant Preferred Stock Interests.

10. Pliant Outstanding Common Stock Interests (Class 10).

Pliant Outstanding Common Stock Interests are any Claims or Interests attributable to ownership of Pliant Outstanding Common Stock and all other unissued or authorized shares of Pliant's common stock as of the Petition Date, whether or not transferable, and all options or rights of any kind or nature providing for or otherwise evidencing ownership interests in Pliant (whether known or unknown, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed), or any right of any kind or nature (contractual, legal, equitable or otherwise) to purchase or acquire any such Pliant Outstanding Common Stock at any time and all rights arising with respect thereto.

Pursuant to the Plan, each Holder of a Pliant Outstanding Common Stock Interest shall have its Interest cancelled, annulled and extinguished on the Effective Date, and the Holders of Pliant Outstanding Common Stock Interests shall not receive or retain any property under the Plan on account of such Pliant Outstanding Common Stock Interests.

11. Subsidiary Interests (Class 11).

Subsidiary Interests are, collectively, all of the issued and outstanding shares of stock or membership interests of the Subsidiary Debtors, existing prior to the Effective Date, which stock and interests are owned, directly or indirectly, by Pliant.

Pursuant to the Plan, for the deemed benefit of the Holders of the New Common Stock, Reorganized Pliant and the other Reorganized Debtors shall retain their Subsidiary Interests.

F. IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS THAT ARE IMPAIRED; ACCEPTANCE OR REJECTION OF THE PLAN

1. Holders of Claims Entitled to Vote.

Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is deemed to be "impaired" under a plan unless (1) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or equity interest entitles the holder thereof or (2) notwithstanding any legal right to an accelerated payment of such claim or equity interest, the plan (a) cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy or defaults of a kind that does not require cure), (b) reinstates the maturity of such claim or equity interest as it existed before the default, (c) compensates the holder of such claim or equity interest for any damages from such holder's reasonable reliance on such legal right to an accelerated payment (d) if such claim or such interest arises from a failure to perform nonmonetary obligations, other than a default arising from a failure to operate a nonresidential real property lease, compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure and (e) does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

Classes 1, 2, 3, and 11 are Unimpaired by the Plan. Under section 1126(f) of the Bankruptcy Code, Holders of such Claims are conclusively presumed to accept the Plan, and thus the votes of the Holders of such Claims will not be solicited.

Classes 8, 9 and 10 are Impaired by the Plan, and Holders of Claims and Interests in Classes 8, 9 and 10 will not receive or retain any property under the Plan on account of such Interests. Under section 1126(g) of the Bankruptcy Code, Holders of such Claims and Interests are conclusively presumed to reject the Plan, and thus the votes of the Holders of such Claims and Interests will not be solicited.

Accordingly, only the votes of Holders of Claims in Classes 4, 5, 6 and 7 will be solicited with respect to the Plan.

2. Acceptance by an Impaired Class.

In accordance with section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan. In accordance with section 1126(d) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Interests shall have accepted the Plan if the Plan is accepted by Holders of at least two-thirds ($\frac{2}{3}$) in amount of Allowed Interests of such Class that have timely and properly voted to accept or reject the Plan.

3. Nonconsensual Confirmation.

With respect to the Impaired Classes of Claims and Interests that are deemed to reject the Plan (Classes 8, 9 and 10), and any other Class of Claims or Interests that votes to reject the Plan, the Debtors shall request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code.

G. MEANS OF IMPLEMENTATION

1. Reorganized Pliant Securities.

(a) Issuance of New Common Stock and Warrants. On the Effective Date, Reorganized Pliant shall issue [] shares of New Common Stock and, to the extent that Class 5 votes to accept the plan, [] New Warrants for distribution in accordance with the terms of the Plan. The New Common Stock and New Warrants shall not be registered under the Securities Act of 1933, as amended, and shall not be listed for public trading on any securities exchange. Distribution of such New Common Stock and New Warrants shall be made by delivery of one or more certificates representing such shares or warrants as described herein or made by means of book-entry exchange through the facilities of the DTC in accordance with the customary practices of the DTC, as and to the extent practicable, as provided in Section 6.5 of the Plan. The Certificate of Incorporation, which will be filed as Exhibit 5.4(a)(1) to the Plan no later than three (3) business days prior to the objection deadline set with respect to this Disclosure Statement, will set forth the rights and preferences of the New Common Stock. The New Warrant Agreement, substantially in the form that will be attached as Exhibit 5.2(c) to the Plan, will set forth the rights and preferences of the New Warrants.

(b) Reorganized Pliant Shareholders Agreement. On the Effective Date, Reorganized Pliant and the holders of New Common Stock shall enter into the Reorganized Pliant Shareholders Agreement substantially in the form that will be filed as Exhibit 5.2(b) to the Plan. Exhibit 5.2(b) to the Plan will be filed no later than three (3) business days prior to the objection deadline set with respect to this Disclosure Statement. The Reorganized Pliant Shareholders Agreement shall be binding on all parties receiving and all holders of New Common Stock regardless of whether such parties execute the Reorganized Pliant Shareholders Agreement. Registration rights, including any registration rights agreement, if any, will be disclosed in an exhibit to this Plan to be filed three (3) business days prior to the objection deadline established with respect to the Disclosure Statement and shall be in form and substance reasonably acceptable to the Ad Hoc Committee of First Lien Noteholders and Pliant.

(c) New Warrant Agreement. On the Effective Date, Reorganized Pliant and the Holders of New Warrants shall enter into the New Warrant Agreement substantially in the form that will be filed as Exhibit 5.2 (c) to the Plan. Exhibit 5.2(c) to the Plan will be filed no later than three (3) business days prior to the objection deadline set with respect to this Disclosure Statement. The New Warrant Agreement shall be binding on all parties receiving New Warrants regardless of whether such parties execute the New Warrant Agreement.

2. Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors.

After the Effective Date the Reorganized Debtors shall continue to exist as separate corporate entities in accordance with the applicable law in the respective jurisdiction in which they are incorporated and pursuant to their respective certificates or articles of incorporation and by-laws in effect prior to the Effective Date, except to the extent such certificates or articles of incorporation and by-laws are to be amended pursuant to the terms of the Plan. Notwithstanding anything to the contrary in the Plan, the Reinstated Claims and Interests of a particular Debtor or Reorganized Debtor shall remain the obligations solely of such Debtor or Reorganized Debtor following the Effective Date and shall not become obligations of any other Debtor or Reorganized Debtor by virtue of the Plan, the Chapter 11 Cases, or otherwise. Except as otherwise provided in the Plan, on and after the Effective Date, all property of the Estates of the Debtors, including all claims, rights and causes of action and any property acquired by the Debtors or the Reorganized Debtors under or in connection with the Plan, shall vest in the Reorganized Debtors free and clear of all Claims, liens, charges, other encumbrances and Interests. On and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property and compromise or settle any Claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur on or after the Effective Date for professionals' fees, disbursements, expenses or related support services without application to the Bankruptcy Court.

3. Corporate Governance, Directors, Officers and Corporate Action.

(a) Certificates or Articles of Incorporation and By-Laws. The certificates or articles of incorporation and by-laws of the Debtors shall be amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. After the Effective Date, the Reorganized Debtors may amend and restate their certificates or articles of incorporation and by-laws as permitted by applicable law. In addition, prior to or on the Effective Date or as soon as reasonably practicable thereafter, the Certificate of Incorporation and By-Laws of Reorganized Pliant, substantially in the form that will be filed as Exhibits 5.4(a)(1) and 5.4(a)(2), respectively, to the Plan, shall go into

effect and shall (i) include, among other things, pursuant to section 1123(a)(6) of the Bankruptcy Code, a provision prohibiting the issuance of non-voting equity securities, but only to the extent required by section 1123(a)(6) of the Bankruptcy Code; and (ii) authorize the issuance of the New Common Stock.

(b) Directors and Officers of the Reorganized Debtors. Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, on the Effective Date, the existing initial directors and officers of Reorganized Pliant shall be the persons identified in Exhibit 5.4(b), to be provided in the Plan Supplement. On the Effective Date, the board of directors of Reorganized Pliant shall have five (5) members, one (1) of whom shall be Pliant's chief executive officer and four (4) of whom shall be designated by the Ad Hoc Committee of First Lien Noteholders. Thereafter, the Certificate of Incorporation shall govern the designation of directors. In addition, the boards of directors of the other Reorganized Debtors shall be comprised of members of the board of directors of Reorganized Pliant, or such other persons as are designated by the board of directors of Reorganized Pliant. Pursuant to section 1129(a)(5), the Debtors will disclose in Exhibit 5.4(b), to be provided in the Plan Supplement, the identity and affiliations of any person proposed to serve on the initial board of directors of Reorganized Pliant, and to the extent such person is an insider other than by virtue of being a director, the nature of any compensation for such person. Each such director and officer shall serve from and after the Effective Date pursuant to the terms of the Certificate of Incorporation, the other constituent documents of the Reorganized Debtors, and applicable law. Each member of the current board of directors of each of the Debtors will be deemed to have resigned on the Effective Date.

(c) Corporate Action. On the Effective Date, the adoption of the Certificate of Incorporation or similar constituent documents, the adoption of the By-Laws, the selection of directors and officers for Reorganized Pliant and each other Reorganized Debtor, and all other actions contemplated by the Plan shall be authorized and approved in all respects (subject to the provisions of the Plan). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan, shall be deemed to have timely occurred in accordance with applicable law and shall be in effect, without any requirement of further action by the security holders or directors of the Debtors or the Reorganized Debtors. On the Effective Date, the appropriate officers of Reorganized Pliant and/or the other Reorganized Debtors and members of the boards of directors of Reorganized Pliant and/or the other Reorganized Debtors are authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Pliant and/or the other Reorganized Debtors.

4. Cancellation of Notes, Instruments, Debentures, Preferred Stock, Pliant Outstanding Common Stock and Other Pliant Outstanding Common Stock Interests.

On the Effective Date, except as otherwise provided for herein, all (a) First Lien Notes, Second Lien Notes, Senior Subordinated Notes, Series AA Preferred Stock, Series M Preferred Stock, Pliant Outstanding Common Stock Interests, and any other notes, bonds (with the exception of surety bonds outstanding), indentures (including the First Lien Notes Indenture, the Second Lien Notes Indenture and the Senior Subordinated Notes Indenture), stockholders agreements, registration rights agreements, repurchase agreements and repurchase arrangements, or other instruments or documents evidencing or creating any indebtedness or obligations of a Debtor that relate to Claims or Interests that are Impaired under the Plan shall be cancelled, and (b) the obligations of the Debtors under any agreements, stockholders agreements, registration rights

agreements, repurchase agreements and repurchase arrangements, indentures (including the First Lien Notes Indenture, the Second Lien Notes Indenture and the Senior Subordinated Notes Indenture) or certificates of designation governing the First Lien Notes, Second Lien Notes, Senior Subordinated Notes, Series AA Preferred Stock, Series M Preferred Stock, Pliant Outstanding Common Stock Interests, and any other notes, bonds, indentures, or other instruments or documents evidencing or creating any Claims or Interests against a Debtor that relate to Claims or Interests that are Impaired under the Plan shall be discharged; provided, however, that the First Lien Notes Indenture, Second Lien Notes Indenture and Senior Subordinated Notes Indenture shall continue in effect to the extent necessary to allow the Reorganized Debtors and the Prepetition Indenture Trustees to make distributions pursuant to the Plan on account of First Lien Notes Claims, Second Lien Notes Claims, and Senior Subordinated Notes Claims; and provided, further, however, that Pliant's indemnification obligations with respect to the First Lien Notes Indenture Trustee under the First Lien Notes Indenture shall survive notwithstanding the cancellation of the First Lien Notes Indenture. As of the Effective Date, all Series AA Preferred Stock, Series M Preferred Stock, and Pliant Outstanding Common Stock Interests that have been authorized to be issued but that have not been issued shall be deemed cancelled and extinguished without any further action of any party.

5. Cancellation of Liens.

Except as otherwise provided in the Plan, on the Effective Date, any Lien securing any Secured Claim (other than a Lien securing a Claim that is Reinstated pursuant to Section 3.2(b) of the Plan) shall be deemed released and the Holder of such Secured Claim shall be authorized and directed to release any collateral or other property of any Debtor (including any cash collateral) held by such Holder and to take such actions as may be requested by the Debtors (or the Reorganized Debtors, as the case may be) to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases as may be requested by the Debtors (or the Reorganized Debtors, as the case may be).

6. Issuance of New Securities and Related Matters.

(a) Issuance of New Securities. On or as soon as reasonably practicable after the Effective Date, Reorganized Pliant and the Reorganized Debtors shall issue all instruments, certificates and other documents, including the New Common Stock and New Warrants, required to be issued or distributed pursuant to the Plan without further act or action under applicable law, regulation, order or rule. The issuance of the New Common Stock and New Warrants and the distribution thereof under the Plan shall be exempt from registration under applicable securities laws pursuant to section 1145(a) of the Bankruptcy Code. Without limiting the effect of section 1145 of the Bankruptcy Code, all documents, agreements and instruments entered into on or as of the Effective Date contemplated by or in furtherance of the Plan, including, without limitation, the Exit Facility Credit Agreement, Reorganized Pliant Shareholders Agreement, New Warrant Agreement and any other agreement entered into in connection with the foregoing, shall become effective and binding in accordance with their respective terms and conditions upon the parties thereto.

(b) Distribution of the New Common Stock and New Warrants and Enforcement of the Reorganized Pliant Shareholders Agreement and New Warrant Agreement. On or as soon as reasonably practicable after the Effective Date, all of the shares of the New Common Stock and all of the New Warrants to which any Holder of a Claim in Classes 4, 5, and 6 shall become entitled pursuant to the Plan shall be issued in the name of such Holder or DTC or its nominee or nominees in accordance with DTC's book-entry exchange procedures, as contemplated by section 6.5(b) of the

Plan, subject to the terms and conditions of the Reorganized Pliant Shareholders Agreement, New Warrant Agreement, and the other terms and conditions of the Plan. In the period pending distribution of the New Common Stock and New Warrants to any Holder of a Class 4, 5, and 6 Claim, such Holder shall be bound by, have the benefit of and be entitled to enforce the terms and conditions of the Reorganized Pliant Shareholders Agreement and the New Warrant Agreement (each to the extent applicable) and shall be entitled to exercise any voting rights and receive any dividends or other distributions payable in respect of such Holder's New Common Stock and New Warrants (including, receiving any proceeds of any permitted transfer of such New Common Stock and New Warrants), and to exercise all other rights in respect of the New Common Stock and New Warrants (so that such Holder shall be deemed for tax purposes to be the owner of the New Common Stock and New Warrants issued in the name of such Holder, as applicable).

7. Exit Financing.

On the Effective Date, without any requirement of further action by security holders or directors of the Debtors or the Reorganized Debtors, the Reorganized Debtors shall be authorized and directed to enter into the Exit Facility Credit Agreement, as well as any notes, documents or agreements in connection therewith, including, without limitation, any documents required in connection with the creation or perfection of the liens on the Exit Facility collateral.

8. Management Equity Incentive Plan.

On the Effective Date, the Management Equity Incentive Plan shall be implemented and shall be substantially in the form that will be filed as Exhibit 5.9 to the Plan.

9. Sources of Cash for Plan Distributions.

Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for the Reorganized Debtors to make payments pursuant to the Plan may be obtained from existing Cash balances, the operations of the Debtors and the Reorganized Debtors, sales of assets or the Exit Facility Credit Agreement. The Reorganized Debtors may also make such payments using Cash received from their subsidiaries through the Reorganized Debtors' consolidated cash management systems.

10. Cram-Down.

If any Impaired Class fails to accept the Plan by the requisite statutory majorities, the Debtors reserve the right (i) to confirm the Plan by a "cram-down" of such non-accepting Class pursuant to section 1129(b) of the Bankruptcy Code and (ii) to propose any modifications to the Plan and to confirm the Plan as modified, without re-solicitation, to the extent permitted by the Bankruptcy Code.

11. Additional Transactions Authorized Under the Plan.

On or prior to the Effective Date, the Debtors shall be authorized to take any such actions as may be necessary or appropriate to Reinstate Claims or Interests or render Claims or Interests not Impaired, as provided for under the Plan.

12. Success Bonus Payments.

On the Effective Date, Reorganized Pliant shall pay success bonus payments to a limited number of officers and other key employees of the Reorganized Debtors who are and have been principally responsible for the reorganization efforts in order to incentivize such key employees to enable the Debtors to emerge from chapter 11 and achieve the Debtors' goals expeditiously and in a manner consistent with the Plan. The success bonus plan shall contain terms substantially as set forth in Exhibit 5.13 to the Plan and be in form and substance reasonably acceptable to the Ad Hoc Committee of First Lien Noteholders.

13. Comprehensive Settlement of Claims and Controversies.

Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all Claims or controversies relating to the rights that a holder of a Claim or Interest may have with respect to any Allowed Claim or Allowed Interest or any distribution to be made pursuant to the Plan on account of any Allowed Claim or Allowed Interest. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims or controversies and the Bankruptcy Court's finding that all such compromises or settlements are in the best interests (x) of the Debtors, the Reorganized Debtors and their respective Estates and property, and (y) Claim and Interest holders, and are fair, equitable and reasonable.

H. PROVISIONS GOVERNING DISTRIBUTIONS

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

1. Distributions for Claims or Interests Allowed as of the Initial Distribution Date.

Unless the Holder of an Allowed Claim against the Debtors and the Debtors or the Reorganized Debtors agrees to a different distribution date or except as otherwise provided herein or as ordered by the Bankruptcy Court, distributions to be made on account of Claims that are Allowed as of the Effective Date shall be made on the Initial Distribution Date or as soon thereafter as is practicable. Notwithstanding the date on which any distribution of New Common Stock or New Warrants is actually made to a Holder of a Claim that is an Allowed Claim on the Effective Date, as of the date of the distribution such Holder shall be deemed to have the rights of a holder of such securities distributed as of the Effective Date. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day.

2. Interest on Claims.

Except as otherwise specifically provided for in the Plan, the Confirmation Order or other order of the Bankruptcy Court (including, without limitation, the Final DIP Order), or required by applicable bankruptcy or non-bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim.

3. Distributions by Disbursing Agent.

Other than as specifically set forth in the Plan, the Disbursing Agent shall make all distributions required to be made under the Plan. Distributions on account of the First Lien Notes Claims and, to the extent necessary, Second Lien Notes Claims and Senior Subordinated Notes Claims, shall be made in accordance with the First Lien Notes Indenture, Second Lien Notes Indenture, and Senior Subordinated Notes Indenture, as applicable, or in accordance with the Plan where such indenture is silent. Reorganized Pliant and/or the other Reorganized Debtors may act as Disbursing Agent or may employ or contract with other entities to assist in or make the distributions required by the Plan.

4. Delivery of Distributions and Undeliverable or Unclaimed Distributions.

The following terms shall govern the delivery of distributions and undeliverable or unclaimed distributions with respect to Claims.

(a) Delivery of Distributions in General. Distributions to Holders of Allowed Claims shall be made at the addresses set forth in the Debtors' records unless such addresses are superseded by proofs of claim or interests or transfers of claim filed pursuant to Bankruptcy Rule 3001.

(b) Undeliverable and Unclaimed Distributions.

- i) Holding and Investment of Undeliverable and Unclaimed Distributions. If the distribution to any Holder of an Allowed Claim is returned to Reorganized Pliant, the other Reorganized Debtors or the Disbursing Agent as undeliverable or is otherwise unclaimed, no further distributions shall be made to such Holder unless and until the Reorganized Debtors or the Disbursing Agent is notified in writing of such Holder's then current address.
- ii) Failure to Claim Undeliverable Distributions. Any Holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable or unclaimed distribution within one (1) year after the Effective Date shall be deemed to have forfeited its claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed distribution against the Debtors or their Estates or the Reorganized Debtors or their property. In such cases, any Cash for distribution on account of such claims for undeliverable or unclaimed distributions shall become the property of the Estates and the Reorganized Debtors free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary. Any New Common Stock or New Warrants held for distribution on account of such Claim shall be canceled and of no further force or effect. Nothing contained in the Plan shall require any Disbursing Agent, including, but not limited to, the Reorganized Debtors, to attempt to locate any Holder of an Allowed Claim.

5. Record Date for Distributions.

(a) The Reorganized Debtors and the Disbursing Agent will have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes herein to recognize and distribute only to those Holders of Allowed Claims that are Holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date. The Reorganized Debtors and the Disbursing Agent shall instead be entitled to recognize and deal for all purposes under the Plan with only those record holders stated on the official claims register as of the close of business on the Distribution Record Date.

(b) Distributions of New Common Stock and New Warrants to Holders of First Lien Note Claims, Second Lien Note Claims and Senior Subordinated Note Claims administered by the respective Prepetition Indenture Trustee shall be made by means of book-entry exchange through the facilities of the DTC in accordance with the customary practices of the DTC, as and to the extent practicable. In connection with such book-entry exchange, each Prepetition Indenture Trustee shall deliver instructions to the DTC instructing the DTC to effect distributions on a Pro Rata basis as provided under the Plan with respect to such Claims upon which such Prepetition Indenture Trustee acts as trustee.

6. Allocation of Plan Distributions Between Principal and Interest.

Except as otherwise expressly provided in the Plan, to the extent that any Allowed Claim entitled to a distribution under the Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall, for all income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent that the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

7. Means of Cash Payment.

Payments of Cash made pursuant to the Plan shall be in U.S. dollars and shall be made, at the option and in the sole discretion of Reorganized Pliant or the other Reorganized Debtors, by (a) checks drawn on or (b) wire transfer from a bank selected by Reorganized Pliant or the other Reorganized Debtors. Cash payments to foreign creditors may be made, at the option of Reorganized Pliant or the other Reorganized Debtors, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

8. Withholding and Reporting Requirements.

In connection with the Plan and all distributions thereunder, Reorganized Pliant and the other Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions hereunder shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. All persons holding Claims or Interests shall be required to provide any information necessary to effect information reporting and the withholding of such taxes. Notwithstanding any other provision of the Plan, (a) each Holder of an Allowed Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution and (b) no

distribution shall be made to or on behalf of such Holder pursuant to the Plan unless and until such Holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations.

9. Setoffs.

Reorganized Pliant and the Reorganized Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy laws, but shall not be required to, set off against any Claim, the payments or other distributions to be made pursuant to the Plan in respect of such Claim, or claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such Holder.

10. Fractional Shares.

No fractional shares of New Common Stock and no fractional New Warrants shall be distributed. Where a fractional share would otherwise be called for, the actual issuance shall reflect a rounding up (in the case of more than .50) of such fraction to the nearest whole share of New Common Stock or a rounding down of such fraction (in the case of .50 or less than .50) to the nearest whole share of New Common Stock. The total number of shares of New Common Stock and the total number of New Warrants to be distributed pursuant to the Plan shall be adjusted as necessary to account for the rounding provided for herein.

I. TREATMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES AND PENSION PLANS

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS GOVERNING THE TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

Pursuant to Article 7 of the Plan, On the Effective Date, all executory contracts or unexpired leases of the Debtors will be deemed assumed in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such executory contract or unexpired lease (i) was previously assumed or rejected by the Debtors, (ii) previously expired or terminated pursuant to its own terms, or (iii) is an executory contract that is set forth on Exhibit 7.1 or Exhibit 12.6 to the Plan, which shall be filed with the Plan Supplement. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions pursuant to sections 365(a) and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to this Article VII shall revest in and be fully enforceable by the respective Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable federal law.

Any monetary amounts by which each executory contract and unexpired lease to be assumed is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to each such executory contract or unexpired lease may otherwise agree. In the event of a dispute regarding (a) the amount of any cure payments, (b) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365

of the Bankruptcy Code) under the contract or lease to be assumed or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption. Pending the Bankruptcy Court's ruling on such motion, the executory contract or unexpired lease at issue shall be deemed assumed by the Debtors unless otherwise ordered by the Bankruptcy Court.

All contracts, agreements and leases that were entered into by the Debtors or assumed by the Debtors after the Petition Date shall be deemed assigned by the Debtors to the Reorganized Debtors on the Effective Date.

In furtherance of, and without in any way limiting, section 12.6 of the Plan, from and after the Effective Date the Debtors shall assume the obligation and shall continue to make the payment of all retiree benefits (if any), as that term is defined in Bankruptcy Code section 1114, at the level established pursuant to subsection (e)(1)(B) or (g) of said section 1114, at any time prior to the Confirmation Date, for the duration of the period (if any) that the Debtors are obligated to provide such benefits. In addition, notwithstanding anything in the Plan to the contrary, the Pension Plans shall become obligations of the Reorganized Debtors and shall otherwise be unaffected by confirmation of the Plan, and such Claims shall not be discharged or released or otherwise affected by the Plan or by these proceedings.

J. PROVISIONS FOR TREATMENT OF DISPUTED CLAIMS AND DISPUTED INTERESTS

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS FOR TREATMENT OF DISPUTED CLAIMS AND DISPUTED INTERESTS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

1. Objections to and Estimation of Claims.

Only the Debtors, the Reorganized Debtors or the Disbursing Agent may object to the allowance of any Claim or Administrative Expense Claim. After the Effective Date, the Reorganized Debtors shall be accorded the power and authority to allow or settle and compromise any Claim without notice to any other party, or approval of, or notice to the Bankruptcy Court. In addition, the Debtors or the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors or Reorganized Debtors have previously objected to such Claim. Unless otherwise ordered by the Bankruptcy Court, the Debtors or Reorganized Debtors shall serve and file any objections to Claims and Interests as soon as practicable, but in no event later than (a) ninety (90) days after the Effective Date or (b) such later date as may be determined by the Bankruptcy Court upon a motion which may be made without further notice or hearing.

2. No Distributions Pending Allowance.

Notwithstanding any other provision in the Plan, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

3. Disputed Claim Reserve.

On, or as soon as practicable after, the Initial Distribution Date, the Reorganized Debtors shall transmit to the Disputed Claim Reserve the Reserved New Warrant Pool. The Disbursing Agent shall reserve from the Reserved New Warrant Pool for the account of each Holder of a Class 5 Disputed Claim New Warrants that would otherwise be distributable to such Holder on the Initial Distribution Date in accordance with the Plan were such Disputed Claim an Allowed Claim (in the Face Amount thereof) as of the Effective Date. At all times after the Initial Distribution Date, the Holders of Class 5 Disputed Claims shall have the sole right to the Reserved New Warrant Pool in the Disputed Claim Reserve, and the Disbursing Agent shall not disburse or distribute any portion of such pool to any Person prior to the Final Distribution Date (subject to section 8.5 hereof) other than to Holders of Class 5 Disputed Claims that become Allowed in accordance with the terms of the Plan subsequent to the Effective Date, without further order of the Court.

4. Distributions on Account of Disputed Claims Once They Are Allowed.

On each Quarterly Distribution Date, the Disbursing Agent shall make distributions from the Disputed Claim Reserve to each Holder of a Class 5 Disputed Claim that has become an Allowed Claim during the preceding calendar quarter. Such distributions shall be a number of New Warrants equal to the product of (a) the number of New Warrants remaining in the Disputed Claims Reserve and (b) such Holder's Allowed Claim Percentage.

5. Final Distributions from the Disputed Claim Reserve.

On the Final Distribution Date, the Disbursing Agent shall distribute the Excess New Warrant Pool, if any, from the Disputed Claim Reserve to Holders of Allowed Claims in Classes 5 and 6 pursuant to section 3.2(e) and (f) of the Plan. If the aggregate number of New Warrants remaining in the Excess New Warrant Pool as of the Final Distribution Date is insufficient for purposes of making New Warrant distributions on a Pro Rata basis as set forth in section 3.2(e) and (f), then, for purposes of administrative convenience, such New Warrants shall revert to the Reorganized Pliant free of any restrictions thereon.

K. CONFIRMATION AND CONSUMMATION OF THE PLAN

The Plan shall not become effective and the Effective Date shall not occur unless and until the following conditions shall have been satisfied or waived in accordance with section 9.2 of the Plan:

(a) The Confirmation Order confirming this Plan shall have been entered by the Bankruptcy Court and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto.

(b) The Canadian Confirmation Order confirming this Plan shall have been entered by the Canadian Court and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto.

(c) The Exit Facility Credit Agreement and all related documents provided for therein or contemplated thereby shall have been duly and validly executed and delivered by all parties thereto, all conditions precedent thereto shall have occurred or shall have been satisfied and

all proceeds of the Exit Facility shall be made available to the Reorganized Debtors to fund distributions hereunder.

(d) The Certificate of Incorporation and By-Laws and the amended certificates or articles of incorporation of the Debtors, as necessary, shall have been adopted and filed with the applicable authorities of the relevant jurisdictions of incorporation and shall have become effective in accordance with such jurisdictions' corporation laws.

(e) All authorizations, consents, certifications, approvals, rulings, no-action letters, opinions or other documents or actions required by any law, regulation or order to be received or to occur in order to implement this Plan on the Effective Date shall have been obtained or shall have occurred unless failure to do so will not have a material adverse effect on Reorganized Pliant.

(f) All other documents and agreements necessary to implement this Plan on the Effective Date shall have been duly and validly executed and delivered by all parties thereto and all other actions required to be taken in connection with the Effective Date shall have occurred or shall have been otherwise satisfied or waived.

(g) The Ad Hoc Committee Advisor Claims and First Lien Notes Indenture Trustee Claims that were timely presented shall have been paid in full in Cash or the Debtors shall have provided reasonably satisfactory evidence that such Claims shall be paid from the proceeds of the Exit Facility.

(h) All DIP Facility Claims shall have been paid in full in Cash or the Debtors shall have provided reasonably satisfactory evidence that such Claims shall be paid from the proceeds of the Exit Facility.

(i) The Lockup Agreement shall remain in full force and effect and shall not have been terminated.

Each of the conditions set forth in section 9.1 of the Plan, with the exception of those conditions set forth in subsection (c), may be waived in whole or in part by the Debtors, subject to the consent of the Ad Hoc Committee of First Lien Noteholders, which consent shall not be unreasonably withheld, after notice to the Bankruptcy Court and parties in interest but without the need for a hearing.

If each of the conditions specified in Section 9.1 of the Plan has not been satisfied or waived in the manner provided in Section 9.2 of the Plan, then: (i) the Confirmation Order shall be vacated of no further force or effect; (ii) no distributions under the Plan shall be made; (iii) the Debtors and all holders of Claims and Interests in the Debtors shall be restored to the status quo ante as of the day immediately preceding the Confirmation Date as though the Confirmation Date had never occurred; and (iv) all of the Debtors' obligations with respect to the Claims and Interests shall remain unaffected by the Plan and nothing contained herein shall be deemed to constitute a waiver or release of any Claims by or against the Debtors or any other person or to prejudice in any manner the rights of the Debtors or any person in any further proceedings involving the Debtors and the Plan shall be deemed withdrawn. Upon such occurrence, the Debtors shall file a written notification with the Bankruptcy Court and serve it upon such parties as the Bankruptcy Court may direct.

L. EFFECT OF PLAN CONFIRMATION

1. Binding Effect.

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against, or Interest in, the Debtors and such holder's respective successors and assigns, whether or not the Claim or Interest of such holder is Impaired under the Plan and whether or not such holder has accepted the Plan.

2. Exculpations and Releases.

(a) Exculpation. From and after the Effective Date, the Released Parties shall neither have nor incur any liability to, or be subject to any right of action by, any Holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, the CCAA Proceedings, formulating, negotiating or implementing the Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan; provided, however, that this section shall not apply to (x) obligations under, and the contracts, instruments, releases, agreements, and documents delivered, Reinstated or assumed under the Plan, and (y) any claims or causes of action arising out of willful misconduct or gross negligence as determined by a Final Order. Any of the Released Parties shall be entitled to rely, in all respects, upon the advice of counsel with respect to their duties and responsibilities under the Plan.

(b) Releases by the Debtors. As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors and Reorganized Debtors in their individual capacities and as debtors-in-possession will be deemed to release and forever waive and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action and liabilities whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise existing as of the Effective Date or thereafter that are based in whole or part on any act, omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the CCAA Proceedings, the Plan or the Disclosure Statement, and that could have been asserted by or on behalf of the Debtors or their Estates or the Reorganized Debtors against the Released Parties; provided, however, that nothing in section 10.2(b) of the Plan shall be construed to release any party from willful misconduct or gross negligence as determined by a Final Order.

(c) Releases by Holders of Claims and Interests. As of the Effective Date, to the fullest extent permitted by law, each Holder of a Claim or Interest that votes to accept the Plan, or who, directly or indirectly, is entitled to receive a distribution under the Plan, including Persons entitled to receive a distribution via an attorney, agent, indenture trustee or securities intermediary, shall in consideration for the obligations of the Debtors and the Reorganized Debtors under the Plan and the Cash and the securities, contracts, instruments, releases and other agreements or documents to be delivered in connection with the Plan, be deemed to have forever released, waived and discharged all claims, demands, debts, rights, causes of action or liabilities (other than (x) the right to enforce the obligations under, and the contracts, instruments, releases, agreements, and documents

delivered, Reinstated or assumed under the Plan, and (y) any claims or causes of action arising out of willful misconduct or gross negligence as determined by a Final Order), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise, relating to the Debtors, the Reorganized Debtors, the Chapter 11 Cases, the CCAA Proceedings, the Plan or the Disclosure Statement, existing as of the Effective Date or thereafter that are based in whole or part on any act, omission, transaction event, or other occurrence taking place on or prior to the Effective Date, against the Released Parties; provided, however, that nothing in section 10.2(c) of the Plan shall be construed to release any party from willful misconduct or gross negligence as determined by a Final Order; and provided, further, however, that each Holder of a Claim or Interest that is entitled to vote on the Plan may elect by checking the appropriate box provided on the Ballot not to grant the releases set forth in section 10.2(c) of the Plan.

(d) Injunction Related to Exculpation and Releases. All Persons that have held, hold or may hold any liabilities released or exculpated pursuant to section 10.2 of the Plan will be permanently enjoined from taking any of the following actions against any Released Party or its property on account of such released liabilities: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind; (ii) enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, directly or indirectly, any judgment, award, decree or order; (iii) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any lien; (iv) except as provided herein, asserting any setoff, right of subrogation or recoupment of any kind, directly or indirectly, against any obligation due a Released Party; and (v) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan.

(e) Survival of Indemnification Obligations. The obligations of the Debtors to indemnify any past and present directors, officers, agents, employees and representatives, pursuant to certificates or articles of incorporation, by-laws, contracts and/or applicable statutes, in respect of all actions, suits and proceedings against any of such officers, directors, agents, employees and representatives, based upon any act or omission related to service with or for or on behalf of the Debtors, shall not be discharged or Impaired by confirmation or consummation of the Plan and shall be assumed by the other Reorganized Debtors.

(f) Discharge of Claims and Termination of Interests. Except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims and Interests (other than Unimpaired Claims under the Plan that are Allowed Claims) of any nature whatsoever against the Debtors or any of their Estates, assets, properties or interest in property, and regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims and Interests. Upon the Effective Date, the Debtors shall be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims and Interests (other than Unimpaired Claims that are Allowed Claims), including, but not limited to, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in section 502(g), 502(h) or 502(i) of the Bankruptcy Code, and the Pliant Outstanding Common Stock Interests, Series AA Preferred Stock, Series M Preferred Stock, First Lien Notes, Second Lien Notes, and Senior Subordinated Notes shall be terminated.

(g) Preservation of Rights of Action and Settlement of Litigation Claims. Except as otherwise provided in the Plan, the Confirmation Order, or in any document, instrument, release or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of

the Bankruptcy Code, the Debtors and their Estates shall retain the Litigation Claims. The Reorganized Debtors, as the successors in interest to the Debtors and the Estates, may enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the Litigation Claims. Notwithstanding the foregoing, the Debtors and the Reorganized Debtors shall not file, commence or pursue any claim, right or cause of action under section 547 of the Bankruptcy Code or seek to disallow any Claim to the extent it may be avoidable thereunder.

3. Injunction.

Except as otherwise provided in the Plan or the Confirmation Order, from and after the Effective Date all Persons who have held, hold or may hold Claims against or Interests in the Debtors, are (i) permanently enjoined from taking any of the following actions against the Estate(s), or any of their property, on account of any such Claims or Interests and (ii) permanently enjoined from taking any of the following actions against any of the Debtors, the Reorganized Debtors or their property on account of such Claims or Interests: (A) commencing or continuing, in any manner or in any place, any action, or other proceeding; (B) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (C) creating, perfecting or enforcing any lien or encumbrance; (D) asserting any right of setoff, subrogation or recoupment of any kind and (E) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of the Plan; provided, however, that nothing contained in the Plan shall preclude such persons from exercising their rights pursuant to and consistent with the terms of the Plan.

By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim will be deemed to have specifically consented to the injunctions set forth in section 10.3 of the Plan.

4. Termination of Subordination Rights and Settlement of Related Claims.

The classification and manner of satisfying all Claims and Interests and the respective distributions and treatments under the Plan take into account and/or conform to the relative priority and rights of the Claims and Interests in each Class in connection with the contractual, legal and equitable subordination rights relating thereto whether arising under contract, general principles of equitable subordination, section 510(b) of the Bankruptcy Code or otherwise. All subordination rights that a holder of a Claim or Interest may have with respect to any distribution to be made under the Plan shall be discharged and terminated, and all actions related to the enforcement of such subordination rights shall be enjoined permanently. Accordingly, except as provided in Section 3.2(f) of the Plan, distributions under the Plan to holders of Allowed Claims will not be subject to payment of a beneficiary of such terminated subordination rights, or to levy, garnishment, attachment or other legal process by a beneficiary of such terminated subordination rights.

M. MISCELLANEOUS PLAN PROVISIONS

THE FOLLOWING IS A SUMMARY OF CERTAIN MISCELLANEOUS PROVISIONS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

1. Surrender of Instruments.

As a condition to participation under the Plan the Holder of a note, debenture or other evidence of indebtedness of the Debtors that desires to receive the property to be distributed on

account of an Allowed Claim based on such note, debenture or other evidence of indebtedness shall surrender such note, debenture or other evidence of indebtedness to the Debtors, or their designee (unless such Holder's Claim will be Reinstated by the Plan, in which case such surrender shall not be required), and shall execute and deliver such other documents as are necessary to effectuate the Plan; provided, however, that if a claimant is a Holder of an equity security, note, debenture or other evidence of indebtedness for which no physical certificate was issued to the Holder but which instead is held in book-entry form pursuant to a global security held by DTC or other securities depository or custodian thereof, then such Holder shall be deemed to have surrendered such Holder's equity security, note, debenture or other evidence of indebtedness upon surrender to Pliant of such global security by DTC or such other securities depository or custodian thereof. Except as otherwise provided in section 12.1 of the Plan, if no surrender of a security, note, debenture or other evidence of indebtedness occurs and a claimant does not provide an affidavit and indemnification agreement, in form and substance satisfactory to the Debtors, that such security, note, debenture or other evidence of indebtedness was lost, then no distribution may be made to any claimant whose Claim or Interest is based on such security, note, debenture or other evidence of indebtedness thereof. The Debtors shall make subsequent distributions only to the persons who surrender the securities for exchange (or their assignees) and the record holders of such securities shall be those holders of record as of the Effective Date. Except as otherwise provided in the Plan, the First Lien Notes Indenture, Second Lien Notes Indenture, Senior Subordinated Notes Indenture, and the Series AA Registration Rights Agreement, and the Stockholders Agreement shall be rendered void as of the Effective Date.

2. Committees.

Any appointment of a Representative Committee shall terminate on the Effective Date.

3. Post-Confirmation Date Retention of Professionals.

Upon the Effective Date, any requirement that professionals employed by the Reorganized Debtors comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Reorganized Debtors will be authorized to employ and compensate professionals in the ordinary course of business and without the need for Bankruptcy Court approval.

4. Bar Date for Certain Administrative Expense Claims.

All applications for final allowance of fees and expenses of professional persons employed by the Debtors or any appointed Representative Committee pursuant to orders entered by the Bankruptcy Court and on account of services rendered prior to the Effective Date shall be filed with the Bankruptcy Court and served upon the Reorganized Debtors' counsel at the addresses set forth in section 12.15 of the Plan no later than thirty (30) days after the Effective Date. Any such claim that is not filed within this time period shall be discharged and forever barred. Objections to any application for allowance of Administrative Expense Claims described in section 12.4 of the Plan must be filed within thirty (30) days after the filing thereof, as may be extended by the Bankruptcy Court upon request of the Reorganized Debtors.

5. Effectuating Documents and Further Transactions.

Each of the Debtors and the Reorganized Debtors is authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan and any notes or securities issued pursuant to the Plan, including actions that the First Lien Notes Indenture Trustee may reasonably request to further effect the terms of the Plan.

6. Compensation and Benefit Programs.

Except as otherwise expressly provided in Exhibit 12.6 to the Plan, to be filed with the Plan Supplement, the Reorganized Debtors shall continue to perform their obligations under all employment and severance contracts and policies, and all compensation and benefit plans, policies and programs of the Debtors applicable to their employees, retirees and non-employee directors and the employees and retirees of their subsidiaries, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive plans, life and accidental death and dismemberment insurance plans. Any one of the Reorganized Debtors may, prior to the Effective Date, enter into employment agreements with employees that become effective on or prior to the Effective Date and survive consummation of the Plan, which employment agreements shall be in form and substance reasonably acceptable to the Ad Hoc Committee of First Lien Noteholders. Any such agreements will be annexed to the Plan Supplement or otherwise filed with the Bankruptcy Court. In addition, on the Effective Date, Reorganized Pliant shall perform its obligations under the success bonus plan as set forth in section 5.13 of the Plan.

7. Corporate Action.

Prior to, on, or after the Effective Date (as appropriate), all matters expressly provided for under the Plan that would otherwise require approval of the shareholders or directors of one (1) or more of the Debtors or the Reorganized Debtors shall be deemed to have occurred and shall be in effect prior to, on, or after the Effective Date (as appropriate) pursuant to the applicable general corporation law of the states in which the Debtors or the Reorganized Debtors are incorporated without any requirement of further action by the shareholders or directors of the Debtors or the Reorganized Debtors.

8. Exemption from Transfer Taxes.

Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer or exchange of notes or equity securities under the Plan; (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer under the Plan, including, without limitation, merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, and transfers of tangible property, will not be subject to any stamp tax or other similar tax.

9. Payment of Statutory Fees.

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date.

10. Amendment or Modification of the Plan.

Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123 and 1125 of the Bankruptcy Code, the Debtors, with the consent of the Ad Hoc Committee of First Lien Noteholders, which consent shall not be unreasonably withheld, may, alter, amend or modify the Plan or the Exhibits at any time prior to or after the Confirmation Date but prior to the substantial consummation of the Plan. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

11. Severability of Plan Provisions.

If, prior to the Confirmation Date, any term or provision of the Plan is determined by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, Impaired or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

12. Successors and Assigns.

The Plan shall be binding upon and inure to the benefit of the Debtors, and their respective successors and assigns, including, without limitation, the Reorganized Debtors. The rights, benefits and obligations of any entity named or referred to in the Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such entity.

13. Revocation, Withdrawal or Non-Consummation.

The Debtors reserve the right to revoke or withdraw the Plan as to any or all of the Debtors prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan as to any or all of the Debtors, or if confirmation or consummation as to any or all of the Debtors does not occur, then, with respect to such Debtors, (a) the Plan shall be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases affected by the Plan, and any document or agreement executed pursuant to the Plan shall be deemed null and void and (c) nothing contained in the Plan shall (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by the Debtors or any other Person. Notwithstanding anything to the contrary contained in the Plan, prior to termination of the Lockup Agreement, the Debtors shall not seek to withdraw or revoke the Plan without the consent of the Ad Hoc Committee of First Lien Noteholders, which consent shall not be unreasonably withheld.

14. Notice.

All notices, requests and demands to or upon the Debtors or the Reorganized Debtors to be effective shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as follows:

PLIANT CORPORATION
1475 Woodfield Road
Suite 700
Schaumburg, IL 60173
Telephone: (847) 969-3319
Facsimile: (847) 969-3338
Attn: Stephen T. Auburn

with a copy to:

SIDLEY AUSTIN LLP
One South Dearborn Street
Chicago, Illinois 60603
Telephone: (312) 853-7000
Facsimile: (312) 853-7036
Attn: Larry J. Nyhan

-and-

YOUNG CONAWAY STARGATT & TAYLOR, LLP
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, Delaware 19899-0391
Telephone: (302) 571-6600
Facsimile: (302) 571-1253
Attn: Robert S. Brady

Proposed Counsel to Debtors and Debtors-in-Possession

15. Governing Law.

Except to the extent that the Bankruptcy Code, the Bankruptcy Rules or other federal law is applicable, or to the extent that an exhibit or schedule to the Plan, the First Lien Notes Indenture, the Second Lien Notes Indenture or the Senior Subordinated Notes Indentures provide otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with the laws of the State of Delaware, without giving effect to the principles of conflicts of law of such jurisdiction.

16. Tax Reporting and Compliance.

The Reorganized Debtors are hereby authorized, on behalf of each of the Debtors, to request an expedited determination under section 505 of the Bankruptcy Code of the tax liability of the Debtors for all taxable periods ending after the Petition Date through, and including, the Effective Date.

17. Exhibits.

All Exhibits to the Plan are incorporated and are a part of the Plan as if set forth in full in the Plan.

18. Filing of Additional Documents.

On or before substantial consummation of the Plan, the Reorganized Debtors and the Debtors shall File such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

19. Reservation of Rights.

Except as expressly set forth in the Plan, the Plan shall have no force and effect unless the Bankruptcy Court has entered the Confirmation Order. The filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by the Debtors with respect to the Plan shall not be and shall not be deemed to be an admission or waiver of any rights of the Debtors with respect to the Holders of Claims and Interests.

20. Disputes Concerning Canadian Claims against and Interests in Canadian Debtors.

All disputes involving the rights of a Canadian entity that is (i) the Holder of a Claim against or an Interest in a Canadian Debtor and (ii) not subject to the personal jurisdiction of the Bankruptcy Court will be determined by the Bankruptcy Court without prejudice to such entity's right to seek to have such dispute heard instead by the Canadian Court. Notwithstanding the foregoing, all such Canadian entities will be bound by the terms and provisions of the Plan.

VI. VOTING PROCEDURES AND REQUIREMENTS

The following section describes in summary fashion the procedures and requirements that have been established for voting on the Plan. If you are entitled to vote to accept or reject the Plan, you should receive a ballot for the purpose of voting on the Plan (the "Ballot"). If you hold Claims in more than one Class and you are entitled to vote such Claims in more than one Class, you will receive separate Ballots which must be used for each separate Class of Claims. If you are entitled to vote and did not receive a ballot, received a damaged ballot or lost your ballot please call the Voting Agent, Epiq Systems, Inc., at () - .¹¹

¹¹ A telephone number will be provided no later than 3 business days prior to the objection deadline set with respect to this Disclosure Statement.

A. VOTING DEADLINE

TO BE CONSIDERED FOR PURPOSES OF ACCEPTING OR REJECTING THE PLAN, ALL BALLOTS MUST BE **RECEIVED BY** THE VOTING AGENT NO LATER THAN THE VOTING DEADLINE OF 4:00 P.M. PREVAILING EASTERN TIME ON [____], 2009 (THE "VOTING DEADLINE"). ONLY THOSE BALLOTS ACTUALLY RECEIVED BY THE VOTING AGENT BEFORE THE VOTING DEADLINE WILL BE COUNTED AS EITHER ACCEPTING OR REJECTING THE PLAN. ALL BALLOTS MUST BE SENT TO THE FOLLOWING ADDRESS:¹²

FOR FIRST CLASS MAIL:

PLIANT CORPORATION BALLOT PROCESSING CENTER

FOR OVERNIGHT MAIL AND HAND DELIVERY:

PLIANT CORPORATION BALLOT PROCESSING

Votes cannot be transmitted orally, by facsimile or by electronic mail. Accordingly, you are urged to return your signed and completed ballot promptly. Any executed ballot received that does not indicate either an acceptance or rejection of the Plan shall be deemed to constitute an acceptance of the Plan.

THE DEBTORS INTEND TO SEEK TO SATISFY THE REQUIREMENTS FOR CONFIRMATION OF THE PLAN UNDER THE CRAMDOWN PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO ANY CLASS DEEMED TO REJECT, OR AS TO ANY CLASS THAT VOTES TO REJECT, THE PLAN, AND, IF REQUIRED, MAY AMEND THE PLAN TO CONFORM TO THE STANDARDS OF SUCH SECTION.

B. HOLDERS OF CLAIMS ENTITLED TO VOTE

As mentioned in section V.F. above, the Debtors are soliciting votes on the Plan from the holders of Allowed Claims in Classes 4, 5, 6, and 7. Also as mentioned in section V.F. above, with respect to the impaired Classes of Claims and Interests that are deemed to reject the Plan (Classes 8, 9 and 10), and any other Class of Claims that votes to reject the Plan, the Debtors shall request that the Bankruptcy Court confirm the Plan pursuant to section 1129(b) of the Bankruptcy Code.

C. VOTE REQUIRED FOR ACCEPTANCE BY A CLASS

1. Class of Claims.

¹² Addresses will be provided no later than 3 business days prior to the objection deadline set with respect to this Disclosure Statement.

A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds ($\frac{2}{3}$) in amount and more than one-half ($\frac{1}{2}$) in number of the Allowed Claims in such Class that have voted on the Plan in accordance with the Solicitation Order.

2. Class of Interests.

A Class of Interests shall have accepted the Plan if it is accepted by at least two-thirds ($\frac{2}{3}$) in amount of the Allowed Interests in such Class that have voted on the Plan in accordance with the Solicitation Order.

D. VOTING PROCEDURES

1. Ballots.

Each Ballot enclosed with this Disclosure Statement has been encoded with the Class into which the Claim has been placed under the Plan. All votes to accept or reject the Plan with respect to any Class of Claims must be cast by properly submitting the duly completed and executed form of Ballot designated for such Class. Holders of Impaired Claims voting on the Plan should complete and sign the Ballot in accordance with the instructions thereon, being sure to check the appropriate box entitled "Accept the Plan" or "Reject the Plan."

In addition, each Holder of a Claim entitled to vote on the Plan may elect, by checking the appropriate box on the Ballot, not to grant the releases contained in section 10.2 of the Plan and the related injunction. All Holders of Claims who submit a Ballot without such box checked will be deemed to consent to the releases set forth in section 10.2 of the Plan and the related injunction to the fullest extent permitted by applicable law.

Ballots must be delivered to the Voting Agent, at its address set forth above, and received by the Voting Deadline. THE METHOD OF SUCH DELIVERY IS AT THE ELECTION AND RISK OF THE VOTER. If such delivery is by mail, it is recommended that voters use an air courier with a guaranteed next day delivery or registered mail, properly insured, with return receipt requested. In all cases, sufficient time should be allowed to ensure timely delivery.

If you are entitled to vote and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please contact the Voting Agent in the manner set forth in this Disclosure Statement.

A vote on the Plan may be disregarded if the Bankruptcy Court determines, pursuant to Section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. The Solicitation Order also sets forth assumptions and procedures for tabulating ballots that are not completed fully or correctly.

2. Special Instructions for Holders of Noteholder Claims

If you are the holder of a First Lien Notes Claim, a Second Lien Notes Claim, or a Senior Subordinated Notes Claim, or if you are acting on behalf of the holder of any such Claims, please carefully review the special instructions that accompany your ballot. If you have any questions, please contact the Voting Agent.

Attn: [_____]

Objections to confirmation of the Plan are governed by Rule 9014 of the Bankruptcy Rules. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY AND PROPERLY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan (i) is accepted by all impaired Classes of Claims and Interests or, if rejected by an impaired Class, that the Plan “does not discriminate unfairly” and is “fair and equitable” as to such Class, (ii) is feasible and (iii) is in the “best interests” of holders of Claims and Interests impaired under the Plan.

AS EXPLAINED ABOVE, THE BANKRUPTCY CODE CONTAINS PROVISIONS FOR CONFIRMATION OF A PLAN EVEN IF IT IS NOT ACCEPTED BY ALL CLASSES. THESE SO-CALLED “CRAMDOWN” PROVISIONS ARE SET FORTH IN SECTION 1129(B) OF THE BANKRUPTCY CODE, WHICH PROVIDES THAT A PLAN OF REORGANIZATION CAN BE CONFIRMED EVEN IF IT HAS NOT BEEN ACCEPTED BY ALL IMPAIRED CLASSES OF CLAIMS AND INTERESTS AS LONG AS AT LEAST ONE IMPAIRED CLASS OF NON-INSIDER CLAIMS HAS VOTED TO ACCEPT THE PLAN.

1. Acceptance.

Claims in 4, 5, 6, and 7 are Impaired under the Plan, and, therefore, must accept the Plan in order for it to be confirmed without application of the “fair and equitable test,” described below, to such Classes. As stated above, Impaired Classes of Claims will have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and a majority in number of the Claims of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan. Impaired Classes of Interests will have accepted the Plan if the Plan is accepted by at least two-thirds in amount of the Interests of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) have voted to accept the Plan.

Claims and Interests in Classes 1, 2, 3 and 11 are Unimpaired under the Plan, and the holders of Allowed Claims in each of these Classes are conclusively presumed to have accepted the Plan.

Classes 8, 9 and 10 are Impaired and the holders of such Claims and Interests will not receive or retain any property under the Plan. Accordingly, Classes 8, 9 and 10 are deemed not to have accepted the Plan and confirmation of the Plan will require application of the “fair and equitable test,” described below.

2. Fair and Equitable Test.

The Debtors will seek to confirm the Plan notwithstanding the non-acceptance or deemed non-acceptance of the Plan by any impaired Class of Claims. To obtain such confirmation, it must be demonstrated that the Plan “does not discriminate unfairly” and is “fair and equitable”

with respect to such dissenting impaired Class. A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class receives more than it is entitled to on account of its claims or interests. The Debtors believe that the Plan satisfies these requirements.

The Bankruptcy Code establishes different “fair and equitable” tests for secured claims, unsecured claims and equity interests, as follows:

(a) Secured Creditors. Either (i) each holder of an impaired secured claim retains its liens securing its secured claim and receives on account of its secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the “indubitable equivalent” of its allowed secured claim, or (iii) the property securing the claim is sold free and clear of liens, with such liens attaching to the proceeds of the sale and the treatment of such liens on proceeds is as provided in clauses (i) or (ii) above.

(b) Unsecured Creditors. Either (i) each holder of an impaired unsecured claim receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and equity interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan.

(c) Interest Holders. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greater of the fixed liquidation preference to which such holder is entitled, or the fixed redemption price to which such holder is entitled or the value of the equity interest, or (ii) the holders of equity interests that are junior to the nonaccepting class will not receive or retain any property under the plan.

THE DEBTORS BELIEVE THAT THE PLAN MAY BE CONFIRMED ON A NONCONSENSUAL BASIS (PROVIDED AT LEAST ONE IMPAIRED CLASS OF CLAIMS VOTES TO ACCEPT THE PLAN). ACCORDINGLY, THE DEBTORS WILL DEMONSTRATE AT THE CONFIRMATION HEARING THAT THE PLAN SATISFIES THE REQUIREMENTS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AS TO ANY NON-ACCEPTING CLASS.

3. Feasibility.

Pursuant to section 1129(a)(11) of the Bankruptcy Code, among other things, the Bankruptcy Court must determine that confirmation of the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtors or any successors to the Debtors under the Plan. This condition is often referred to as the “feasibility” of the Plan. The Debtors believe that the Plan satisfies this requirement.

For purposes of determining whether the Plan meets this requirement, the financial advisors of the Debtors have analyzed the Debtors’ ability to meet their obligations under the Plan. As part of that analysis, the Debtors have prepared consolidated projected financial results for each of the years ending December 31, 2009 through and including 2013. These financial projections, and the assumptions on which they are based, are included in the projections annexed hereto as Exhibit E.

The Debtors have prepared the projections based upon certain assumptions that they believe to be reasonable under the current circumstances. Those assumptions the Debtors considered to be significant are described in the notes which are part of the projections. The projections have not been examined or compiled by independent accountants. Many of the assumptions on which the projections are based are subject to significant uncertainties. Inevitably, some assumptions will not materialize, and unanticipated events and circumstances may affect the actual financial results. Therefore, the actual results achieved throughout the period covered by the projections may vary from the projected results, and the variations may be material. All Holders of Claims that are entitled to vote to accept or reject the Plan are urged to examine carefully all of the assumptions on which the projections are based in evaluating the Plan.

4. Best Interests Test and Liquidation Analysis.

The “best interests” test under section 1129 of the Bankruptcy Code requires as a condition to confirmation of a plan of reorganization that each holder of impaired claims or impaired interests receive property with a value not less than the amount such holder would receive in a chapter 7 liquidation. As indicated above, the Debtors believe that under the Plan, Holders of Impaired Claims and Impaired Interests will receive property with a value equal to or in excess of the value such Holders would receive in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

To estimate potential returns to Holders of Claims and Interests in a chapter 7 liquidation, the Debtors will determine, as might a Bankruptcy Court conducting such an analysis, the amount of liquidation proceeds that might be available for distribution (net of liquidation-related costs) and the allocation of such proceeds among the Classes of Claims and Interests based on their relative priority as set forth in the Bankruptcy Code. The Debtors anticipate that the aforementioned liquidation analysis will demonstrate that the Plan satisfies the requirements of the “best interests” test. The liquidation analysis will be filed as Exhibit F to this Disclosure Statement no later than three (3) business days prior to the objection deadline set with respect to this Disclosure Statement.

VIII. PROJECTED FINANCIAL INFORMATION AND REORGANIZATION VALUE

A. PROJECTED FINANCIAL INFORMATION

The Debtors have prepared certain consolidated financial projections (the “Projections”), which are attached to this Disclosure Statement as Exhibit E. The Debtors have undertaken a thorough analysis of the Debtors’ operations to develop a business plan. The business plan reflects a bottom-up analysis of the operations of the Debtors and application of that analysis to develop projections for the years 2009-2013. The analysis and development of the business plan considered historical and recent operational performance, opportunities for improving operational efficiency and reducing waste and costs, and published market research regarding forecast growth rates for the primary markets in which the Debtors participate. The principal assumptions that are part of the business plan and that underlie the projections are set forth in Exhibit E.

The Debtors prepared the Projections based upon, among other things, the anticipated future financial condition and results of operations of Reorganized Debtors and their Non-Debtor Affiliates. The Debtors do not generally publish their business plans and strategies or make external projections of their anticipated financial position or results of operations. Accordingly, after the date of the Disclosure Statement, the Reorganized Debtors do not intend to update or otherwise revise the Projections to reflect circumstances existing since their preparation in February 2009 or to reflect the

occurrence of unanticipated events, even in the event that any or all of the underlying assumptions are shown to be in error. Furthermore, the Reorganized Debtors do not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

THE PROJECTIONS ATTACHED TO THIS DISCLOSURE STATEMENT AS EXHIBIT E WERE NOT PREPARED TO COMPLY WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE COMPANY'S INDEPENDENT ACCOUNTANTS HAVE NEITHER EXAMINED NOR COMPILED THE ACCOMPANYING PROJECTIONS AND ACCORDINGLY DO NOT EXPRESS AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT TO THE PROJECTIONS, ASSUME NO RESPONSIBILITY FOR THE PROJECTIONS AND DISCLAIM ANY ASSOCIATION WITH THE PROJECTIONS. EXCEPT FOR PURPOSES OF THIS DISCLOSURE STATEMENT, THE COMPANY DOES NOT PUBLISH PROJECTIONS OF ITS ANTICIPATED FINANCIAL POSITION OR RESULTS OF OPERATIONS. THE COMPANY DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THESE PROJECTIONS TO REFLECT EVENTS OR CIRCUMSTANCES EXISTING OR ARISING AFTER THE DATE OF THIS DISCLOSURE STATEMENT OR TO REFLECT THE OCCURRENCE OF UNANTICIPATED EVENTS.

THE COMPANY BELIEVES THAT THE PROJECTIONS ARE BASED ON ESTIMATES AND ASSUMPTIONS THAT ARE REASONABLE. THE ESTIMATES AND ASSUMPTIONS MAY NOT BE REALIZED, HOWEVER, AND ARE INHERENTLY SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE COMPANY'S CONTROL. NO REPRESENTATIONS CAN BE OR ARE MADE AS TO WHETHER THE ACTUAL RESULTS WILL BE WITHIN THE RANGE SET FORTH IN ITS PROJECTIONS. SOME ASSUMPTIONS INEVITABLY WILL NOT MATERIALIZE, AND EVENTS AND CIRCUMSTANCES OCCURRING SUBSEQUENT TO THE DATE ON WHICH THE PROJECTIONS WERE PREPARED MAY BE DIFFERENT FROM THOSE ASSUMED, OR MAY BE UNANTICIPATED, AND THEREFORE MAY AFFECT FINANCIAL RESULTS IN A MATERIAL AND POSSIBLY ADVERSE MANNER. THE PROJECTIONS, THEREFORE, MAY NOT BE RELIED UPON AS A GUARANTEE OR OTHER ASSURANCE OF THE ACTUAL RESULTS THAT WILL OCCUR. SEE ARTICLE X, "RISK FACTORS."

B. REORGANIZATION VALUE

In conjunction with formulating the Plan, the Debtors have estimated the post-confirmation going-concern enterprise value of the Reorganized Debtor. At the Debtors' request, Jefferies & Company, Inc. ("Jefferies") performed an analysis of the estimated reorganization value of Reorganized Debtor on a going-concern basis.

1. Valuation Overview.

The valuation estimates set forth herein represent an estimated reorganization enterprise value that was developed solely for the purpose of the Plan. Jefferies' estimated valuation assumes that the Reorganized Debtor will continue as a going concern and operate in a manner consistent with the Projections. The estimate reflects the computations of the estimated enterprise value of the Reorganized Debtor through the application of various generally accepted valuation techniques and does not constitute appraisals of the Reorganized Debtors' assets or the actual or future market value of the New Common Stock.

In preparing its analysis, Jefferies has, among other things: (i) reviewed certain recent publicly available financial results of the Company; (ii) reviewed certain internal financial and operating data of the Company; (iii) discussed with certain senior executives the current operations and prospects of the Company; (iv) reviewed certain operating and financial forecasts prepared by the Company, including the Projections; (v) discussed with certain senior executives of the Company key assumptions related to the Projections; (vi) prepared discounted cash flow analyses based on the Projections, utilizing various discount rates; (vii) considered the market value of certain publicly-traded companies in businesses reasonably comparable to the operating business of the Company; (viii) considered the value assigned to certain precedent merger and acquisition transactions for businesses similar to the Company, as well as certain economic and industry information relevant to the operating business of the Company and (ix) conducted such other analyses as Jefferies deemed necessary under the circumstances. Jefferies also has considered a range of potential risk factors, including the Reorganized Debtors': (a) ability to execute and realize savings from planned operational initiatives; (b) capital structure; (c) exposure to raw material price volatility; and (d) ability to meet projected growth targets in all of their business units.

Jefferies assumed, without independent verification, the accuracy, completeness, and fairness of all of the financial and other information available to it from public sources or as provided to Jefferies by the Debtors or their representatives. Jefferies also assumed that the Projections have been reasonably prepared on a basis reflecting the Debtors' best estimates and judgment as to future operating and financial performance (and Jefferies expresses no view as to the Projections or the assumptions on which they are made). Jefferies did not make any independent evaluation or appraisal of the Debtors' assets or liabilities (and Jefferies does not assume any responsibility to obtain any such evaluation or appraisal), nor did Jefferies verify any of the information it reviewed. To the extent the estimated valuation is dependent upon the Reorganized Debtor's achievement of the results upon which the Projections are based, the estimated valuation must be considered speculative. Jefferies does not make any representation or warranty as to the fairness of the terms of the Plan.

In addition to the foregoing, Jefferies relied upon the following assumptions in arriving at its estimated valuation of the Reorganized Debtors:

- (a) The Effective Date occurs on or about July 31, 2009;
- (b) The Debtors are able to recapitalize with adequate liquidity as of the Effective Date;
- (c) The Debtors are able to implement the Plan in the manner described herein;
- (d) The pro forma net debt levels of the Reorganized Debtor would be approximately \$210.5 million immediately following the Effective Date; and
- (e) General financial and market conditions as of the Effective Date will not differ materially from the conditions prevailing as of the date of this Disclosure Statement and assumed in the Debtor projections.

2. Methodology.

Jefferies has employed generally accepted valuation techniques in estimating the reorganization value of the Reorganized Debtor. The three methodologies upon which Jefferies

primarily relied are (i) comparable public company analysis, (ii) comparable acquisition analysis and (iii) discounted cash flow analysis (“DCF analysis”). These valuation methodologies reflect both a good faith estimate of the market’s current view of the Debtors’ business plan and operations.

(a) Comparable Public Company Analysis

In a comparable public company analysis, a subject company is valued by comparing it with publicly held companies in reasonably similar lines of business. The comparable public companies are chosen based on, among other attributes, their similarity to the subject company’s size, profitability and market presence. The price that an investor is willing to pay in the public markets for each company’s publicly traded securities represents that company’s current and future prospects as well as the rate of return required on the investment.

In selecting comparable public companies, Jefferies considered factors such as the focus of the comparable companies’ businesses as well as such companies’ current and projected operating performance relative to the Debtors. Numerous financial multiples and ratios were developed to measure each company’s valuation and relative performance. Some of the specific analyses entailed comparing the enterprise value (defined as market value of equity plus book value of debt, book value of preferred stock and minority interest minus excess cash on the Company’s balance sheet) for each of the comparable public companies to their actual and projected EBITDA. These multiples were calculated on or around the date of this Disclosure Statement and were then applied to the Debtors’ financial projections to determine the range of enterprise value and equity value using this methodology.

(b) Comparable Acquisition Analysis

The comparable acquisition analysis approach entails calculating EBITDA multiples based upon the implied value (including any debt assumed and equity purchased) in recent mergers and acquisitions transactions of companies that Jefferies determined to be similar to the Debtors. These multiples were then applied to the Debtors’ financial projections to determine the implied range of enterprise values using this methodology.

(c) DCF Analysis

The DCF analysis derives the value of a business by calculating the “present value” of estimated unleveraged, after-tax cash flows using an appropriate set of discount rates. The underlying concept of the DCF approach is that debt-free, after-tax cash flows are estimated for a projection period and a terminal value is estimated to determine the going concern value of the subject company from the end of the projection period forward. These cash flows are then discounted at an appropriate weighted average cost of capital, which is determined by referring to, among other things, the average cost of debt and equity for the other participants throughout the industry, macro-economic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

3. Valuation of Reorganized Company.

Pliant Corporation (as used in this section VIII.B.3., “Pliant” or the “Company”) has advised us that for purposes of the valuation described above, Jefferies assumed that (i) the proposed capitalization of the Reorganized Debtors will be as set forth in the Plan; (ii) market, business and general economic conditions will be similar to conditions observed as of the date hereof; (iii) the

financial and other information furnished to Jefferies by the Company and its professionals and the publicly available information with respect to the Company was fair, accurate and complete in all material respects; and (iv) the Plan will be confirmed without material changes from those detailed herein. Based upon the analyses detailed above, the assumptions made, matters considered and limits of review also set forth above, Jefferies estimated the total reorganization value range of the Reorganized Debtors to be between \$367.2 million to \$441.5 million with a midpoint of approximately \$404.3 million. The range of reorganization common equity value, which takes into account the total reorganization value range less estimated net debt and capital lease obligations outstanding as of July 31, 2009, was estimated by Jefferies to be between \$156.7 million and \$231.0 million, with a midpoint of approximately \$193.9 million as of July 31, 2009. The foregoing reorganization equity value reflects, among other factors described herein, current financial market conditions as of the date of this Disclosure Statement and the inherent uncertainty as to the achievement of the results described in the Projections.

The implied reorganized equity value ascribed in this analysis does not purport to be an estimate of the post-reorganization market trading value of the New Common Stock issued pursuant to the Plan. Such trading value may be materially different from the implied reorganized equity value ranges associated with Jefferies' valuation analysis. Jefferies' estimate is based on economic, market, financial and other conditions as they exist on, and on the information made available as of, the date of this Disclosure Statement. It should be understood that, although subsequent developments may affect Jefferies' conclusions, before or after the Confirmation Hearing, Jefferies does not have any obligation to update, revise or reaffirm the estimate set forth herein.

THE FOREGOING VALUATION IS BASED UPON A NUMBER OF ESTIMATES AND ASSUMPTIONS WHICH ARE INHERENTLY SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES BEYOND THE CONTROL OF THE COMPANY AND JEFFERIES. ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE RANGES REFLECTED IN THE ESTIMATED VALUATION WOULD BE REALIZED IF THE PLAN WERE TO BECOME EFFECTIVE, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN HERE. ADDITIONALLY, THE POST-REORGANIZATION VALUE ESTIMATED BY JEFFERIES DOES NOT NECESSARILY REFLECT, AND SHOULD NOT BE CONSTRUED AS REFLECTING, VALUES THAT WILL BE ATTAINED IN THE PUBLIC OR PRIVATE MARKETS. THE VALUE DESCRIBED IN THE ANALYSIS DOES NOT PURPORT TO BE AN ESTIMATE OF THE POST-REORGANIZATION MARKET TRADING VALUE. SUCH TRADING VALUE MAY BE MATERIALLY DIFFERENT FROM THE REORGANIZATION VALUE RANGES ASSOCIATED WITH PLIANT'S VALUATION ANALYSIS. INDEED, THERE CAN BE NO ASSURANCE THAT A TRADING MARKET WILL DEVELOP FOR THE NEW SECURITIES.

IX. DESCRIPTION OF CAPITAL STOCK AND MANAGEMENT EQUITY INCENTIVE OF REORGANIZED PLIANT

On the Effective Date, the authorized capital stock of Reorganized Pliant will consist of [] shares of New Common Stock. Set forth below is a summary of (i) the terms of the New Common Stock, (ii) the terms of the New Warrants, (iii) the terms of the Management Equity Incentive Plan, and (iv) the terms of a Reorganized Pliant Shareholders Agreement. To the extent that there is any inconsistency between this summary and the Certificate of Incorporation, New Warrant Agreement, Management Equity Incentive Plan, or the Reorganized Pliant Shareholders

Agreement, the terms of the Certificate of Incorporation, New Warrant Agreement Management Equity Incentive Plan, or the Reorganized Pliant Shareholders Agreement, as the case may be, shall control.

A. NEW COMMON STOCK

The terms of the New Common Stock will be set forth in their entirety in the Certificate of Incorporation of Reorganized Pliant, a form of which shall be filed as Exhibit 5.4(a)(1) to the Plan no later than three (3) business days prior to the objection deadline set with respect to this Disclosure Statement.

B. NEW WARRANTS

The terms of the New Warrants will be set forth in their entirety in the New Warrant Agreement, a form of which shall be filed as Exhibit 5.2(c) to the Plan no later than 3 business days prior to the objection deadline set with respect to this Disclosure Statement.

C. MANAGEMENT EQUITY INCENTIVE PLAN

The Plan contemplates that on the Effective Date, a Management Equity Incentive Plan will be implemented. The terms of the Management Equity Incentive Plan will be set forth in their entirety in the Management Equity Incentive Plan, a form of which shall be filed as Exhibit 5.9 to the Plan no later than 3 business days prior to the objection deadline set with respect to this Disclosure Statement.

D. REORGANIZED PLIANT SHAREHOLDERS AGREEMENT

The Plan contemplates that a shareholders agreement (the "Reorganized Pliant Shareholders Agreement") will be entered into by Reorganized Pliant and all holders of New Common Stock. The terms of the Reorganized Pliant Shareholders Agreement will be set forth in their entirety in the Reorganized Pliant Shareholders Agreement, a form of which shall be filed as Exhibit 5.2(b) to the Plan no later than 3 business days prior to the objection deadline set with respect to this Disclosure Statement.

X. RISK FACTORS

THE IMPLEMENTATION OF THE PLAN AND THE NEW COMMON STOCK AND, TO THE EXTENT NECESSARY, NEW WARRANTS TO BE ISSUED ON THE EFFECTIVE DATE ARE SUBJECT TO A NUMBER OF MATERIAL RISKS, INCLUDING THOSE ENUMERATED BELOW.

IN EVALUATING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLAIMS AGAINST ANY OF THE DEBTORS ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HERewith AND/OR INCORPORATED BY REFERENCE HEREIN), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS

CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION, OR ALTERNATIVES TO THE PLAN.

THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, THE PRICES AT WHICH THE COMPANY CAN SELL ITS PRODUCTS, THE AVAILABILITY AND COST OF RESIN AND OTHER RAW MATERIALS, CHANGES IN CREDIT TERMS FROM SUPPLIERS, CURRENCY EXCHANGE RATE FLUCTUATIONS, THE DEVELOPMENT OF NEW TECHNOLOGIES, ECONOMIC DOWNTURN, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, TERRORIST ACTIONS OR ACTS OF WAR, OPERATING EFFICIENCIES, LABOR RELATIONS, ACTIONS OF GOVERNMENTAL BODIES AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS. NO PARTY, INCLUDING, WITHOUT LIMITATION, THE DEBTORS OR THE REORGANIZED DEBTORS, UNDERTAKES AN OBLIGATION TO UPDATE ANY SUCH STATEMENTS.

A. GENERAL BANKRUPTCY LAW CONSIDERATIONS

1. Failure to Obtain Confirmation of the Plan May Result in Liquidation or Alternative Plan on Less Favorable Terms.

Although the Debtors believe that the Plan will satisfy all requirements for confirmation under the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for confirmation or that such modifications would not be sufficiently material as to necessitate the resolicitation of votes on the Plan.

The Plan provides that the Debtors reserve the right to seek confirmation of the Plan under section 1129(b) of the Bankruptcy Code, to the extent applicable, in view of the deemed rejection by Classes 8, 9 and 10. In the event that Classes 4, 5, 6, and/or 7 fail to accept the Plan in accordance with section 1126(c) and 1129(a)(8) of the Bankruptcy Code, the Debtors reserve the right: (a) to request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code; and/or (b) to modify the Plan in accordance with Section 12.9 thereof. While the Debtors believe that the Plan satisfies the requirements for non-consensual confirmation under section 1129(b) of the Bankruptcy Code because it does not “discriminate unfairly” and is “fair and equitable” with respect to the Classes that reject or are deemed to reject the Plan, there can be no assurance that the Bankruptcy Court will reach the same conclusion. There can be no assurance that any such challenge to the requirements for non-consensual confirmation will not delay the Debtors’ emergence from chapter 11 or prevent confirmation of the Plan.

If the Plan is not confirmed, there can be no assurance that the Chapter 11 Cases will continue rather than be converted into chapter 7 liquidation cases or that any alternative plan or plans of reorganization would be on terms as favorable to the holders of Claims against any of the Debtors as the terms of the Plan. If a liquidation or protracted reorganization of the Debtors' Estates were to occur, there is a substantial risk that the Debtors' going concern value would be substantially eroded to the detriment of all stakeholders.

2. Failure of Occurrence of the Effective Date May Result in Liquidation or Alternative Plan on Less Favorable Terms.

Although the Debtors believe that the Effective Date may occur shortly after the Confirmation Date, there can be no assurance as to such timing. The occurrence of the Effective Date is also subject to certain conditions precedent as described in Article 9 of the Plan. Failure to meet any of these conditions could result in the Plan not being consummated.

If the Confirmation Order is vacated, (a) the Plan shall be null and void in all respects; (b) any settlement of Claims or Interests provided for in the Plan shall be null and void without further order of the Bankruptcy Court; and (c) the time within which the Debtors may assume and assign or reject all executory contracts and unexpired leases shall be extended for a period of one hundred twenty (120) days after the date the Confirmation Order is vacated.

If the Effective Date of the Plan does not occur, there can be no assurance that the Chapter 11 Cases will continue rather than be converted into chapter 7 liquidation cases or that any alternative plan or plans of reorganization would be on terms as favorable to the holders of Claims against any of the Debtors as the terms of the Plan. If a liquidation or protracted reorganization of the Debtors' Estates were to occur, there is a substantial risk that the Debtors' going concern value would be eroded to the detriment of all stakeholders.

B. OTHER RISK FACTORS

1. Variations from Projections May Affect Ability to Pay Obligations.

The Debtors have prepared the projected financial information contained in this Disclosure Statement relating to the Reorganized Debtors, including the pro forma financial statements attached as Exhibit E to this Disclosure Statement, in connection with the development of the Plan and in order to present the anticipated effects of the Plan and the transactions contemplated thereby. The Projections are intended to illustrate the estimated effects of the Plan and certain related transactions on the results of operations, cash flow and financial position of the Reorganized Debtors for the periods indicated. The Projections are qualified by the introductory paragraphs thereto and the accompanying assumptions, and must be read in conjunction with such introductory paragraphs and assumptions, which constitute an integral part of the Projections. The Projections are based upon a variety of assumptions as set forth therein, and Reorganized Debtors' future operating results are subject to and likely to be affected by a number of factors, including significant business, economic and competitive uncertainties, many of which are beyond the control of the Reorganized Debtors. In addition, unanticipated events and circumstances occurring subsequent to the date of this Disclosure Statement may affect the actual financial results of the Reorganized Debtors' operations. Accordingly, actual results may vary materially from those shown in the Projections, which may adversely affect the ability of the Reorganized Debtors to pay the obligations owing to

certain holders of Claims entitled to distributions under the Plan and other indebtedness incurred after confirmation of the Plan.

Management believes that the industries in which the Reorganized Debtors will be operating are volatile due to numerous factors, all of which make accurate forecasting very difficult. Although it is not possible to predict all risks associated with the Projections and their underlying assumptions, there are some risks which management is presently able to identify. The Projections assume that all aspects of the Plan will be successfully implemented on the terms set forth in this Disclosure Statement and that the publicity associated with the bankruptcy proceeding contemplated by the Plan will not adversely affect the Reorganized Debtors' operating results. There can be no assurance that these two assumptions are accurate, and the failure of the Plan to be successfully implemented, or adverse publicity, could have a materially detrimental effect on the Reorganized Debtors' businesses, results of operations and financial condition.

Moreover, the Projections were not prepared with a view toward public disclosure or with a view toward complying with the guidelines established by the American Institute of Certified Public Accountants with respect to prospective financial information. Rather, the Projections were developed in connection with the planning, negotiation and development of the Plan. The Reorganized Debtors do not undertake any obligation to update or otherwise revise the Projections to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events. In management's view, however, the Projections were prepared on a reasonable basis and represent a reasonable view of the expected future financial performance of the Reorganized Debtors after the Effective Date. Nevertheless, the Projections should not be regarded as a representation, guaranty or other assurance by the Debtors, Reorganized Pliant, the Reorganized Debtors or any other person that the Projections will be achieved and holders are therefore cautioned not to place undue reliance on the projected financial information contained in this Disclosure Statement.

2. Extent of Leverage May Limit Ability to Obtain Additional Financing for Operations.

Although the Plan will result in the elimination of debt, the Reorganized Debtors will continue to have a significant amount of indebtedness.

Such levels of indebtedness may limit the ability of the Reorganized Debtors to obtain additional financing for working capital, capital expenditures, product development, debt service requirements, acquisitions and general corporate or other purposes. Such levels of indebtedness may also limit the ability of the Reorganized Debtors to adjust to changing market conditions and to withstand competitive pressures, possibly leaving the Reorganized Debtors vulnerable in a downturn in general economic conditions or in their businesses or unable to carry out capital spending that is important to their growth and productivity improvement programs.

3. Uncertainty Regarding Exit Facility Credit Agreement May Adversely Affect Success of Reorganization.

Although the Debtors intend to file a term sheet setting forth the expected terms of the Exit Facility Credit Agreement to be entered into by the Reorganized Debtors as Exhibit G to this Disclosure Statement, the exact terms of the Exit Facility Credit Agreement have not yet been finalized. In addition, even if an Exit Facility Credit Agreement is entered into on substantially the terms set forth in such term sheet, any inability of Reorganized Pliant to satisfy the financial covenants and maintain sufficient inventory and receivables levels could restrict the ability of

Reorganized Pliant to fully access the maximum amount that may be borrowed under the Exit Facility Credit Agreement. These uncertainties with respect to the Exit Facility Credit Agreement may adversely affect the success of the reorganization of the Reorganized Debtors.

4. Assumptions Regarding Value of the Debtors' Assets May Prove Incorrect.

It has been generally assumed in the preparation of the Projections that the historical book value of the Debtors' assets approximates those assets' fair value, except for specific adjustments. For financial reporting purposes, the fair value of the Debtors' assets must be determined as of the Effective Date. This determination will be based on an independent valuation. Although the Debtors do not presently expect this valuation to result in values that are materially greater or less than the values assumed in the preparation of the Projections, the Debtors can make no assurances with respect thereto.

5. Historical Financial Information May Not Be Comparable.

As a result of the consummation of the Plan and the transactions contemplated thereby, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Debtors' historical financial statements.

6. Market and Business Risks May Adversely Affect Business Performance.

In the normal course of business, the Debtors are subject to the following types of risks and variables, which the Debtors anticipate may materially affect their business performance following the Effective Date:¹³

- General economic and business conditions, particularly the current economic downturn;
- The Debtors' ability to generate cost savings and manufacturing and operational efficiencies sufficient to achieve the financial performance set forth in the Projections, including, but not limited to, initiatives to obtain new business and to generate and manage working capital consistent with the Projections and the underlying assumptions thereto;
- Variations in the financial or operational condition of the Debtors' significant customers;
- Material shortages, transportation systems delays or other difficulties in markets where the Debtors purchase supplies for the manufacturing of their products;
- Significant work stoppages, disputes or any other difficulties in labor markets where the Debtors obtain materials necessary for the manufacturing of their products or where their products are manufactured, distributed or sold;
- Increased development of competitive alternatives to the Debtors' products;

¹³ See also Pliant's Quarterly Report on Form 10-Q for the quarterly period ended December 31, 2008 (attached as Exhibit H hereto) and the additional "Risk Factors" contained therein.

- Fluctuations in interest rates;
- Unscheduled plant shutdowns;
- Increased operating costs;
- Changes in prices and supply of raw materials;
- Changes in credit terms offered by the Debtors' suppliers;
- The Debtors' ability to obtain cash adequate to fund their needs, including the borrowings available under the Exit Facility Credit Agreement;
- Various worldwide economic and political factors, changes in economic conditions, currency fluctuations and devaluations, credit risks in foreign markets or political instability in foreign countries where the Debtors and the Affiliates have manufacturing operations or suppliers;
- Physical damage to or loss of significant manufacturing or distribution property, plant and equipment due to fire, weather or other factors beyond the Debtors' control;
- Legislative activities of governments, agencies and similar organizations, both in the United States and in foreign countries, that may affect the operations of the Debtors and their Affiliates;
- The Debtors' ability to comply with government regulations, including public market disclosure requirements such as those contained within the Sarbanes-Oxley Act;
- Legal actions and claims of undetermined merit and amount involving, among other things, product liability, recalls of products manufactured or sold by the Debtors and environmental and safety issues involving the Debtors' products or facilities; and
- Possible terrorist attacks or acts of aggression or war, which could exacerbate other risks such as slowed production or interruptions in the transportation system.

7. Failure to Maintain Customer Relationships May Adversely Affect Financial Results.

The loss of one or more major customers, or a material reduction in sales to these customers as a result of competition from other film manufacturers, in-sourcing of film requirements or other factors, would have a material adverse effect on the Company's results of operations.

8. Foreign Currency Risk May Adversely Affect Financial Results.

The Debtors are subject to the risk of changes in foreign currency exchange rates due to their global operations. The Company manufactures and sells its products in North America, Latin America, Europe and Australia. As a result, the Debtors' financial results could be significantly affected by factors such as changes in foreign currency exchange rates or weak economic conditions in foreign markets in which the Debtors manufacture and distribute their products. The Debtors' operating results are primarily exposed to changes in exchange rates between the United States dollar and Canadian currency.

9. Failure to Attract, Retain, and Incentivize Employees May Adversely Affect Financial Results.

Among the Debtors' most valuable assets are their highly skilled professionals who have the ability to leave the Debtors and so deprive the Debtors of valuable skills and knowledge that contribute substantially to their business operations. Although the Debtors have tried to incentivize and focus their personnel through the pendency of the Chapter 11 Cases, the Debtors cannot be sure that they will ultimately be able to do so and, if not, that they will be able to replace such personnel with comparable personnel. In addition, the Debtors cannot be sure that such key personnel will not leave after consummation of the Plan and emergence from chapter 11. Further attrition may hinder the Debtors' ability to operate efficiently, which could have a material adverse effect on their results of operations and financial condition.

10. Cost of Compliance with Government Regulation May Adversely Affect Financial Results.

The Debtors are subject to various foreign, federal, state and local laws and regulations that affect the conduct of their operations, including environmental laws. The Debtors cannot assure you that compliance with these laws and regulations or the adoption of modified or additional laws and regulations will not require large expenditures by the Debtors or otherwise have a significant effect on the Debtors' financial condition or results of operations. Among other laws, a change in the tax laws of the United States or Canada could materially affect the consequences of the Plan as described herein to the Debtors and the holders of Claims. See Article XI, "Certain Federal Income Tax Consequences of the Plan."

11. Volatile Resin Prices May Affect Ability to Recover Raw Material Costs.

Polyethylene, PVC, polypropylene and other resins and additives constitute the major raw material for the Debtors' products. While the Debtors are diversifying their supply base, today the Debtors still purchase most of their resin from major oil companies and petrochemical companies in North America. The price of resins is a function of, among other things, manufacturing capacity, demand, and the price of crude oil and natural gas. Resin shortages or significant increases in the price of resin have had and could continue to have a significant adverse effect on the Debtors' businesses. High crude oil and natural gas pricing have had significant impact on the price and supply of resins. If high resin pricing continues, the Debtors may be limited in their ability to pass through such costs to their customers.

12. Intellectual Property May Not Be Adequately Protected.

The Debtors rely on patents, trademarks and licenses to protect their intellectual property, which is significant to their businesses. The Debtors also rely on unpatented proprietary know-how, continuing technological innovations and other trade secrets to develop and maintain their competitive position. The Debtors routinely seek to protect their patents, trademarks and other intellectual property, but their precautions may not provide meaningful protection against competitors or protect the value of their trademarks. In addition to their own patents, trade secrets and proprietary know-how, the Debtors license from other parties, the right to use some of their intellectual property. The Debtors routinely enter into confidentiality agreements to protect their trade secrets and property know-how. However such agreements may be breached, may not provide meaningful protection or may not contain adequate remedies for the Debtors if they are breached.

13. Other Manufactures May Have a Competitive Advantage.

The markets in which the Company operates are highly competitive on the basis of service, product quality, product innovation and price. Small and medium-sized manufacturers that compete primarily in regional markets service a large portion of the film and flexible packaging market, and there are relatively few large national manufacturers. In addition to competition from many smaller competitors, the Company faces competition from a number of large film and flexible packaging companies. Some of the Company's competitors are substantially larger, are more diversified and have greater resources, creating certain competitive advantages.

C. RISKS TO CREDITORS WHO WILL RECEIVE SECURITIES

The ultimate recoveries under the Plan to holders of Classes 4, 5, and 6 that receive New Common Stock or, to the extent necessary, New Warrants pursuant to the Plan will depend on the realizable value of the New Common Stock. The securities to be issued pursuant to the Plan, including the New Common Stock and, to the extent necessary, New Warrants, are subject to a number of material risks, including, but not limited to, those specified below. Prior to voting on the Plan, each Holder of Claims in Classes 4, 5, and 6 should carefully consider the risk factors specified or referred to below, as well as all of the information contained in the Plan.

1. Lack of Established Market for the Securities May Adversely Affect Liquidity.

There can be no assurance that an active market for the New Common Stock will develop, nor can any assurance be given as to the prices at which such stock might be traded. The New Common Stock to be issued under the Plan will not be listed on or traded on any nationally recognized market or exchange. Further, the New Common Stock to be issued under the Plan have not been registered under the Securities Act of 1933 (as amended, together with the rules and regulations promulgated thereunder, the "Securities Act"), any state securities laws or the laws of any other jurisdiction. Absent such registration, the New Common Stock may be offered or sold only in transactions that are not subject to or that are exempt from the registration requirements of the Securities Act and other applicable securities laws. As explained in more detail in Section XI (Certain Securities Law Considerations), most recipients of New Common Stock will be able to resell such securities without registration pursuant to the exemption provided by Section 4(1) of the Securities Act.

2. Value of New Common Stock May be Diluted.

Pursuant to the terms of the Plan, if Class 5 and/or Classes 5 and 6 vote to accept the Plan, New Warrants will be issued to the Holders of Claims in Classes 5 and/or 6. The issuance of New Warrants to purchase New Common Stock would dilute the ownership percentage represented by the New Common Stock distributed pursuant to the Plan.

3. Lack of Dividends on Securities May Adversely Affect Liquidity.

The Debtors do not anticipate that cash dividends or other distributions will be made by Reorganized Pliant or the Reorganized Debtors with respect to the New Common Stock in the foreseeable future. In addition, covenants in certain debt instruments to which Reorganized Pliant or the Reorganized Debtors will be a party may restrict the ability of Reorganized Pliant or the Reorganized Debtors to pay dividends and make certain other payments. Further, such restrictions on dividends may have an adverse impact on the market demand for New Common Stock as certain

institutional investors may invest only in dividend-paying equity securities or may operate under other restrictions that may prohibit or limit their ability to invest in the securities issued pursuant to the Plan.

XI. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain United States federal income tax aspects of the Plan, is for general information purposes only, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular holder of a Claim or Interest. This discussion does not purport to be a complete analysis or listing of all potential tax considerations.

This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the “IRC”), existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the United States federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the United States federal income tax consequences of the Plan.

No ruling has been requested or obtained from the Internal Revenue Service (the “IRS”) with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained with respect thereto. No representations or assurances are being made to the holders of Claims or Interests with respect to the United States federal income tax consequences described herein.

* * * *

Any discussion of United States federal tax issues set forth in this Disclosure Statement was written solely in connection with the confirmation of the Plan to which the transactions described in this Disclosure Statement are ancillary. Such discussion is not intended or written to be legal or tax advice to any person and is not intended or written to be used, and cannot be used, by any person for the purpose of avoiding any United States federal tax penalties that may be imposed on such person. Each holder of a Claim or Interest should seek advice based on its particular circumstances from an independent tax advisor.

* * * *

A. FEDERAL INCOME TAX CONSEQUENCES TO THE DEBTORS

1. Cancellation of Indebtedness Income.

Under the IRC, a taxpayer generally must recognize income from the cancellation of debt (“COD Income”) to the extent that its indebtedness is discharged during the taxable year. Section 108(a)(1)(A) of the IRC provides an exception to this rule, however, where a taxpayer is in bankruptcy and where the discharge is granted, or is effected pursuant to a plan approved, by the bankruptcy court. In this case, instead of recognizing income, the taxpayer is required, under Section 108(b) of the IRC, to reduce certain of its tax attributes by the amount of COD Income. The attributes of the taxpayer are to be reduced in the following order: net operating losses (“NOLs”), general business and minimum tax credit carryforwards, capital loss carryforwards, the basis of the

taxpayer's assets, and finally, foreign tax credit tax carryforwards (collectively, "Tax Attributes"). Section 108(b)(5) of the IRC permits a taxpayer to elect to first apply the reduction to the basis of the taxpayer's depreciable assets, with any remaining balance applied to the taxpayer's other Tax Attributes in the order stated above. In addition to the foregoing, Section 108(e)(2) of the IRC provides a further exception to the recognition of COD Income upon the discharge of debt, providing that a taxpayer will not recognize COD Income to the extent that the taxpayer's satisfaction of the debt would have given rise to a deduction for United States federal income tax purposes. Unlike Section 108(b) of the IRC, Section 108(e)(2) does not require a reduction in the taxpayer's Tax Attributes as a result of the non-recognition of COD Income. Thus, the effect of Section 108(e)(2) of the IRC, where applicable, is to allow a taxpayer to discharge indebtedness without recognizing income and without reducing its Tax Attributes.

As a result of having their debt reduced in connection with their bankruptcy, the Debtors generally will not recognize COD Income from the discharge of indebtedness pursuant to the Plan; however, certain Tax Attributes of the Debtors will be reduced or eliminated. The Debtors currently do not expect to make the election under the IRC to apply any required attribute reduction first to the basis of the Debtors' depreciable property.

To the extent that the Debtors are required to reduce their Tax Attributes, the mechanics of such attribute reduction will be governed by Treasury Regulation §1.1502-28, which contains rules that apply where the debtor corporation is a member of a group filing a consolidated return. These rules generally provide that the Tax Attributes attributable to the debtor corporation are the first to be reduced. For this purpose, Tax Attributes attributable to the debtor member include consolidated Tax Attributes (such as consolidated NOLs) that are attributable to the debtor member pursuant to the consolidated return regulations, and also include the basis of property of the debtor (including subsidiary stock), all of which are reduced in the order described above. To the extent that the COD Income of the debtor member exceeds the Tax Attributes attributable to it, the consolidated Tax Attributes attributable to other members of the consolidated group must be reduced. In the case of a consolidated group with multiple debtor members, each debtor member's Tax Attributes must be reduced before such member's COD Income can be reduced by Tax Attributes attributable to other members of the consolidated group. In addition, to the extent that the debtor corporation is required to reduce its basis in the stock of another group member, the lower-tier member also must reduce its Tax Attributes, including the consolidated Tax Attributes attributable to that lower-tier member. Any required attribute reduction will take place after the Debtors have determined their taxable income, and any federal income tax liability, for the taxable year in which the Effective Date occurs.

2. Net Operating Losses and Other Tax Attributes.

As of December 31, 2008, the Debtors had approximately \$305 million of consolidated NOLs and, in addition, the Debtors expect to generate additional consolidated NOLs through the Effective Date. The amount of such consolidated NOLs remains subject to adjustment by the IRS. As a general rule, an NOL incurred by a taxpayer during a taxable year can be carried back and deducted from its taxable income generated within the two preceding taxable years and the remainder can be carried forward and deducted from the taxpayer's taxable income over the 20 succeeding taxable years.

As explained above, however, the Debtors' consolidated NOLs and other Tax Attributes may be reduced or eliminated as of the beginning of the taxable year following the year in which the Effective Date occurs as a result of the COD Income expected to be realized on

implementation of the Plan. Assuming a reorganized equity value for the Debtors consistent with that used in Section VIII.B of this Disclosure Statement, the COD Income expected to be realized on implementation of the Plan is estimated to significantly exceed the amount of the Debtors' consolidated NOLs as of the end of the year in which the Plan is implemented. Accordingly, it is not expected that the Reorganized Debtors will have NOLs to carry forward to the year following the year in which the Plan is implemented. In addition, if, as is expected, the realized COD Income exceeds the amount of the Debtors' consolidated NOLs, the Debtors will be required to reduce additional Tax Attributes to the extent of such excess in the manner described above.

3. Annual Section 382 Limitation on Use of NOLs.

Section 382 of the IRC contains certain rules limiting the amount of NOLs a corporate taxpayer can utilize in the years following an "ownership change." These rules are relevant only if (i) the loss corporation has NOLs to carry forward to years after the date of the ownership change and/or (ii) the loss corporation has "net unrealized built-in losses" (i.e., net losses economically accrued but unrecognized as of the date of the ownership change in excess of a threshold amount) as of the date of the ownership change. As noted above, it is not expected that the Reorganized Debtors will have NOLs to carry forward to the year following the year in which the Plan is implemented. In addition, the Debtors do not expect to have "net unrealized built-in losses" as of the date of the ownership change for purposes of Section 382 of the IRC. Accordingly, it is not expected that these rules will apply to the Reorganized Debtors.

4. Accrued Interest.

To the extent that the consideration issued to holders of Claims pursuant to the Plan is attributable to accrued but unpaid interest, the Debtors should be entitled to interest deductions in the amount of such accrued interest, but only to the extent the Debtors have not already deducted such amount. The Debtors should not have COD Income from the discharge of any accrued but unpaid interest pursuant to the Plan to the extent that the payment of such interest would have given rise to a deduction pursuant to Section 108(e)(2) of the IRC, as discussed above.

5. Federal Alternative Minimum Tax.

A corporation may incur alternative minimum tax liability even where NOL carryovers and other tax attributes are sufficient to eliminate its taxable income as computed under the regular corporate income tax. It is possible that the Reorganized Debtors will be liable for the alternative minimum tax.

B. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS AND INTERESTS

The United States federal income tax consequences of the transactions contemplated by the Plan to Claim holders that are United States Persons will depend upon a number of factors. For purposes of the following discussion, a "United States Person" is any person or entity (1) who is a citizen or resident of the United States, (2) that is a corporation (or entity treated as a corporation) created or organized in or under the laws of the United States or any state thereof, (3) that is an estate, the income of which is subject to United States federal income taxation regardless of its source or (4) that is a trust (a) the administration over which a United States person can exercise primary supervision and all of the substantial decisions of which one or more United States persons have the authority to control; or (b) that has elected to continue to be treated as a United States

Person for United States federal income tax purposes. In the case of a partnership, the United States federal income tax treatment of its partners will depend on the status of the partner and the activities of the partnership. United States Persons who are partners in a partnership should consult their tax advisors. A "Non-United States Person" is any person or entity (other than a partnership) that is not a United States Person. For purposes of the following discussion and unless otherwise noted below, the term "Holder" shall mean a holder of a Claim or Interests that is a United States Person. The general United States federal income tax consequences to holders of Claims or Interests that are Non-United States Persons are discussed below under Section XI.B.11 of this Disclosure Statement.

The United States federal income tax consequences to Holders of Claims and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided for thereby will depend upon, among other things, (1) the manner in which a Holder acquired a Claim; (2) the length of time the Claim has been held; (3) whether the Claim was acquired at a discount; (4) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or prior years; (5) whether the Holder has previously included in income accrued but unpaid interest with respect to the Claim; (6) the method of tax accounting of the Holder; and (7) whether the Claim is an installment obligation for United States federal income tax purposes. Certain holders of Claims or Interests (such as foreign persons, S corporations, regulated investment companies, insurance companies, financial institutions, small business investment companies, broker-dealers and tax-exempt organizations) may be subject to special rules not addressed in this summary. There also may be state, local, and/or foreign income or other tax considerations or United States federal estate and gift tax considerations applicable to holders of Claims or Interests, which are not addressed herein. EACH HOLDER OF A CLAIM OR INTEREST AFFECTED BY THE PLAN IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.

1. General.

A Holder of a Claim who receives consideration (including, without limitation, stock) in satisfaction of its Claim may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for United States federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Plan on account of its Claim. Although the manner in which consideration is to be allocated between accrued interest and principal for these purposes is unclear under present law, the Debtors will, consistent with the Plan, allocate for United States federal income tax purposes the consideration paid pursuant to the Plan with respect to a Claim first to the principal amount of such Claim as determined for United States federal income tax purposes and then to accrued interest, if any, with respect to such Claim. Accordingly, in cases where a Holder receives consideration in an amount that is less than the principal amount of its Claim, the Debtors intend to allocate the full amount of consideration transferred to such Holder to the principal amount of such obligation and to take the position that no amount of the consideration to be received

by such Holder is attributable to accrued interest. There is no assurance that such allocation will be respected by the IRS for United States federal income tax purposes.

If not otherwise so required, a Holder that receives New Common Stock in exchange for its Claim will be required to treat gain recognized on a subsequent sale or other taxable disposition of such New Common Stock as ordinary income to the extent of (i) any bad debt deductions taken with respect to the Claim and any ordinary loss deductions incurred upon satisfaction of the Claim, less any income (other than interest income) recognized by the Holder upon satisfaction of its Claim, and (ii) any amounts which would have been included in a Holder's gross income if the Holder's Claim had been satisfied in full, but which were not included in income because of the application of the cash method of accounting.

2. Market Discount.

The market discount provisions of the IRC may apply to Holders of certain Claims. In general, a debt obligation that is acquired by a holder in the secondary market is a "market discount bond" as to that holder if its stated redemption price at maturity (or, in the case of a debt obligation having original issue discount, its adjusted issue price) exceeds, by more than a statutory de minimis amount, the tax basis of the debt obligation in the holder's hands immediately after its acquisition. If a Holder has accrued market discount with respect to its Claims and such Holder realizes gain upon the exchange of its Claims for property pursuant to the Plan, such Holder may be required to include as ordinary income the amount of such accrued market discount to the extent of such realized gain. Holders who have accrued market discount with respect to their Claims should consult their tax advisors as to the application of the market discount rules to them in view of their particular circumstances.

3. Holders of Class 3 Claims.

Holders of Class 3 Claims will realize and recognize gain or loss for United States federal income tax purposes as a result of the consummation of the Plan equal to the difference between their adjusted tax bases in their Claims immediately prior to the Effective Date and the amount of Cash they receive pursuant to the Plan.

4. Holders of Class 4 Claims.

A Holder of a Class 4 Claim will realize gain or loss for United States federal income tax purposes on the exchange of its Class 4 Claim for New Common Stock equal to the difference between (i) the adjusted tax basis in the Class 4 Claim surrendered in the exchange, determined immediately prior to the Effective Date, and (ii) the fair market value of the New Common Stock it receives in the exchange.

The tax consequences to a Holder of a Class 4 Claim depend on whether its Class 4 Claim is a "security" for United States federal income tax purposes. See "Definition of 'Security'" below. If a Class 4 Claim does not constitute a "security" for United States federal income tax purposes, then the exchange of the Class 4 Claim for New Common Stock will be a taxable transaction, and the Holder of such Claim will be required to recognize gain or loss equal to the full amount of its gain or loss realized on the exchange. In such a case, a Holder's initial tax basis in the New Common Stock it receives in the exchange will equal the fair market value of such New Common Stock on the Effective Date, and a Holder's holding period in its New Common Stock would commence on the day after the Effective Date.

If a Holder's Class 4 Claim constitutes a "security" for United States federal income tax purposes, then the exchange of the Class 4 Claim for New Common Stock will be treated as a tax-free transaction for United States federal income tax purposes. In such a case, a Class 4 Claim Holder should not recognize any gain or loss realized for United States federal income tax purposes with respect to the exchange of its Class 4 Claim. A Class 4 Claim Holder's initial tax basis in the New Common Stock it receives in exchange for its Class 4 Claim should equal its adjusted tax basis in such Class 4 Claim. A Class 4 Claim Holder's holding period in the New Common Stock it receives in the exchange will include its holding period in the Class 4 Claim surrendered.

5. Holders of Class 5 Claims.

The United States federal income tax treatment of a Holder of Class 5 Claim depends upon whether Class 5 votes to accept or reject the Plan.

(a) If Class 5 Votes to Accept the Plan

If Class 5 votes to accept the Plan, Holders of Class 5 Claims will receive New Warrants pursuant to the Plan. As a result, such Holders generally will realize gain or loss on the receipt of New Warrants equal to the difference between (i) the Holder's tax basis in its Class 5 Claim and (ii) the fair market value of the New Warrants it receives in the exchange.

The tax consequences to a Holder of a Class 5 Claim depend on whether its Class 5 Claim is a "security" for United States federal income tax purposes. See "Definition of 'Security'" below. If a Class 5 Claim does not constitute a "security" for United States federal income tax purposes, then the exchange of the Class 5 Claim for New Warrants will be a taxable transaction, and the Holder of such Claim will be required to recognize gain or loss equal to the full amount of its gain or loss realized on the exchange. In such a case, a Holder's initial tax basis in the New Warrants it receives in the exchange will equal the fair market value of such New Warrants on the Effective Date, and a Holder's holding period in its New Warrants would commence on the day after the Effective Date.

If a Holder's Class 5 Claim constitutes a "security" for United States federal income tax purposes, then the exchange of the Class 5 Claim for New Warrants will be treated as a tax-free transaction for United States federal income tax purposes. In such a case, a Class 5 Claim Holder should not recognize any gain or loss realized for United States federal income tax purposes with respect to the exchange of its Class 5 Claim. A Class 5 Claim Holder's initial tax basis in the New Warrants it receives in exchange for its Class 5 Claim should equal its adjusted tax basis in such Class 5 Claim. A Class 5 Claim Holder's holding period in its New Warrants will include the holding period in the Class 5 Claim surrendered.

See "United States Federal Income Tax Consequences of Holding the New Warrants," below for a discussion of the tax consequences of exercising, selling, and the expiration of, the New Warrants.

(b) If Class 5 Votes Reject the Plan

If, alternatively, Class 5 votes to reject the Plan, Holders of Class 5 Claims will receive nothing in exchange for their Class 5 Claims pursuant to the Plan, and each Holder of a Class 5 Claim generally should recognize a loss equal to the holder's tax basis in its Class 5 Claim unless

the Holder previously claimed a loss with respect to such Class 5 Claim under its regular method of accounting.

In either case, if the Holder held its Class 5 Claim as a capital asset, then gain or loss on the Class 5 Claim will be treated as gain or loss from the sale or exchange of such capital asset. Capital gain or loss will be long-term if the Class 5 Claim was held by the Holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate holder only to offset capital gains, and by an individual holder only to the extent of capital gains plus \$3,000 of other income.

6. Holders of Class 6 Claims.

The United States federal income tax treatment of a Holder of Class 6 Claim depends upon whether Class 5 and Class 6 vote to accept or reject the Plan.

(a) If Class 5 and Class 6 Vote to Accept the Plan

If Class 5 and Class 6 vote to accept the Plan, Holders of Class 6 Claims will receive New Warrants pursuant to the Plan. As a result, such Holders generally will realize gain or loss on the receipt of New Warrants equal to the difference between (i) the Holder's tax basis in its Class 6 Claim and (ii) the fair market value of the New Warrants it receives in the exchange.

The tax consequences to a Holder of a Class 6 Claim depend on whether its Class 6 Claim is a "security" for United States federal income tax purposes. See "Definition of 'Security'" below. If a Class 6 Claim does not constitute a "security" for United States federal income tax purposes, then the exchange of the Class 6 Claim for New Warrants will be a taxable transaction, and the Holder of such Claim will be required to recognize gain or loss equal to the full amount of its gain or loss realized on the exchange. In such a case, a Holder's initial tax basis in the New Warrants it receives in the exchange will equal the fair market value of such New Warrants on the Effective Date, and a Holder's holding period in its New Warrants would commence on the day after the Effective Date.

If a Holder's Class 6 Claim constitutes a "security" for United States federal income tax purposes, then the exchange of the Class 6 Claim for New Warrants will be treated as a tax-free transaction for United States federal income tax purposes. In such a case, a Class 6 Claim Holder should not recognize any gain or loss realized for United States federal income tax purposes with respect to the exchange of its Class 6 Claim. A Class 6 Claim Holder's initial tax basis in the New Warrants it receives in exchange for its Class 6 Claim should equal its adjusted tax basis in such Class 6 Claim. A Class 6 Claim Holder's holding period in its New Warrants will include the holding period in the Class 6 Claim surrendered.

See "United States Federal Income Tax Consequences of Holding the New Warrants," below for a discussion of the tax consequences of exercising, selling, and the expiration of, the New Warrants.

(b) If Class 5 or Class 6 Votes to Reject the Plan

If, alternatively, Class 5 or Class 6 votes to reject the Plan, Holders of Class 6 Claims will receive nothing in exchange for their Class 6 Claims pursuant to the Plan, and each Holder of a Class 6 Claim generally should recognize a loss equal to the holder's tax basis in its Class 6 Claim

unless the Holder previously claimed a loss with respect to such Class 6 Claim under its regular method of accounting.

In either case, if the Holder held its Class 6 Claim as a capital asset, then gain or loss on the Class 6 Claim will be treated as gain or loss from the sale or exchange of such capital asset. Capital gain or loss will be long-term if the Class 6 Claim was held by the Holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate holder only to offset capital gains, and by an individual holder only to the extent of capital gains plus \$3,000 of other income.

7. Holders of Class 8 Claims.

Pursuant to the Plan, all Class 8 Claims will be extinguished, and Holders of Class 8 Claims will receive nothing in exchange for such Claims. As a result, each Holder of a Class 8 Claim generally should recognize a loss equal to the Holder's tax basis in such Claim extinguished under the Plan unless the Holder previously claimed a loss with respect to such Claim under its regular method of accounting. In general, if the Holder held its Class 8 Claim as a capital asset, the loss will be treated as a loss from the sale or exchange of such capital asset. Capital loss will be long-term if the Class 8 Claim was held by the Holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate Holder only to offset capital gains, and by an individual Holder only to the extent of capital gains plus \$3,000 of other income.

8. Holders of Class 9 and Class 10 Interests.

Pursuant to the Plan, all Class 9 and Class 10 Interests will be cancelled, annulled and extinguished, and Holders of Class 9 and/or Class 10 Interests will receive nothing in exchange for such Interests. As a result, each Holder of a Class 9 and/or Class 10 Interest generally should recognize a loss equal to the Holder's tax basis in such Interests extinguished under the Plan unless the Holder previously claimed a loss with respect to such Interests under its regular method of accounting. In general, if the Holder held its Class 9 and/or Class 10 Interests as a capital asset, the loss will be treated as a loss from the sale or exchange of such capital asset. Capital loss will be long-term if the Class 9 and/or Class 10 Interests were held by the Holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate Holder only to offset capital gains, and by an individual Holder only to the extent of capital gains plus \$3,000 of other income.

9. Definition of "Security".

The term "security" is not defined in the IRC or in the Treasury Regulations. Whether an instrument constitutes a "security" for United States federal income tax purposes is determined based on all of the facts and circumstances. Certain authorities have held that one factor to be considered is the length of the initial term of the debt instrument. These authorities have indicated that an initial term of less than five years is evidence that the instrument is not a security, whereas an initial term of ten years or more is evidence that it is a security. Treatment of an instrument with an initial term between five and ten years is generally unsettled. Numerous factors other than the term of an instrument could be taken into account in determining whether a debt instrument is a security, including, but not limited to, whether repayment is secured, the level of creditworthiness of the obligor, whether or not the instrument is subordinated, whether the holders have the right to vote or otherwise participate in the management of the obligor, whether the

instrument is convertible into an equity interest, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or are accrued.

10. United States Federal Income Tax Consequences of Holding New Warrants.

(a) Exercise or Exchange of New Warrants. A holder of New Warrants will generally not recognize gain or loss for United States federal income tax purposes on the exercise or exchange of its New Warrants received pursuant to the Plan. The holder's tax basis in the New Common Stock acquired through exercise or exchange of the New Warrants will equal the sum of the exercise price and the holder's tax basis in the New Warrants, determined as described above. The holder's holding period in the New Common Stock acquired through exercise or exchange will generally begin on the exercise date or exchange date, as the case may be.

(b) Sale of Warrants. A holder of New Warrants will generally recognize gain or loss for United States federal income tax purposes on the sale of its New Warrants received pursuant to the Plan in an amount equal to the difference between the amount realized on the sale and the holder's tax basis in the New Warrants, determined as described above. Gain or loss will be capital if the New Warrants are capital assets in the holder's hands. If the holder's holding period in the New Warrants, determined as described above, is more than one year, then the gain or loss will be long-term capital gain or loss.

(c) Expiration of New Warrants. A holder that allows its New Warrants received pursuant to the Plan to expire will generally recognize loss for United States federal income tax purposes to the extent of the holder's tax basis in the New Warrants, determined as described above.

11. Non-United States Persons.

A holder of a Claim that is a Non-United States Person generally will not be subject to United States federal income tax with respect to property (including money) received in exchange for such Claim pursuant to the Plan, unless (i) such holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is "effectively connected" for United States federal income tax purposes, or (ii) if such holder is an individual, such holder is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met.

12. Information Reporting and Backup Withholding.

Certain payments, including the payments with respect to Claims pursuant to the Plan, may be subject to information reporting by the payor (the relevant Debtor) to the IRS. Moreover, such reportable payments may be subject to backup withholding (currently at a rate of 28%) under certain circumstances. Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a holder's United States federal income tax liability, and a holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a United States federal income tax return).

C. IMPORTANCE OF OBTAINING PROFESSIONAL TAX ASSISTANCE

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIM HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIM HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

D. RESERVATION OF RIGHTS

This tax section is subject to change (possibly substantially) based on subsequent changes to other provisions of the Plan. The Debtors and their advisors reserve the right to further modify, revise or supplement this Article XI and the other tax related sections of the Plan up to ten (10) days prior to the date by which objections to Confirmation of the Plan must be filed and served.

XII. CERTAIN CANADIAN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion identifies certain Canadian federal income tax considerations pursuant to the provisions of the Income Tax Act (Canada) (the "Canada Tax Act") that are relevant to holders of certain Classes of Claims or Interests under the Plan. For the purposes of the following discussion, the term "Holder" shall mean a holder of a Claim or Interest that is resident in Canada for the purposes of the Canada Tax Act. In addition, for the purposes of the following discussion, all indebtedness or shares of the Debtors currently held by a Holder, and any New Warrants acquired by a Holder pursuant to the Plan, are assumed to constitute capital property of the Holder for the purposes of the Canada Tax Act.

This discussion is based on the current provisions of the Canada Tax Act, the regulations promulgated thereunder, and the published administrative practices and assessing policies of the Canada Revenue Agency (the "CRA") publicly released prior to the date hereof. This discussion also takes into account all specific proposals to amend the Canada Tax Act and the regulations promulgated thereunder publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof. Except for the foregoing, this discussion does not take into account or anticipate any changes in law, whether by legislative, regulatory, administrative or judicial action. Furthermore, this discussion does not take into account provincial or foreign income tax legislation or considerations.

The following discussion is of a general nature only and is not intended to constitute legal or tax advice to any particular Holder. EACH HOLDER IS STRONGLY URGED TO CONSULT ITS OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED IN THE PLAN.

A. CANADIAN FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS

1. Holders of Class 3 Claims.

A Holder that is an existing creditor of a Debtor that receives Cash in respect of an Allowed Prepetition Credit Facility Claim pursuant to the Plan may recognize income, a gain, or a loss as a result of the satisfaction of the Claim, depending on the relevant Holder's circumstances,

including the adjusted cost base of the relevant debt receivable to the Holder and the amount of interest that has accrued in respect of the relevant debt through the Effective Date.

Holders of Class 3 Claims should consult their own tax advisors to determine the Canadian tax implications of the execution of the Plan in light of their own circumstances.

2. Holders of Class 4 Claims.

A Holder that is an existing creditor of a Debtor that exchanges its Class 4 Claims for its Pro Rata share of 100% of the New Common Stock issued and outstanding on the Effective Date (subject to dilution as more particularly set out in the Plan) may recognize income, a gain, or a loss as a result of the exchange, depending on the relevant Holder's circumstances, including the adjusted cost base of the relevant debt receivable to the Holder. The quantum of any potential income, gain or loss arising as a result of the exchange will be dependent on, among other things, the fair market value of the New Common Stock received by the Holder in connection with the exchange. For Canadian tax purposes, the Debtors intend to take the position that consideration paid pursuant to the Plan with respect to a Claim will first be allocated to the principal amount of such Claim and then to accrued interest, if any, with respect to such Claim. However, such allocation will not be binding on the CRA and the CRA may assert an alternative allocation for assessment purposes.

Holders of Class 4 Claims should consult their own tax advisors to determine the Canadian tax implications of the execution of the Plan in light of their own circumstances.

3. Holders of Class 5 and 6 Claims.

A Holder that is an existing creditor of a Debtor that exchanges its Class 5 or Class 6 Claims for warrants may recognize income, a gain, or a loss as a result of the exchange, depending on the Holder's circumstances, including the adjusted cost base of the relevant debt receivable to the Holder. The quantum of any potential income, gain or loss arising as a result of the exchange will be dependent on, among other things, the fair market value of the New Warrants received in connection with the exchange. For Canadian tax purposes, the Debtors intend to take the position that consideration paid pursuant to the Plan with respect to a Claim will first be allocated to the principal amount of such Claim and then to accrued interest, if any, with respect to such Claim. However, such allocation will not be binding on the CRA and the CRA may assert an alternative allocation for assessment purposes.

If Holders of Class 5 Claims vote to reject the Plan, they will receive nothing in exchange for their Class 5 Claims pursuant to the Plan and may, therefore, potentially recognize a loss in respect of the property underlying their Class 5 Claims.

If Holders of Class 5 or Class 6 Claims vote to reject the Plan, Holders of Class 6 Claims will receive nothing in exchange for their Class 6 Claims pursuant to the Plan and may, therefore, potentially recognize a loss in respect of the property underlying their Class 6 Claims.

Holders of Class 5 or Class 6 Claims should consult their own tax advisors to determine the Canadian tax implications of the execution of the Plan in light of their own circumstances.

4. Holders of Class 9 and Class 10 Interests.

Pursuant to the Plan, all Class 9 and Class 10 Interests will be cancelled, annulled and extinguished and Holders of Class 9 and/or Class 10 Interests will receive nothing in exchange for such Interests. Accordingly, each Holder of a Class 9 and/or Class 10 Interest may potentially recognize a loss with respect to the cancellation, annulment, and extinguishment of their Class 9 and/or Class 10 Interests.

Holders of Class 9 or Class 10 Interests should consult their own tax advisors to determine the Canadian tax implications of the execution of the Plan in light of their own circumstances.

5. Certain Canadian Federal Income Tax Consequences of Holding New Warrants.

(a) Exercise of New Warrants

Pursuant to the Plan, all Class 9 and Class 10 Interests will be cancelled, annulled and extinguished and Holders of Class 9 and/or Class 10 Interests will receive nothing in exchange for such Interests. Accordingly, each Holder of a Class 9 and/or Class 10 Interest may potentially recognize a loss with respect to the cancellation, annulment, and extinguishment of their Class 9 and/or Class 10 Interests.

(b) Sale of New Warrants

A Holder of New Warrants acquired pursuant to the Plan will generally recognize a gain or a loss for Canadian federal income tax purposes on the sale of such New Warrants in an amount equal to the difference between the proceeds of disposition of the New Warrants and the Holder's adjusted cost base in the New Warrants.

(c) Expiration of New Warrants

A Holder that permits its New Warrants received pursuant to the Plan to expire may potentially recognize a loss for Canadian federal income tax purposes to the extent of the adjusted cost base of the New Warrants to the Holder.

B. IMPORTANCE OF OBTAINING PROFESSIONAL TAX ASSISTANCE

THE FOREGOING DISCUSSION IS INTENDED TO SERVE ONLY AS A SUMMARY OF CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS RELEVANT TO THE EXECUTION OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE PRECEDING DISCUSSION IS PRESENTED FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES RESULTING FROM THE EXECUTION OF THE PLAN ARE, IN MANY INSTANCES, UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS ARE STRONGLY URGED TO CONSULT WITH THEIR OWN TAX ADVISORS REGARDING THE CANADIAN AND FOREIGN TAX CONSEQUENCES THAT WILL ARISE AS A RESULT OF THE EXECUTION OF THE PLAN.

C. RESERVATION OF RIGHTS

The preceding tax summary is subject to change (possibly substantially) based on subsequent changes to the provisions of the Plan. The Debtors and their advisors reserve the right to further modify, revise or supplement this Article XII and the other tax-related sections of the Plan up to ten (10) days prior to the date by which objections to Confirmation of the Plan must be filed and served.

XIII. CERTAIN FEDERAL, STATE AND FOREIGN SECURITIES LAW CONSIDERATIONS

A. FEDERAL AND STATE SECURITIES LAW CONSIDERATIONS

1. Exemption from Registration Requirements for New Securities.

Upon consummation of the Plan, the Debtors will rely on section 1145 of the Bankruptcy Code to exempt the issuance of New Common Stock from the registration requirements of the Securities Act and of any state securities or “blue sky” laws. Section 1145 of the Bankruptcy Code exempts from registration the offer or sale of securities of the debtor or a successor to a debtor under a chapter 11 plan if such securities are offered or sold in exchange for a claim against, or equity interest in, or a claim for an administrative expense in a case concerning, the debtor or a successor to the debtor under the Plan. The Debtors believe that Reorganized Pliant is a successor to Pliant under the Plan for purposes of section 1145 of the Bankruptcy Code and that the offer and sale of the New Common Stock under the Plan satisfies the requirements of section 1145 and is therefore exempt from the registration requirements of the Securities Act and state securities laws.

2. Subsequent Transfers of New Securities.

In general, recipients of New Common Stock will be able to resell the New Common Stock without registration under the Securities Act or other federal securities laws pursuant to the exemption provided by Section 4(1) of the Securities Act, unless the holder of such stock is an “underwriter” within the meaning of section 1145(b) of the Bankruptcy Code. In addition, the New Common Stock generally may be resold without registration under state securities laws pursuant to various exemptions provided by the respective laws of the several states. However, recipients of the New Common Stock issued under the Plan are advised to consult with their own legal advisors as to the availability of any such exemption from registration under state law in any given instance and as to any applicable requirements or conditions to such availability.

Section 1145(b) of the Bankruptcy Code defines “underwriter” as one who (a) purchases a claim with a view to distribution of any security to be received in exchange for such claim, (b) offers to sell securities issued under a plan for the holders of such securities, (c) offers to buy securities issued under a plan from persons receiving such securities, if the offer to buy is made with a view to distribution, or (d) is an “issuer” of the relevant security, as such term is used in Section 2(11) of the Securities Act. Under Section 2(11) of the Securities Act, an “issuer” includes any “affiliate” of the issuer, which means any person directly or indirectly through one or more intermediaries controlling, controlled by or under common control with the issuer.

To the extent that recipients of the New Common Stock under the Plan are deemed to be “underwriters,” the resale of the New Common Stock by such persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable laws. Persons deemed to be underwriters may, however, be permitted to sell such New Common Stock. This rule permits the public resale of securities received by “underwriters” if current information regarding the issuer is publicly available and if certain volume limitations and other conditions are met.

GIVEN THE COMPLEX NATURE OF THE QUESTION OF WHETHER A PARTICULAR PERSON MAY BE AN UNDERWRITER WITH RESPECT TO THE NEW COMMON STOCK, THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE

RIGHT OF ANY PERSON TO TRADE IN THE SHARES OF NEW COMMON STOCK UNDER THE PLAN. THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES WITHOUT REGISTRATION UNDER THE SECURITIES ACT.

B. CANADIAN SECURITIES LAW CONSIDERATIONS

1. Exemption from Registration and Prospectus Requirements.

The issuance of the New Common Stock and, to the extent necessary, New Warrants to Holders of Claims resident in Canada, and the issuance of New Common Stock upon the exercise thereof, may only take place in reliance on exemptions from the dealer registration requirement and prospectus requirement of the securities laws of the Provinces and Territories in Canada. Section 2.11 of National Instrument 45-106 provides that the dealer registration requirement and prospectus requirement do not apply in respect of a trade in a security in connection with a reorganization that is under a statutory procedure. The Canadian securities regulatory authorities interpret the phrase “statutory procedure” broadly; it includes under any statute of a foreign jurisdiction under which the entities involved have been incorporated or created and exist or under which the transaction is taking place. The Debtors believe that the issuance of the New Common Stock and, to the extent necessary, New Warrants, under the Plan to Holders of Claims resident in Canada would constitute trades made in connection with a reorganization that is under a statutory procedure and would therefore be exempt from the dealer registration requirement and prospectus requirement of provincial and most territorial securities laws in Canada. Section 2.42 of National Instrument 45-106 provides that the dealer registration requirement and the prospectus requirement do not apply in respect of a trade by an issuer if the issuer trades a security of its own issue to a security holder of the issuer in accordance with the terms and conditions of a security previously issued by that issuer. As the New Warrants are securities of Reorganized Pliant and, upon exercise thereof, entitle the holder to acquire shares of New Common Stock of Reorganized Pliant, the Debtors believe that the issuance of New Common Stock to Holders of Claims resident in Canada upon the exercise of New Warrants would be exempt from the dealer registration requirement and prospectus requirement of provincial and territorial securities laws in Canada.

2. Subsequent Transfers of Securities.

Recipients of the New Common Stock resident in Canada will be subject to certain restrictions on resale imposed by Canadian provincial and territorial securities laws. Recipients of securities under the Plan are encouraged to seek legal advice prior to any resale of such securities. In general, recipients of securities under the Plan resident in Canada may not resell their shares to Canadian purchasers and must resell their shares outside of Canada.

THE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON RESIDENT IN CANADA TO TRADE IN THE SHARES OF NEW COMMON STOCK ISSUED UNDER THE PLAN. THE DEBTORS RECOMMEND THAT HOLDERS OF CLAIMS RESIDENT IN CANADA CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SUCH SECURITIES WITHOUT REGISTRATION UNDER THE APPLICABLE SECURITIES LAWS IN THE JURISDICTION IN WHICH THEY ARE RESIDENT.

XIV. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed, the alternatives include (a) continuation of the Chapter 11 Cases and formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code. Each of these possibilities is discussed in turn below.

A. CONTINUATION OF THE CHAPTER 11 CASES

If the Debtors remain in chapter 11, the Debtors could continue to operate their businesses and manage their properties as Debtors-in-Possession, but they would remain subject to the restrictions imposed by the Bankruptcy Code. It is not clear whether the Debtors could continue as viable going concerns in protracted Chapter 11 Cases. The Debtors could have difficulty operating with the high costs, operating financing and the eroding confidence of their customers and trade vendors, if the Debtors remained in chapter 11. It is highly unlikely that the Debtors would be able to find alternative bank financing if the DIP Facility Agreement were terminated. If the Debtors were able to obtain financing and continue as a viable going concern, the Debtors (or other parties in interest) could ultimately propose another plan or attempt to liquidate the Debtors under chapter 7 or chapter 11. Such plans might involve either a reorganization and continuation of the Debtors' businesses, or an orderly liquidation of their assets, or a combination of both.

B. LIQUIDATION UNDER CHAPTER 7 OR CHAPTER 11

If the Plan is not confirmed, the Debtors' Chapter 11 Cases could be converted to liquidation cases under chapter 7 of the Bankruptcy Code. In chapter 7, a trustee would be appointed to promptly liquidate the assets of the Debtors.

The Debtors believe that in a liquidation under chapter 7, before creditors received any distributions, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee, along with an increase in expenses associated with an increase in the number of unsecured claims that would be expected, would cause a substantial diminution in the value of the estates. The assets available for distribution to creditors and equity holders would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of the Debtors' operations and the failure to realize the greater going concern value of the Debtors' assets.

The Debtors could also be liquidated pursuant to the provisions of a chapter 11 plan of reorganization. In a liquidation under chapter 11, the Debtors' assets could be sold in a more orderly fashion over a longer period of time than in a liquidation under chapter 7. Thus, chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values being received and higher administrative costs. Because a trustee is not required in a chapter 11 case, expenses for professional fees could be lower than in a chapter 7 case, in which a trustee must be appointed. Any distributions to the holders of Claims under a chapter 11 liquidation plan probably would be delayed substantially.

XV. CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation of the Plan is preferable to the alternatives described above because it provides the greatest distributions and opportunity for distributions to

holders of Claims against any of the Debtors. In addition, any alternative to confirmation of the Plan could result in extensive delays and increased administrative expenses.

Accordingly, the Debtors urge all holders of Claims entitled to vote on the Plan to vote to accept the Plan and to evidence such acceptance by returning their Ballots so that they are received no later than [] p.m., prevailing Eastern Time, on [_____, __] 2009.

Dated: February 11, 2009

Respectfully submitted,

PLIANT CORPORATION (for itself and on behalf of
the Affiliate Debtors, as Debtors and Debtors-in-
Possession)

By: _____
Stephen T. Auburn
Vice President and General Counsel

SIDLEY AUSTIN LLP

Larry J. Nyhan
Jessica C.K. Boelter
Alex R. Rovira
Kerriann S. Mills
One South Dearborn Street
Chicago, Illinois 60603
Telephone: (312) 853-7000
Facsimile: (312) 853-7036

YOUNG CONAWAY STARGATT & TAYLOR, LLP

Robert S. Brady (No. 2847)
Edmon L. Morton (No. 3856)
Kenneth J. Enos (No. 4544)
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, Delaware 19899-0391
Telephone: (302) 571-6600
Facsimile: (302) 571-1253

Proposed Counsel to the Debtors and Debtors-in-Possession