

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF OHIO
EASTERN DIVISION**

In re:)	Chapter 11
)	
SCHWAB INDUSTRIES, INC., <i>et al.</i> , ¹)	Case No. 10-60702-rk
)	(Jointly Administered)
Debtors.)	
)	Judge Russ Kendig

**DECLARATION OF JOHN B. PIDCOCK IN SUPPORT OF CONFIRMATION OF
FIRST AMENDED JOINT PLAN OF LIQUIDATION DATED OCTOBER 26, 2010**

I, John B. Pidcock, hereby declare, pursuant to 28 U.S.C. § 1746, as follows:

1. I am a Managing Director of Conway MacKenzie, Inc. (“*CM*”), the financial advisor to the Official Committee of Unsecured Creditors (the “*Committee*”) in the above-captioned chapter 11 cases (the “*Cases*”). *CM* was retained by the Committee on March 12, 2010.

2. On April 19, 2010, the Court entered its *Order Granting Application for Order Authorizing Official Committee of Unsecured Creditors To Retain and Employ Conway MacKenzie, Inc. as Financial Advisor* (Docket No. 302).

3. On June 25, 2010, the Court entered its *Order Granting Supplemental Application for Order Authorizing Official Committee of Unsecured Creditors To Retain and Employ Conway MacKenzie, Inc. as Financial Advisor* (Docket No. 495).

4. I submit this Declaration in support of confirmation of the *First Amended Joint Plan of Liquidation Dated October 26, 2010* (Docket No. 655) (the “*Plan*”). Capitalized terms used but not otherwise defined in this Declaration shall have the meanings given to them in the

¹ The Debtors in these Cases, along with the last four digits of each Debtor’s tax identification number are: Schwab Industries, Inc. (2467); Medina Cartage Co. (9373); Medina Supply Company (3995); Quality Block & Supply, Inc. (2186); O.I.S. Tire, Inc. (7525); Twin Cities Concrete Company (9196); Schwab Ready-Mix, Inc. (8801); Schwab Materials, Inc. (8957); and Eastern Cement Corp. (7232).

Plan or in the *First Amended Disclosure Statement with Respect to First Amended Joint Plan of Liquidation of Schwab Industries, Inc., et al. Pursuant to 11 U.S.C. § 1125* (Docket No. 657) (the “*Disclosure Statement*”).

5. My Declaration is based upon: (i) my personal knowledge and experience acquired in the ordinary and regular course of my profession and my work in these Cases; (ii) my review of relevant documents and information supplied to me by the Debtors or professionals retained by the Debtors; (iii) materials and analyses prepared by others at CM under my direction and supervision; and/or (iv) my opinion based upon my experience and knowledge of the Debtors’ assets, liabilities and financial condition. If I were called upon to testify, I could and would testify consistently with the facts set forth in this Declaration. I am authorized to submit this Declaration.

**ARM’S LENGTH NEGOTIATIONS AMONG THE DEBTORS,
THE COMMITTEE AND OTHERS REGARDING THE PLAN**

6. Following the consummation of the sale of substantially all of the Debtors’ assets to Oldcastle and Resource Land Holdings, LLC and the liquidation of the Debtors’ Non-Core assets, the Debtors and the Committee (with the input of other Creditors, including the Pre-Petition Lenders and the PBGC) engaged in good faith negotiations regarding the terms of a chapter 11 liquidation plan. The Plan and Disclosure Statement are the result of these arm’s-length discussions.

7. In essence, the Plan provides for the Creditor Trustee to liquidate the remaining assets of the Debtors, in addition to pursuing Avoidance Actions and Miscellaneous Causes of Action and objecting to Claims, with the aim of substantially decreasing the Claim pool, thereby increasing distributions to Creditors holding Allowed Claims. In addition, the Creditor Trustee will distribute various funds to the appropriate Creditor groups, including: (i) distributing the

Settlement Amount (of at least \$850,000, representing a “gift” from the Pre-Petition Lenders) pro rata, to the holders of Allowed Class 3 General Unsecured Claims; (ii) distributing the 503(b)(9) Fund to holders of Allowed 503(b)(9) Claims (any excess funds in the 503(b)(9) Fund will be used to pay Allowed Administrative Claims); and (iii) distributing the Administrative Expense Fund to holders of Allowed Administrative Claims. Moreover, any proceeds of Causes of Action (which the Plan Proponents believe will be significant) will be distributed to holders of Allowed Claims pursuant to the priority scheme set forth in the Bankruptcy Code.

8. The Plan also provides for a structured dismissal of the Cases if it is determined that the Creditor Trustee will be unable to generate sufficient cash proceeds from the liquidation of the Creditor Trust Assets to pay holders of Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed Priority Claims in full. Pursuant to such a dismissal, the Creditor Trustee will be charged with, among other things, dissolving SII in the Ohio state courts, prosecuting Causes of Action in this Court and distributing the Debtors’ assets as set forth in the Plan.

9. If the Plan is confirmed, the Debtors’ assets will be transferred to, controlled by and be the responsibility of, the Creditor Trustee. The Plan Proponents have designated me as the initial Creditor Trustee. As Creditor Trustee, I will make all distributions to holders of Allowed Claims as set forth in the Plan and the Creditor Trust Agreement. I understand that, as of the Confirmation Date, the Committee will cease to exist. After the Confirmation Date, though, decisions likely will be made from time to time with respect to the Debtors’ Estates that will greatly impact holders of Unsecured Claims. Therefore, the Plan and the Creditor Trust Agreement contemplate that an Oversight Committee will be formed as of the Confirmation

Date, and that it will review and/or approve certain material decisions that the Creditor Trustee may make.

SOLICITATION OF THE PLAN

10. Pursuant to the *Order*: (A) *Approving Solicitation and Notice Procedures with Respect to Approval of Disclosure Statement and Confirmation of Proposed Plan of Liquidation*; (B) *Approving Form of Ballots and Notices in Connection Therewith*; (C) *Conditionally Approving the Disclosure Statement*; and (D) *Scheduling Certain Dates and Deadlines with Respect Thereto* dated October 27, 2010 (Docket No. 659) (the “*Solicitation Procedures Order*”), this Court, among other things, conditionally approved the Disclosure Statement and approved of the solicitation procedures relating to the Plan.

11. Following entry of the Solicitation Procedures Order, the Plan Proponents (through the Debtors’ Court-appointed noticing, claims and balloting agent, The Garden City Group, Inc.) caused the Disclosure Statement, the Plan, ballots and related solicitation materials to be disseminated to all parties-in-interest in accordance with the Solicitation Procedures Order. The Plan Proponents did not solicit the acceptance or rejection of the Plan by any Creditor or holder of an Equity Security Interest before the Disclosure Statement was transmitted.

THE PLAN IS IN THE BEST INTERESTS OF CREDITORS AND EQUITY SECURITY HOLDERS

12. As set forth in the Disclosure Statement, the Plan Proponents believe that the Plan is in the best interests of Creditors and Equity Security Holders. In this case, substantially all of the Debtors’ assets have been liquidated and the Debtors’ Estates currently consist of certain residual assets, various funds set aside for particular Creditor groups and the Causes of Action.

13. The Plan Proponents believe that distributions to holders of Allowed Claims under the Plan will not be less than the amount such holders would have received or retained if

the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Plan's proposed liquidation and a chapter 7 liquidation would have the same goal – liquidating the Debtors' assets and distributing the proceeds for the benefit of Creditors – the Plan provides a more efficient vehicle to accomplish this.

14. A chapter 7 trustee would not have the benefit of the historical knowledge of the Debtors' business affairs and its operations as debtors-in-possession, and thus likely would incur substantial delay and additional expense to complete a lengthy due diligence of the Debtors' affairs. Additionally, conversion of these Cases to chapter 7 would require the retention of new professionals by any such trustee, and most likely would result in duplication of the work performed by the professionals in these Cases. Given the time that would be required for a chapter 7 trustee to complete due diligence and for his or her professionals to get up to speed, distributions to holders of Allowed Claims most likely would be delayed even more. Accordingly, I believe that the holders of Allowed Claims will receive greater and more prompt distributions under the Plan than they would receive through a chapter 7 liquidation. The Plan, therefore, is in the best interests of each Claim holder.

THE PLAN IS FEASIBLE

15. The Plan provides for the Debtors' liquidation by vesting and transferring the Creditor Trust Assets to the Creditor Trustee, for the benefit of holders of Allowed Claims. The Creditor Trustee will be responsible for administering the Creditor Trust Assets (including Causes of Action) and to make distributions to Creditors. Substantially all of the Debtors' assets already have been sold or reduced to cash or cash equivalents. Upon information and belief, as of December 6, 2010, the Debtors held cash on deposit of approximately \$396,797, plus \$500,000 with respect to the 503(b)(a) Fund and \$525,534 with respect to the Administrative

Expense Fund, and the Committee held cash on deposit of approximately \$841,000. As a result, based upon my review of the books and records of the Debtors, I believe that sufficient funds exist on hand to pay all existing Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed Priority Claims in accordance with the Plan and Creditor Trust Agreement. I believe that the Creditor Trustee will also have sufficient funds available to pay all fees and charges payable under 28 U.S.C. § 1930 that remain unpaid after the Confirmation Date, and can reserve sufficient funds with which to pay those fees and charges coming due thereafter.

16. Moreover, the Plan provides that if the Creditor Trustee determines that the Creditor Trust will not generate sufficient cash proceeds from the liquidation of Creditor Trust Assets to pay Allowed Administrative Claims, Allowed Priority Tax Claims and Allowed Priority Claims in full, the Creditor Trustee may file a notice of dismissal of the SII Case.

17. The Plan Proponents believe that such a controlled dismissal – as opposed to a “straight” dismissal or conversion to a chapter 7 case – is in the best interests of all Creditors and the most efficient and cost-effective manner in which to resolve these Cases absent consummation of the Plan. Pursuant to a “structured” dismissal, the Creditor Trustee will be able to remain in control of the Debtors’ assets, thereby avoiding the incurrence of the costs attendant to a conversion to a chapter 7 case. In addition, the Creditor Trustee will reconcile Claims and make distributions to Creditors as set forth in the priority schemes of the Bankruptcy Code and the Plan. Further, the Creditor Trustee will maintain standing to commence Avoidance Actions and Miscellaneous Causes of Action in the Bankruptcy Court, which will increase the proceeds available to distribution to Creditors.

18. Dismissal here – if the Plan Proponents are unable to consummate the Plan – would maximize the value of the Debtors’ Estates because conversion to a chapter 7 liquidation

and appointment of a chapter 7 trustee would impose significant and unnecessary additional administrative costs upon the Debtors' Estates – costs that would dilute potential distributions to Creditors. Dismissal and subsequent liquidation proceedings in Ohio state court is preferred in this instance because the Creditor Trustee can more effectively and efficiently liquidate the Creditor Trust Assets than a chapter 7 trustee in all respects. In addition, it is unknown whether a chapter 7 trustee would pursue Avoidance Actions or Miscellaneous Causes of Action in a chapter 7 case. In fact, the Plan Proponents believe that it would be highly unlikely for a chapter 7 trustee to pursue such Causes of Action in a situation in which the Estates are administratively insolvent. However, in a structured dismissal scenario, the Creditor Trustee will pursue such Causes of Action in the Bankruptcy Court (as well as object to Claims in the state court dissolution proceeding), which should result in increased distributions to Creditors.

19. In addition, the Plan Proponents believe that approval of such a dismissal now will lead to a more efficient and cost-effective result than requiring the Creditor Trustee to seek approval of the dismissal later. Providing such approval now will permit the Creditor Trustee to dismiss the Cases quickly and without having to wait out a dismissal motion when time will be of the essence with respect to quickly liquidating the Creditor Trust Assets and distributing the proceeds to Creditors. Moreover, the Creditors' overwhelming support for the Plan indicates that they believe a dismissal will be in the best interests of all parties if the Creditor Trust is administratively insolvent, thereby making a separate motion seeking such relief unnecessary and a waste of Creditor Trustee resources that could otherwise be used to make distributions to Creditors.

OTHER CONFIRMATION MATTERS

20. The Plan was proposed by the Plan Proponents to maximize the value of the Debtors' Estates for the benefit of the Debtors' Creditors and parties-in-interest, and for no ulterior purpose. I believe that the Plan fairly achieves a result consistent with the objectives and purposes of the Bankruptcy Code. As evidenced by the overwhelming acceptance of the Plan, I believe the Plan achieves the goal of an orderly and consensual liquidation and the fair and equitable distribution of the assets of the Debtors' Estates consistent with the Bankruptcy Code. The Plan's classification, injunction and exculpation provisions have been negotiated in good faith, are consensual and voluntary and were each necessary to the Plan.

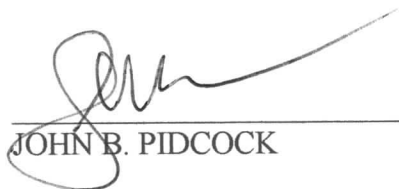
21. To permit the Creditor Trustee to commence its duties as quickly as practicable and to provide the benefits under the Plan, I believe that it would be beneficial for the Plan to be implemented as soon as possible after the Confirmation Date.

CONCLUSION

22. I believe that the Plan treats all Classes fairly and equitably, and that the treatment of all Classes is reasonable. I also believe that the Plan accomplishes the liquidation of the Debtors' remaining assets in an efficient manner. As a result, I believe that the Plan is in the best interests of the Debtors, their Creditors and all parties in interest. Furthermore, I believe that the Plan will enable the Plan Proponents to maximize the recoveries to the Debtors' Creditors.

I declare under penalty of perjury that the foregoing is true and accurate.

Dated: December 6, 2010



JOHN B. PIDCOCK