

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

| | | |
|--|---|-------------------------|
| In re: |) | Chapter 11 |
| |) | |
| ADI Liquidation, Inc. (f/k/a AWI |) | Case No. 14-12092 (KJC) |
| Delaware, Inc.) <i>et al.</i> , ¹ |) | |
| |) | |
| Debtors. |) | Jointly Administered |
| |) | |
| |) | |

**DISCLOSURE STATEMENT RELATING TO
DEBTORS' CHAPTER 11 PLAN OF LIQUIDATION**

SAUL EWING LLP
Mark Minuti (DE No. 2659)
Monique B. DiSabatino (DE No. 6027)
222 Delaware Avenue, Suite 1200
P.O. Box 1266
Wilmington, DE 19899
Telephone: (302) 421-6800
Facsimile: (302) 421-5873

-and-

Jeffrey C. Hampton
Adam H. Isenberg
1500 Market Street, 38th Floor
Philadelphia, PA 19102
Telephone: (215) 972-7777
Facsimile: (215) 972-7725

Dated: February 21, 2016

*Attorneys for the Debtors and
Debtors-in-Possession*

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE (THE "BANKRUPTCY COURT") UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE.

¹ The Debtors and the last four digits of their respective taxpayer identification numbers are as follows: ADI Liquidation, Inc. (f/k/a AWI Delaware, Inc.) (3683); AW Liquidation, Inc. (f/k/a Associated Wholesalers, Inc.) (7857); NK Liquidation, Inc. (f/k/a Nell's, Inc.) (1195); Co-Op Agency Inc. (4081); AL Liquidation, Inc. (f/k/a Associated Logistics, Inc.) (1506); WR Liquidation, Inc. (f/k/a White Rose Inc.) (1833); RT Liquidation Corp. (f/k/a Rose Trucking Corp.) (2630); WRSC Liquidation Corp. (f/k/a WR Service Corp.) (5698); WRSC II Liquidation Corp. (f/k/a WR Service II Corp.) (9444); WRSC V Liquidation Corp. (f/k/a WR Service V Corp.) (4224); and White Rose Puerto Rico, LLC (4914). The Debtors' address is AW Liquidation, Inc. (f/k/a Associated Wholesalers, Inc.), c/o Douglas A. Booth, Route 422, P.O. Box 233, Robesonia, PA 19551.

TABLE OF CONTENTS

| | <u>Page</u> |
|---|-------------|
| I. INTRODUCTION | 1 |
| II. NOTICE TO HOLDERS OF CLAIMS | 3 |
| III. INSTRUCTIONS FOR VOTING | 3 |
| A. Voting Deadline | 3 |
| B. Further Information/Additional Copies | 4 |
| C. Objections to Confirmation/Confirmation Hearing | 4 |
| IV. EXPLANATION OF CHAPTER 11 | 4 |
| V. BRIEF OVERVIEW OF THE PLAN | 5 |
| A. Summary of Classifications under the Plan, Asserted Claims and Estimated Recoveries and Treatment | 5 |
| VI. GENERAL INFORMATION | 17 |
| A. Businesses of the Debtors | 17 |
| B. Facilities and Products | 19 |
| C. Management | 20 |
| D. Summary of Prepetition Indebtedness | 22 |
| E. Events Leading to the Commencement of the Chapter 11 Cases | 23 |
| F. Sale and Marketing Efforts | 24 |
| VII. THE CHAPTER 11 CASES | 25 |
| A. Commencement of the Chapter 11 Cases | 25 |
| B. Continuation of Business after the Petition Date | 25 |
| C. Representation of the Debtors | 27 |
| D. The Chief Restructuring Officer | 27 |
| E. Formation and Representation of the Creditors' Committee | 27 |
| F. Schedules and Bar Date | 28 |
| G. Exclusivity | 28 |
| H. Sale of Substantially All of the Debtors' Assets to C&S | 29 |
| I. Matters Relating to Unexpired Leases and Executory Contracts | 32 |
| J. Post-Closing Disputes with C&S | 32 |
| K. The C&S Settlement Agreement | 34 |
| L. Resolution of Claims | 35 |
| M. Significant Vendor Claims | 39 |
| N. Pending Adversary Proceedings | 42 |
| O. Liquidation of Miscellaneous and Other Assets | 44 |
| VIII. THE CHAPTER 11 PLAN | 46 |
| A. Introduction | 46 |
| B. Classification of Claims and Interests against the Debtors | 46 |

| | | |
|-------------------|--|-----------|
| C. | Treatment of Claims against, and Interests in, the Debtors | 48 |
| D. | Means for Implementation of the Plan..... | 57 |
| E. | Distribution Provisions | 66 |
| F. | Treatment of Executory Contracts and Unexpired Leases | 69 |
| G. | Confirmation and Consummation of the Plan | 70 |
| H. | Allowance and Payment of Certain Administrative Claims | 71 |
| I. | Effect of Plan Confirmation..... | 71 |
| IX. | CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES..... | 74 |
| A. | General | 74 |
| B. | Importance of Obtaining Professional Tax Assistance | 75 |
| X. | REQUIREMENTS FOR CONFIRMATION OF THE PLAN..... | 75 |
| A. | Acceptance by Impaired Classes | 75 |
| B. | Feasibility..... | 77 |
| C. | Best Interests of Creditors; Liquidation under Chapter 7 of the Bankruptcy Code | 77 |
| XI. | ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN | 78 |
| XII. | RECOMMENDATION AND CONCLUSION | 79 |
| SCHEDULE 1 | | 1 |

I. INTRODUCTION

All capitalized terms used in this disclosure statement (the “Disclosure Statement”) and not otherwise defined herein shall have the meanings ascribed to them in the Debtors’ Chapter 11 Plan of Liquidation, dated February 21, 2016, attached hereto as Exhibit “A” (the “Plan”) (see Article I of the Plan entitled “Defined Terms and Rules of Interpretation”).

THIS DISCLOSURE STATEMENT CONTAINS IMPORTANT INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, THE EXHIBITS ANNEXED TO THE PLAN, IF ANY, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF FEBRUARY 21, 2016, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. IN THE EVENT OF ANY CONFLICT BETWEEN THE DESCRIPTIONS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL GOVERN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW(S) OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS NEITHER BEEN APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION, NOR HAS THE SECURITIES AND EXCHANGE COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS OF THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

THE DISCLOSURE STATEMENT SHALL NOT 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, THE DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CHAPTER 11 CASES. YOU ARE STRONGLY URGED TO CONSULT WITH YOUR FINANCIAL, LEGAL AND TAX ADVISORS TO FULLY UNDERSTAND THE PLAN AND DISCLOSURE STATEMENT.

THE DISCLOSURE STATEMENT MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE IN FAVOR OF OR AGAINST THE PLAN. 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. THERE CAN BE NO ASSURANCE THAT ANY FORECASTED OR PROJECTED RESULTS CONTAINED HEREIN WILL BE REALIZED, AND ACTUAL RESULTS MAY VARY FROM THOSE SHOWN, POSSIBLY BY MATERIAL AMOUNTS.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, IF ANY, THIS DISCLOSURE STATEMENT SHALL NOT BE CONSTRUED AS AN ADMISSION OR STIPULATION, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THE DEBTORS BELIEVE THAT THE PLAN IS IN THE BEST INTERESTS OF, AND PROVIDES THE HIGHEST AND BEST RECOVERIES TO, HOLDERS OF ALL CLASSES OF CLAIMS. ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN ARE URGED TO VOTE IN FAVOR OF THE PLAN. TO BE COUNTED, YOUR BALLOT MUST BE DULY COMPLETED, EXECUTED AND RECEIVED BY 5:00 P.M., EASTERN TIME, ON _____, 2016 (THE "VOTING DEADLINE").

THE DEBTORS RESERVE THE RIGHT TO FURTHER AMEND THIS DISCLOSURE STATEMENT AND THE ATTACHED PLAN.

[remainder of page left intentionally blank]

II. NOTICE TO HOLDERS OF CLAIMS

The above-captioned debtors and debtors in possession (collectively, the “Debtors”) have prepared and filed the Debtors’ Chapter 11 Plan of Liquidation (as may be amended, the “Plan”). The Plan provides for the consolidation of the Debtors, for Plan purposes only, into three business lines – defined below as the “AWI Debtors,” the “WR Debtors” and “Nells” – and contains sub-plans for each of these three business lines. The Plan further provides for the wind down and liquidation of each of the Debtors.

The purpose of this Disclosure Statement is to enable all voting creditors to make an informed decision when exercising their right to accept or reject the Plan. As such, each Holder of a Claim or Interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. Moreover, except for the Debtors and certain of the Debtors’ Professionals, no person has been authorized to use or promulgate any information concerning the Debtors, their businesses or the Plan, other than the information contained in this Disclosure Statement, and if given or made, such information may not be relied upon as having been authorized by the Bankruptcy Court.

III. INSTRUCTIONS FOR VOTING

A. Voting Deadline

The Bankruptcy Court has fixed _____, 2016 as the “Voting Record Date.” Only holders of Claims or Interests on the Voting Record Date and certain other parties specified by the Bankruptcy Court are entitled to receive a copy of this Disclosure Statement and related materials.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting for or against the Plan on the enclosed Ballot and return the same to the address set forth on the Ballot in the enclosed, postage prepaid, return envelope so that it will be received by Epiq Bankruptcy Solutions, LLC (the “Voting Agent”) no later than _____, 2016 (the “Voting Deadline”). **BALLOTS SENT BY FACSIMILE TRANSMISSION OR ELECTRONIC MAIL ARE NOT PERMITTED AND WILL NOT BE COUNTED.**

DO NOT RETURN ANY OTHER DOCUMENTS WITH YOUR BALLOT.

You may be bound by the Plan if it is accepted by the requisite holders of Claims even if you do not vote to accept the Plan or you are the holder of an Unimpaired Claim.

B. Further Information/Additional Copies

If you have any questions about (1) the procedures for voting your Claim, (2) the packet of materials that you have received or (3) the amount of your Claim, or if you wish to obtain an additional copy of the Plan or this Disclosure Statement, please contact:

ADI Liquidation, Inc. (f/k/a AWI Delaware, Inc.)
c/o Epiq Bankruptcy Solutions, LLC
Ballot Processing Center
P.O. Box 4422
Beaverton, OR 97075-4422
(646) 282-2500
tabulation@epiqsystems.com

C. Objections to Confirmation/Confirmation Hearing

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a Confirmation Hearing commencing on _____, 2016 at _____ a.m./p.m., prevailing Eastern Time, before the Honorable Kevin J. Carey, at the United States Bankruptcy Court for the District of Delaware, 824 Market Street, 5th Floor, Courtroom #5, Wilmington, Delaware 19801. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before _____, 2016 at 4:00 p.m., prevailing Eastern Time.

THE DEBTORS SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL HOLDERS OF IMPAIRED CLAIMS TO ACCEPT THE PLAN.

IV. EXPLANATION OF CHAPTER 11

A principal goal of a chapter 11 bankruptcy case is to reorganize or liquidate a debtor's business for the benefit of creditors and parties in interest. The plan of reorganization or liquidation is the blueprint for accomplishing this goal, as it sets forth the means for satisfying the holders of claims against, and interests in, the debtor's estate. Upon confirmation of a plan, the plan becomes binding on the debtor and all of its creditors and equity holders, and the obligations owed by the debtor to such parties are compromised and exchanged for the obligations specified in the plan.

After a plan of reorganization or liquidation has been filed, the holders of impaired claims against, and interests in (if any), a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, however, section 1125 of the Bankruptcy Code requires the debtor 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 about the plan. **This Disclosure Statement is presented to holders of Claims against, and Interests in, the Debtors in order to satisfy the requirements of section 1125 of the Bankruptcy Code in connection with the Debtors' solicitation of votes on the Plan.**

A bankruptcy court may confirm a plan of reorganization or liquidation even though fewer than all the classes of impaired claims and equity interests accept such plan. For a plan to be confirmed despite its rejection by a class of impaired claims or equity interests, the plan must

be accepted by at least one class of impaired claims (determined without counting the votes of insiders) and the proponent of the plan must show, among other things, that the plan does not “discriminate unfairly” and that the plan is “fair and equitable” with respect to each impaired class of claims or equity interests that has not voted to accept the plan. **For present purposes, the Plan has been structured so that it will satisfy the foregoing requirements as to any rejecting class of Claims and can therefore be confirmed, if necessary, over the objection of any (but not all) classes of Claims.**

V. BRIEF OVERVIEW OF THE PLAN

The Plan provides for the treatment of Claims against, and Interests in, each of the Debtors in *In re ADI Liquidation, Inc. (f/k/a AWI Delaware, Inc.), et al.*, Case No. 14-12092-KJC (Jointly Administered). The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. In summary, the Plan provides for, among other things the: (i) classification and treatment of unclassified and classified Claims and Interests; (ii) incorporation of the terms of the C&S Settlement Agreement; (iii) liquidation of the Debtors’ Remaining Assets; (iv) wind down of the Debtors’ Estates; and (v) reconciliation of Claims.

A. Summary of Classifications under the Plan, Asserted Claims and Estimated Recoveries and Treatment

The following is a summary of Claims asserted and estimated Allowed Claims and recoveries under the Plan, as well as a brief description of the treatment afforded in the Plan on account of Allowed Claims and Interests. It is qualified in its entirety by reference to the full text of the Plan, which is attached to this Disclosure Statement as Exhibit “A.” The estimated Claim amounts and recoveries set forth below reflect the Debtors’ mid-range estimates as set forth in greater detail in the Claims Recovery Analysis attached hereto as Exhibit “B.” The actual Allowed amount of Claims and the actual recoveries on account of Allowed Claims and Interests may differ from the amounts set forth in the summary below and in Exhibit “B.” The amounts utilized may further differ from the outstanding filed Claim amounts. Any creditor that filed a Proof of Claim in an amount, or with a priority, different from that set forth in the applicable Debtor’s Schedules is subject to potential dispute regarding the appropriate amount and/or priority of such creditor’s Allowed Claim.

Over 2,000 Proofs of Claim have been filed with the Debtors’ Claims Agent. In addition, there are over 1,600 Claims that were scheduled as non-contingent, liquidated and non-disputed for which no Proof of Claim was filed. To determine the validity of the Proofs of Claim submitted in the Chapter 11 Cases, the Debtors and their Professionals will continue to review the Proofs of Claim, including any supporting documentation, and compare the Claims asserted with the Debtors’ books and records. Based upon this review, the Debtors may file procedural and substantive objections to Claims both before and after the Effective Date.

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|-------------------------|--|--|---|---|
| IA | Priority Non-Tax Claims | AWI | 46 | \$1,398,361.55 | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| IA | Priority Non-Tax Claims | ADI | 144 | \$17,765,593.74 | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| IA | Priority Non-Tax Claims | ALI | 0 | N/A | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| IA | Priority Non-Tax Claims | Co-Op | 1 | \$9,000.00 | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| IB | Priority Non-Tax Claims | WR | 86 | \$1,655,967.99 | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| IB | Priority Non-Tax Claims | Rose Trucking | 9 | \$4,332,002.32 | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| IB | Priority Non-Tax Claims | WRSC | 0 | N/A | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| IB | Priority Non-Tax Claims | WRSC II | 0 | N/A | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| IB | Priority Non-Tax Claims | WRSC V | 0 | N/A | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| IB | Priority Non-Tax Claims | WR Puerto Rico | 0 | N/A | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|-------------------------|--|--|---|---|
| 1C | Priority Non-Tax Claims | Nells | 3 | \$19,544.84 | Cash equal to Face Amount of Allowed Claim to be paid as soon as practicable after the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2A | Secured Claims | AWI | 27 | \$6,740,211.13 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2A | Secured Claims | ADI | 20 | \$4,553,186.28 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2A | Secured Claims | ALI | 2 | \$458,067.19 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2A | Secured Claims | Co-Op | 2 | \$458,067.19 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2B | Secured Claims | WR | 40 | \$17,088,314.24 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2B | Secured Claims | Rose Trucking | 5 | \$2,421,997.54 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2B | Secured Claims | WRSC | 4 | \$1,871,997.54 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2B | Secured Claims | WRSC II | 0 | N/A | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|---------------------|--|--|---|---|
| 2B | Secured Claims | WRSC V | 4 | \$1,871,997.54 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2B | Secured Claims | WR Puerto Rico | 4 | \$1,871,997.54 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2C | Secured Claims | Nells | 3 | \$38,760,870.00 | Cash equal to 100% of Allowed Claim, release of collateral securing Allowed Claim or other agreed-upon treatment, to be paid on, or as soon as is practicable after, the Effective Date or the date upon which such Claim becomes an Allowed Claim, whichever is later. |
| 2A/Bank | Secured Bank Claims | AWI | 3 | \$0.00 | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 2A/Bank | Secured Bank Claims | ADI | 3 | \$0.00 | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 2A/Bank | Secured Bank Claims | ALI | 3 | \$0.00 | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 2A/Bank | Secured Bank Claims | Co-Op | 3 | \$0.00 | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 2B/Bank | Secured Bank Claims | WR | 3 | \$0.00 | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|--------------------------|--|--|---|---|
| 2B/Bank | Secured Bank Claims | Rose Trucking | 3 | \$0.00 | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 2B/Bank | Secured Bank Claims | WRSC | 0 | N/A | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 2B/Bank | Secured Bank Claims | WRSC II | 0 | N/A | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 2B/Bank | Secured Bank Claims | WRSC V | 0 | N/A | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 2B/Bank | Secured Bank Claims | WR Puerto Rico | 0 | N/A | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 2C/Bank | Secured Bank Claims | Nells | 3 | \$0.00 | Allowed Secured Bank Claims shall be paid and satisfied from the Bank Reserve (as defined below) as and when liquidated. Upon the Effective Date, Holders of Secured Bank Claims shall be deemed to release and discharge their liens on the Debtors' assets, with the exception of BOA, which shall retain certain liens, as more fully described below. |
| 3A | General Unsecured Claims | AWI | 46 | \$30,506,586.85 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, and, if applicable, a Catch-Up Distribution. |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|--------------------------|--|--|---|---|
| 3A | General Unsecured Claims | ADI | 133 | \$15,871,296.93 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |
| 3A | General Unsecured Claims | ALI | 1 | \$81,818.20 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |
| 3A | General Unsecured Claims | Co-Op | 3 | \$407,070.73 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |
| 3B | General Unsecured Claims | WR | 71 | \$44,396,565.14 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |
| 3B | General Unsecured Claims | Rose Trucking | 11 | \$15,027,842.40 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |
| 3B | General Unsecured Claims | WRSC | 0 | N/A | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |
| 3B | General Unsecured Claims | WRSC II | 0 | N/A | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |
| 3B | General Unsecured Claims | WRSC V | 0 | N/A | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |
| 3B | General Unsecured Claims | WR Puerto Rico | 0 | N/A | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|--------------------------|--|--|---|--|
| 3C | General Unsecured Claims | Nells | 8 | \$163,284.96 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution. |
| 3AV | Vendor Claims | AWI | 488 | \$48,907,825.96 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution, [REDACTED] |
| 3AV | Vendor Claims | ADI | 213 | \$38,109,145.29 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution, [REDACTED] |
| 3AV | Vendor Claims | ALI | 10 | \$29,205,065.67 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution, [REDACTED] |
| 3AV | Vendor Claims | Co-Op | 6 | \$1,384,502.98 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution, [REDACTED] |
| 3BV | Vendor Claims | WR | 299 | \$59,994,781.76 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, <u>and</u> , if applicable, a Catch-Up Distribution, [REDACTED] |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|-------------------|--|--|---|--|
| 3BV | Vendor Claims | Rose Trucking | 65 | \$1,605,946.85 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, and, if applicable, a Catch-Up Distribution, [REDACTED] |
| 3BV | Vendor Claims | WRSC | 5 | \$1,229,141.25 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, and, if applicable, a Catch-Up Distribution, [REDACTED] |
| 3BV | Vendor Claims | WRSC II | 3 | \$365,214.23 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, and, if applicable, a Catch-Up Distribution, [REDACTED] |
| 3BV | Vendor Claims | WRSC V | 5 | \$1,229,141.25 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, and, if applicable, a Catch-Up Distribution, [REDACTED] |
| 3BV | Vendor Claims | WR Puerto Rico | 5 | \$1,229,141.25 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, and, if applicable, a Catch-Up Distribution, [REDACTED] |
| 3CV | Vendor Claims | Nells | 51 | \$29,500,983.14 | Cash on the Initial, Subsequent and Final Distribution Dates in the amount of the Allowed General Unsecured Claim multiplied by the Initial, Subsequent or Final Distribution Percentage, as applicable, and, if applicable, a Catch-Up Distribution, [REDACTED] |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|-------------------|--|--|---|--|
| 4A | PBGC Claims | AWI | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3A General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3A General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |
| 4A | PBGC Claims | ADI | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3A General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3A General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |
| 4A | PBGC Claims | ALI | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3A General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3A General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|-------------------|--|--|---|--|
| 4A | PBGC Claims | Co-Op | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3A General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3A General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |
| 4B | PBGC Claims | WR | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3B General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3B General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |
| 4B | PBGC Claims | Rose Trucking | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3B General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3B General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|-------------------|--|--|---|--|
| 4B | PBGC Claims | WRSC | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3B General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3B General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |
| 4B | PBGC Claims | WRSC II | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3B General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3B General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |
| 4B | PBGC Claims | WRSC V | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3B General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3B General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|-------------------|--|--|---|--|
| 4B | PBGC Claims | WR Puerto Rico | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3B General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3B General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |
| 4C | PBGC Claims | Nells | 3 | \$38,760,870.00 | <p>Treatment varies depending upon whether the PBGC votes to accept the Plan. If the PBGC votes to accept the Plan, the PBGC shall receive certain amounts from the Custodial Account (as described below), <u>plus</u> an Allowed General Unsecured Claim entitled to the same treatment as Allowed Class 3C General Unsecured Claims.</p> <p>If the PBGC does not vote to accept the Plan: (i) the PBGC Claims shall be Disputed Claims; (ii) the Debtors shall object to the PBGC Claims in the manner prescribed below; and (iii) the PBGC Claims shall receive the treatment provided for in the Plan for Allowed Priority Tax Claims or Allowed Class 3C General Unsecured Claims to the extent its Claims are Allowed as Priority Tax or General Unsecured Claims.</p> |
| 5A | Interests | AWI | 28 | \$2,092,843.02 | No recovery. Interest shall be cancelled upon the Effective Date. |
| 5A | Interests | ADI | 70 | \$10,784,023.99 | No recovery. Interest shall be cancelled upon the Effective Date. |
| 5A | Interests | ALI | 0 | N/A | No recovery. Interest shall be cancelled upon the Effective Date. |
| 5A | Interests | Co-Op | 0 | N/A | No recovery. Interest shall be cancelled upon the Effective Date. |
| 5B | Interests | WR | 1 | \$389,373.24 | No recovery. Interest shall be cancelled upon the Effective Date. |
| 5B | Interests | Rose Trucking | 0 | N/A | No recovery. Interest shall be cancelled upon the Effective Date. |
| 5B | Interests | WRSC | 0 | N/A | No recovery. Interest shall be cancelled upon the Effective Date. |
| 5B | Interests | WRSC II | 0 | N/A | No recovery. Interest shall be cancelled upon the Effective Date. |

| <i>Class</i> | <i>Class Name</i> | <i>Debtor (as defined below)</i> | <i>Number of Claims Asserted</i> | <i>Amount (\$) of Claims Asserted</i> | <i>Proposed Treatment</i> |
|--------------|-------------------|--|--|---|---|
| 5B | Interests | WRSC V | 0 | N/A | No recovery. Interest shall be cancelled upon the Effective Date. |
| 5B | Interests | WR Puerto Rico | 0 | N/A | No recovery. Interest shall be cancelled upon the Effective Date. |
| 5C | Interests | Nells | 0 | N/A | No recovery. Interest shall be cancelled upon the Effective Date. |

VI. GENERAL INFORMATION

The Debtors consist of ADI Liquidation, Inc. (f/k/a AWI Delaware, Inc.), AW Liquidation, Inc. (f/k/a Associated Wholesalers, Inc.), NK Liquidation, Inc. (f/k/a Nell's, Inc.), Co-Op Agency Inc., AL Liquidation, Inc. (f/k/a Associated Logistics, Inc.), WR Liquidation, Inc. (f/k/a White Rose Inc.), RT Liquidation Corp. (f/k/a Rose Trucking Corp.), WRSC Liquidation Corp. (f/k/a WR Service Corp.), WRSC II Liquidation Corp. (f/k/a WR Service II Corp.), WRSC V Liquidation Corp. (f/k/a WR Service V Corp.) and White Rose Puerto Rico, LLC.

A. Businesses of the Debtors

(a) The AWI Debtors

AW Liquidation, Inc. (f/k/a Associated Wholesalers, Inc.) ("AWI"): Founded in 1962, AWI was a leading cooperative food distributor that provided distribution and retail services to member retailers. AWI served approximately 800 supermarkets, specialty stores, convenience stores and superettes with grocery, meat, produce, dairy, frozen foods and general merchandise/health and beauty care products. AWI also provided a wide array of retail services to its customers, which were located primarily in the mid-Atlantic United States. AWI owned two distribution facilities: one in Robeson, Pennsylvania and one in York, Pennsylvania. AWI was owned by its 500 retail members, which in turn owned and operated supermarkets. AWI is a Pennsylvania corporation.

Co-Op Agency Inc. ("Co-Op"): Co-Op was incorporated in 1973 as a wholly-owned subsidiary of AWI for the purpose of providing insurance brokerage services to member retailers and others. As a full-service independent insurance broker, Co-Op maintained a commercial division that specialized in placing insurance for supermarket and convenience stores, a division that placed various personal lines of coverage and offered corporate and other individual products. Co-Op is a Pennsylvania corporation.

AL Liquidation, Inc. (f/k/a Associated Logistics, Inc.) ("ALI"): ALI was incorporated in 1999 as a wholly-owned subsidiary of AWI. ALI was a freight, shipping and trucking company that provided services to AWI and certain third-party customers. ALI is a Pennsylvania corporation.

ADI Liquidation, Inc. (f/k/a AWI Delaware, Inc.) (“ADI”): ADI was incorporated in 2001 as a wholly-owned subsidiary of AWI. ADI licensed and sublicensed certain intellectual property to the Debtors. ADI is a Delaware corporation.

(b) The White Rose Debtors

WR Liquidation, Inc. (f/k/a White Rose Inc.) (“WR”): WR was a leading independent food wholesaler and distributor serving the greater New York metropolitan area. It was formed in 1886, when brothers Joseph and Sigel Seeman founded Seeman Brothers & Doremus (“Seeman Brothers”) to provide grocery deliveries in the New York metropolitan area. Ultimately, Seeman Brothers gave the “White Rose” name to their entire product line. In 1965, Di Giorgio Corporation (“Di Giorgio”) purchased Seeman Brothers’ wholesale business, including the White Rose label, as well as another wholesale food distribution business. This combined wholesale operation was the largest wholesale grocery operation in the New York metropolitan. In June 2006, AWI acquired the stock of Di Giorgio and changed its name to White Rose, Inc. WR is a Delaware corporation.

WR and its affiliates distributed a wide assortment of food and non-food items, as well as a highly-regarded private label offering, to their approximately 495 customers through three main channels: (i) independent grocery stores; (ii) regional and national supermarket chain stores; and (iii) diverters, including downstream distributors. The company also maintained a trade name “banner” program under which it offered banner members certain additional services, including weekly advertising circulars, shelf labels and other merchandising support materials.

RT Liquidation, Inc. (f/k/a Rose Trucking Corp.) (“Rose Trucking”): Rose Trucking was incorporated in 1993 and is a wholly-owned subsidiary of WR. Rose Trucking provided freight, shipping and trucking services to WR and certain third-party customers. Rose Trucking is a New Jersey corporation.

WRSC Liquidation Corp. (f/k/a WR Service Corp.) (“WRSC”): WRSC was incorporated in 1985 for the purpose of holding an interest in a collateral assignment of a customer lease. WRSC is a New York corporation.

WRSC II Liquidation Corp. (f/k/a WR Service II Corp.) (“WRSC II”): WRSC II was incorporated in 1992 for the purpose of holding an interest in a collateral assignment of a customer lease. WRSC II is a New York corporation.

WRSC V Liquidation Corp. (f/k/a WR Service V Corp.) (“WRSC V”): WRSC V was incorporated for the purpose of holding a license for certain trademarks. WRSC V is a New York corporation.

White Rose Puerto Rico, LLC (“WR Puerto Rico”): WR Puerto Rico was formed in 2003 for the purpose of facilitating the shipment of products to customers in Puerto Rico. WR Puerto Rico is a Delaware limited liability company.

(c) Nells

NK Liquidation, Inc. (f/k/a Nell's, Inc.) ("Nells"): Nells was incorporated in 1983 and is a wholly-owned subsidiary of AWI. Nells was formed for the purpose of owning and operating retail grocery stores. As of the Petition Date, Nells employed 352 employees and owned four (4) retail stores. Nells is a Pennsylvania corporation.

B. Facilities and Products**(a) AWI Debtors**

AWI historically operated as a cooperative, providing products and services to its shareholders. AWI's shareholders benefited from the "economies of scale" achieved by purchasing products and services from and through AWI, and through patronage distributions (annual distributions to shareholders based on each shareholder's volume of purchases). AWI provided its customers with an assortment of more than 19,000 food and non-food products, including grocery, frozen, dairy, produce, meat, cigarettes and health and beauty products. In addition, as indicated above, AWI offered a broad spectrum of retail services to its customers, including advertising, insurance, marketing, merchandising and store development services.

AWI's operations were carried out through its distribution facilities in Robeson and York, Pennsylvania. The facility in Robeson (the "Robeson Facility") was an 800,000 square foot facility that served as the company's headquarters, as well as a distribution center for grocery, frozen, meat, produce and dairy products. The facility in York (the "York Facility") was a 200,000 square foot facility that was used for the distribution of health and beauty products and cigarettes. AWI's products were distributed to customers from these facilities via a fleet of 99 tractors and 246 trailers.

As of the Petition Date, the AWI Debtors had approximately 1,459 employees, including 529 union members. AWI was a party to collective bargaining agreements with the Teamsters Local Union No. 429 ("Local 429") and the Teamsters Local Union No. 776 ("Local 776").

(b) WR Debtors

WR carried out its operations through three leased warehouse and distribution centers, two of which were located in Carteret, New Jersey. The first Carteret facility was an 810,000 square foot facility that served as the company's headquarters, as well as a distribution center for groceries and non-perishable items. The second Carteret facility was a 279,000 square foot facility that served as a distribution center for frozen food products. WR also had a facility in Woodbridge, New Jersey, which was a 200,000 square foot facility that was used for the distribution of refrigerated products. Products were distributed to customers from these facilities using a fleet consisting of 111 tractors and 353 trailers.

As of the Petition Date, the WR Debtors employed approximately 777 employees including 588 union members. The WR Debtors were parties to five collective bargaining agreements: (a) an agreement with Teamsters Local Union No. 97 ("Local 97"), covering 284 grocery warehouse employees; (b) an agreement with Teamsters Local Union No. 641 ("Local 641"), covering 53 grocery trucking employees; (c) an agreement with Teamsters Local Union

No. 863 (“Local 863”), covering 131 dairy warehouse employees; (d) an agreement with Local 863, covering 39 dairy trucking employees; and (e) an agreement with Teamsters Local Union No. 805 (“Local 805”), covering 59 frozen warehouse employees and 22 frozen trucking employees.

C. Management

As of the Petition Date, the officers and directors of the Debtors were as follows:

(a) AWI:

Directors: Michael Rothwell, Charles W. Wetzel, David McKay, Elizabeth Sandra Banthem, George W. Hassler, III, Greg Musser, Gregory V. Saubel, Jeffrey Krenitsky, Jeffrey M. Stauffer, John D. Yoder, Joyce Fasula, Martin R. Brown, Matthew R. Saunders, Michael J. Weaver, PK Hoover, Walter G. Clocker, Wilmer Hurst, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer) and David M. Lieb (Secretary and Executive Vice President)

(b) Nells:

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer) and David M. Lieb (Secretary and Executive Vice President)

(c) Co-Op:

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer) and David M. Lieb (Secretary and Executive Vice President)

(d) ALI:

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer) and David M. Lieb (Secretary and Executive Vice President)

(e) ADI:

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: David M. Lieb (Secretary and Executive Vice President)

(f) **WR:**

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer), and David M. Lieb (Secretary and Executive Vice President)

(g) **Rose Trucking:**

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer), and David M. Lieb (Secretary and Executive Vice President)

(h) **WRSC:**

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer), and David M. Lieb (Secretary and Executive Vice President)

(i) **WRSC II:**

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer), and David M. Lieb (Secretary and Executive Vice President)

(j) **WRSC V:**

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer), and David M. Lieb (Secretary and Executive Vice President)

(k) **WR Puerto Rico:**

Directors: Michael Rothwell, James B. Shein and Bradley Dietz.

Officers: Matthew R. Saunders (President and Chief Executive Officer), David J. Firek (Treasurer), and David M. Lieb (Secretary and Executive Vice President)

D. Summary of Prepetition Indebtedness

Prepetition Credit Facility. As of the Petition Date, Debtors AWI, Nells, ALI and WR (the “Borrowers”) were parties to a Second Amended and Restated Credit Agreement dated as of June 30, 2010 (as amended, the “Pre-Petition Credit Facility”) with a group of lenders (collectively, the “Lenders”): Bank of America, N.A., as successor by merger to LaSalle Bank, N.A. (“BOA”), Banc of American Securities LLC as sole lead arranger and joint book runner, Wells Fargo Capital Finance, LLC as joint book runner and syndication agent, and RBS Business Capital, as documentation agent (collectively with the Lenders and BOA, the “Bank Group”). In addition to being a member of the Bank Group, BOA also served as issuer and agent for the Bank Group with respect to the Pre-Petition Credit Facility. Debtors ADI, Co-Op and Rose Trucking (collectively, the “Guarantors”) were guarantors under the Pre-Petition Credit Facility.

The Pre-Petition Credit Facility consisted of (a) a revolving credit facility of up to \$225 million, and (b) term loans from each lender equaling a percentage of \$15 million. The Pre-Petition Credit Facility also provided for the issuance of letters of credit on behalf of the Borrowers, not to exceed \$25 million at any time.

On June 30, 2010, AWI, Nells, ALI, WR, ADI, Co-Op and Rose Trucking (collectively, the “Credit Parties”) entered into a Second Amended and Restated Loan and Security Agreement (the “Security Agreement”) with BOA, as successor by merger to LaSalle Business Credit LLC, as agent. Pursuant to the Security Agreement, the obligations owed to the Bank Group under the Pre-Petition Credit Facility were secured by liens on substantially all of the Debtors’ assets (the “Pre-Petition Collateral”).

On December 4, 2013, the Borrowers, the Guarantors, the Lenders and BOA entered into a Consent and Third Amendment to the Pre-Petition Credit Facility that, among other things, provided for certain changes to be made to the Pre-Petition Credit Facility in order to reflect the terms of the ASG Supply Agreement (as defined in Section VII(M)(a) below) and certain related agreements. The Consent and Third Amendment also required the Borrowers to retain Carl Marks Advisory Group, LLC to, *inter alia*, provide financial and management consulting services to the Borrowers.

On February 28, 2014, the Borrowers, the Guarantors, the Lenders and BOA entered into a Waiver and Fourth Amendment to the Pre-Petition Credit Facility that, among other things, waived certain existing defaults under the Pre-Petition Credit Facility and provided for the sale of certain real estate. After entering into the Waiver and Fourth Amendment, AWI received a series of default notices from BOA, on May 1, 2014, June 5, 2014 and June 18, 2014, which arose primarily from the Debtors’ failure to comply with certain financial covenants set forth in the Pre-Petition Credit Facility. As of the Petition Date, the Debtors owed the Bank Group an aggregate principal amount of not less than \$116,971,283.64 (exclusive of outstanding letters of credit), plus accrued interest.

Trade Debt. As of the Petition Date, the Debtors had approximately \$92 million in trade debt.

Pension Plans. As of the Petition Date, certain of the Debtors participated in multi-employer pension plans with certain union pension funds, including the Teamsters Local

641 Pension Trust, the Teamsters Local 11 Pension Fund, the Central Pennsylvania Teamsters Pension Fund and the Local 805 Pension and Retirement Fund. Certain of the Debtors also contributed to the following debtor sponsored pension plans within the six-year period immediately preceding the commencement of the Chapter 11 Cases:

- Associated Wholesalers, Inc. and White Rose Employee Savings Plan
- Associated Wholesalers, Inc. Bargaining Employees Savings Plan
- Nell's Inc. Salary Savings Plan
- Third Restated Di Giorgio Retirement Plan

Intercompany Claims. The Debtors' books and records reflect certain intercompany obligations existing between one or more of the Debtors as of the Petition Date. The Debtors' books and records reflected amounts owing: (i) from Nells to AWI of approximately \$11 million; (ii) from AWI to Co-Op of approximately \$890,000; (iii) from ALI to AWI of approximately \$462,000; (iv) from AWI to WR in the amount of approximately \$5 million; (v) from WR to RT in the amount of approximately \$9 million; and (vi) from WR Puerto Rico to WR in the amount of approximately \$116,000.

E. Events Leading to the Commencement of the Chapter 11 Cases

At the time that it acquired WR, AWI believed that the companies could be integrated to take advantage of certain synergies that would enhance both businesses. Unfortunately, AWI was never able to capitalize on the perceived benefits of combining the businesses. In addition, WR's customer base significantly eroded as a result of a number of factors, including compressed margins and fierce competition. AWI experienced a material decline in business beginning in 2013.

Annual revenue for the Debtors, on a consolidated basis, was approximately \$2.2 billion in each of the fiscal years ending on August 31, 2011, August 31, 2012 and August 31, 2013.

Net income for the AWI Debtors over the three fiscal years preceding the Petition Date was as follows:²

| | |
|-------|------------------|
| 2011: | \$22.5 million |
| 2012: | \$22.9 million |
| 2013: | (\$19.0 million) |

Net income for the WR Debtors over the three fiscal years preceding the Petition Date was as follows:³

² These figures reflect net income before patronage and income taxes.

³ These figures reflect net income before patronage and income taxes.

| | |
|-------|-----------------|
| 2011: | \$1.8 million |
| 2012: | \$2.4 million |
| 2013: | (\$2.6 million) |

In November 2013, AWI hired Carl Marks Advisory Group, LLC (“Carl Marks”) to conduct a third-party business review of the impact of the ASG Supply Agreement (as defined below) on WR and, thereafter, to facilitate the development of strategic options for WR. The Board of Directors of AWI formed a special committee to oversee the restructuring efforts of WR (the “Restructuring Committee”). Although this process led to the identification of several initiatives that could improve profitability and stability in the businesses, unfortunately the Borrowers experienced additional defaults under the Pre-Petition Credit Facility as the businesses continued to decline.

F. Sale and Marketing Efforts

On May 13, 2014, the Debtors hired Lazard Middle Market, LLC (“LMM”) as their exclusive investment banker. Upon its retention, LMM prepared marketing materials and developed an extensive electronic data room. On June 6, 2014, LMM began actively marketing the WR Debtors, sending teasers and non-disclosure agreements to 18 strategic buyers and 37 financial buyers.

As LMM proceeded to market the WR Debtors for sale, it found, based on discussions and feedback from potential buyers, that many potential strategic buyers were primarily interested in the potential purchase of the AWI Debtors’ assets, or that such buyers would only consider a purchase of the WR Debtors’ assets as part of a broader purchase of *all* of the Debtors’ assets. LMM concluded that the WR Debtors could not be sold as a stand-alone business. At the same time, the AWI Debtors’ businesses continued to decline, due in part to WR’s ongoing working capital requirements, and it became clear that AWI would not be able to absorb the debts that likely would remain if the WR Debtors’ assets were sold. Accordingly, the Debtors concluded that the best way to maximize value for all of their constituents was to market all of their assets for sale. Accordingly, the role of the Restructuring Committee was then expanded to oversee the restructuring efforts for all of the Debtors. As part of this expanded role, two independent directors were appointed to the Restructuring Committee – James B. Shein and Bradley Dietz.

After expanding the scope of the sale process to incorporate all of the Debtors’ assets, LMM sent teasers to 40 strategic buyers and 42 financial buyers, generating substantial interest in the Debtors’ assets. As of the Petition Date, thirty-six parties had executed non-disclosure agreements to conduct due diligence in connection with a possible acquisition. LMM also distributed a Confidential Information Memorandum to those parties and provided access to the electronic data room. The data room contained significant information about all aspects of the businesses, and the Debtors and LMM fielded multiple requests for additional information from interested parties. Additionally, LMM and the Debtors’ management conducted in-person meetings with potential bidders to show them the facilities and further explore their interest in purchasing all or a portion of the Debtors’ assets.

Following this marketing process, the Debtors received letters of intent from three strategic buyers. Thereafter, following negotiations, the Debtors entered into an Asset Purchase Agreement with C&S Wholesale Grocers, Inc. (“C&S”) on September 9, 2014 (the “Stalking Horse APA”), which served as the stalking horse bidder in a competitive bidding process before the Bankruptcy Court.

VII. THE CHAPTER 11 CASES

A. Commencement of the Chapter 11 Cases

On September 9, 2014 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The Chapter 11 Cases have been jointly administered for procedural purposes only.

B. Continuation of Business after the Petition Date

Subsequent to the Petition Date, the Debtors continued to operate their businesses and manage their properties as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. During the period immediately following the Petition Date, the Debtors sought and obtained authority from the Bankruptcy Court with respect to a number of matters that were, in the Debtors’ view, essential to the Debtors’ orderly transition into chapter 11 and the stabilization of the Debtors’ operations.

(a) First Day Relief

On the Petition Date, the Debtors sought various types of “first day” relief intended to facilitate the transition of the Debtors’ ordinary business operations into chapter 11. The Bankruptcy Court entered several “first day” orders, which authorized, among other things:

- (i) the joint administration of the Debtors’ related bankruptcy cases [D.I. 45];
- (ii) the Debtors’ payment of certain prepetition sales, use, fuel, property and other similar taxes, tolls, fees, licenses and other similar charges and assessments, and banks to receive, process, honor and pay checks related thereto [D.I. 48];
- (iii) the maintenance, renewal, cancellation or replacement of existing insurance programs and pay all premiums, fees and costs in connection therewith [D.I. 49];
- (iv) (a) the (i) payment of certain prepetition wages, salaries, bonuses and other compensation, reimbursable employee expenses, employee medical and similar benefits, (ii) continuance of prepetition employee programs, and (b) the honoring of all related checks and electronic payment requests [D.I. 50];
- (v) the continuation of the Debtors’ use of their existing cash management system and maintenance of the Debtors’ existing bank accounts and

business forms and the grant of administrative expense priority to post-petition intercompany claims [D.I. 53];

- (vi) the honoring of certain pre-petition obligations to customers and continuation of certain pre-petition customer practices and programs [D.I. 54];
- (vii) the payment in the ordinary course of business of pre-petition claims of shippers and warehousemen and pre-petition claims for goods delivered post-petition [D.I. 55];
- (viii) the payment of pre-petition claims asserted under the Perishable Agricultural Commodities Act [D.I. 56]; and
- (ix) the retention of Epiq Bankruptcy Solutions, LLC as claims and noticing agent [D.I. 57].

(b) The DIP Facility

In addition to the relief described above, the Debtors also filed a motion (the “DIP/Cash Collateral Motion”) for authority to, among other things: (i) incur post-petition secured indebtedness with administrative super-priority status pursuant to a Senior Secured, Super-Priority Debtor-in-Possession Credit Agreement between AWI, WR, Nells and ALI, as borrowers, certain lenders, including C&S, and BOA, as issuing bank and agent (the “DIP Credit Agreement”); (ii) grant certain liens; and (iii) use cash collateral and provide adequate protection.

The DIP/Cash Collateral Motion was approved on an interim basis on September 10, 2014 [D.I. 58], and a final order approving the motion was entered on October 6, 2014 [D.I. 279] (the “Final DIP/Cash Collateral Order”). Under the Final DIP/Cash Collateral Order, the Debtors were authorized to borrow up to \$175,000,000 (the “DIP Facility”), which included amounts outstanding under the Pre-Petition Credit Facility and certain letters of credit as of the Petition Date, in order to fund the Debtors’ working capital needs.

The DIP Facility was funded by two sources: (i) secured revolving loans from the Lenders, with a maximum available amount of \$152,110,000 plus outstanding letters of credit as of the Petition Date; and (ii) a secured revolving last out loan from C&S of up to \$18 million. The Lenders were not required to advance any revolving loans to the Debtors unless C&S had advanced the full amount of its revolving loan. In addition, under the DIP Credit Agreement, C&S would receive payment from the Debtors only after the Lenders were paid in full.

Pursuant to the Final DIP/Cash Collateral Order, the Bankruptcy Court also authorized the Debtors to provide adequate protection in the form of: (i) superpriority administrative claim status with respect to all obligations arising under the DIP Credit Agreement, (ii) first priority, priming, valid, perfected and enforceable liens on all of the Debtors’ real and personal property; and (iii) repayment of the principal amount of the Pre-Petition Credit Facility, as well as payment for interest, fees and costs related thereto.

C. Representation of the Debtors

On September 12, 2014, the Debtors filed an application to retain Saul Ewing LLP as bankruptcy counsel [D.I. 88], which was approved by the Bankruptcy Court on October 2, 2014 [D.I. 262]. On September 17, 2014, the Debtors filed an application to retain Lazard Freres & Co. LLC and LLM as their investment banker [D.I. 124], which was approved by the Bankruptcy Court on October 27, 2014 [D.I. 486].

On October 17, 2014, the Debtors filed an application to retain Rhoads & Sinon LLP as special counsel to the Debtors [D.I. 339], which was approved by the Bankruptcy Court on November 21, 2014 [D.I. 984].

On February 26, 2015, the Debtors filed an application to retain ROCK Commercial Real Estate, LLC (“ROCK”) as real estate broker to assist the Debtors with the sale of two parcels of real property located in Pennsylvania, as described below [D.I. 1814]. ROCK’s retention was approved by the Bankruptcy Court on March 19, 2015 [D.I. 1881].

On March 19, 2015 the Debtors filed an application to retain McGladrey LLP to provide tax preparation and tax consulting services [D.I. 1884]. This application was approved by the Bankruptcy Court on May 1, 2015 [D.I. 2039]. Lastly, on April 2, 2015, the Debtors filed an application to employ Mercer (US) Inc. and its affiliates to provide actuarial and consulting services to the Debtors [D.I. 1945], which application was approved on May 1, 2015 [D.I. 2037].

D. The Chief Restructuring Officer

By order dated October 2, 2014 [D.I. 263], the Bankruptcy Court approved the Debtors’ application to retain Carl Marks Advisory Group to (i) provide the Debtors a Chief Restructuring Officer (“CRO”) and additional personnel, and (ii) designate Douglas A. Booth as the Debtors’ CRO, *nunc pro tunc* to the Petition Date. Since then, the Bankruptcy Court has entered orders dated February 19, 2015 [D.I. 1764] and October 27, 2015 [D.I. 2469], revising, among other things, the terms of Carl Marks’ fee structure.

E. Formation and Representation of the Creditors’ Committee

On or about September 17, 2014, the United States Trustee appointed the Official Committee of Unsecured Creditors of ADI Liquidation Inc. (f/k/a AWI Delaware, Inc.), *et al.* (the “Creditors’ Committee”) [D.I. 86]. The members of the Creditors’ Committee are as follows:

ConAgra Foods, Inc.
Nestle Holdings
The J.M. Smucker Company
Kraft Foods Group
McKesson Corporation
IBT Warehouse Division
Pension Benefit Guaranty Corporation

By orders dated October 27, 2014, the Bankruptcy Court approved the Creditors' Committee's applications to retain the law firms of Pepper Hamilton LLP and Hahn & Hessen LLP [D.I. 487, 488, respectively] as its counsel. In addition, on October 27, 2014 the Bankruptcy Court entered an order approving the Creditors' Committee's application to retain Capstone Advisory Group, LLC and Capstone Valuation Services, LLC as its financial advisor [D.I. 489]. On June 24, 2015, the Creditors' Committee filed an application to retain Berkeley Research Group, LLC ("BRG Capstone") as substitute financial advisor [D.I. 2192], which application was granted on July 30, 2015 [D.I. 2273].

F. Schedules and Bar Date

On September 10, 2014, the Bankruptcy Court entered an order extending the deadline by which the Debtors were required to file their Schedules to the later of October 17, 2014 or the date that was one week prior to the auction of substantially all of the Debtors' assets [D.I. 47]. Consistent with this order, on October 21, 2015, each of the Debtors filed their Schedules [D.I. 374-395]. Among other things, the Schedules set forth the Claims of known creditors against the Debtors as of the Petition Date, based upon the Debtors' books and records.

By Order entered December 17, 2014 [D.I. 1208], the Bankruptcy Court established (i) February 6, 2015 at 4:00 p.m. (prevailing Eastern Time) (the "General Bar Date") as the deadline for filing non-governmental Proofs of Claim against the Debtors, including administrative expense requests pursuant to section 503(b)(9) of the Bankruptcy Code and claims allegedly secured by a right of setoff, and (ii) March 9, 2015 at 4:00 p.m. (prevailing Eastern Time) as the deadline for governmental units to file Proofs of Claim against the Debtors (the "Governmental Bar Date"). Additionally, by Orders entered on December 17, 2014 [D.I. 1209, 1210], the Bankruptcy Court (a) established February 6, 2015 at 4:00 p.m. (prevailing Eastern Time) as the deadline to file applications for the allowance of administrative expense claims that may have arisen, accrued or otherwise become due and payable on or after September 9, 2014, thru and including November 11, 2014 (the "Administrative Expense Claims Bar Date"), and (b) established February 6, 2015 at 4:00 p.m. (prevailing Eastern Time) as the deadline to assert claims arising under the Perishable Agricultural Commodities Act (the "PACA Bar Date," and together with the General Bar Date, the Governmental Bar Date and the Administrative Expense Claims Bar Date, the "Bar Dates").

G. Exclusivity

Throughout the Chapter 11 Cases, the Debtors have received extensions of the time periods in which they have the exclusive right to file a chapter 11 plan (the "Exclusive Filing Period") and solicit acceptances of such filed plan (the "Exclusive Solicitation Period"). The Debtors' Exclusive Filing Period and Exclusive Solicitation Period are currently extended through December 30, 2015 and February 24, 2016, respectively. On December 23, 2015, the Debtors filed a motion to further extend the Exclusive Filing Period and the Exclusive Solicitation Period through March 9, 2016 and May 4, 2016, respectively [D.I. 2610], which motion is currently pending before the Bankruptcy Court. Pursuant to the Local Rules, the filing of such motion served to extend the Exclusive Filing Period and the Exclusive Solicitation Period. On February 16, 2016 the Committee filed an objection to such motion.

H. Sale of Substantially All of the Debtors' Assets to C&S

On September 9, 2014, the Debtors filed a motion for authority to sell substantially all of the Debtors' assets to C&S pursuant to the terms of the Stalking Horse APA or to the highest and best bidder for the Debtors' assets at auction [D.I. 18] (the "Sale Motion"). On the same date, the Debtors also filed a motion for an order approving the Debtors' proposed bid procedures, which contemplated the use of the Stalking Horse APA as a stalking horse bid [D.I. 19] (the "Bid Procedures Motion").

(a) The Stalking Horse APA

The purchase price set forth in the Stalking Horse APA contemplated a minimum purchase price equal to either the outstanding amounts owed under the Pre-Petition Credit Facility and the DIP Credit Agreement or \$152,110,000, whichever was lower, plus certain additional amounts that took into account, among other things, outstanding letters of credit as of the closing date, the amount owed to LMM as of the closing date and the amount of wages accrued for the Debtors' employees during a specified time period.

If C&S was not the successful bidder at auction, the Stalking Horse APA further provided that C&S would be paid a total fee equal to \$5,103,600 (the "Break-Up Fee") and an expense reimbursement of up to \$1,500,000.

(b) The Court-Approved Bid Procedures

By Order entered October 3, 2014 [D.I. 271] (the "Bid Procedures Order"), the Bankruptcy Court approved the Debtors' proposed bid procedures, which, among other things, contemplated the use of the Stalking Horse APA as the stalking horse bid, scheduled an auction for October 24, 2014, and scheduled a sale hearing for October 29, 2014. Notably, the Bid Procedures Order reduced the amount of the approved Break-Up-Fee to \$3,750,000 and further limited C&S's option to terminate the Stalking Horse APA in certain circumstances.

(c) The Auction

Following the entry of the Bid Procedures Order, the Debtors received a qualified bid for the Debtors' assets from Supervalu Inc. ("Supervalu"). The auction, which was held on October 24 and 25, 2014, involved twenty-three rounds of competitive bidding and concluded with C&S's final bid, in the aggregate amount of more than \$288 million. Supervalu's final bid, in the amount of \$284 million, served as the back-up bid.

In addition to the increase in purchase price, certain assets originally included in the Stalking Horse APA removed from the sale so as to remain with the Debtors' Estates, including the assets of Co-Op and two parcels of real estate. The exclusion of these assets permitted the Debtors to market and sell these assets separately, as described below, and further enhanced value for the benefit of the Debtors' estates.

(d) The C&S Asset Purchase Agreement

Following the auction, each of the Debtors other than Co-Op and WR Puerto Rico (together, the “Sellers”) and C&S entered into an amended asset purchase agreement dated as of October 25, 2014 (the “C&S APA”). Assets excluded from the C&S Sale (“Excluded Assets”) included, without limitation, assets conveyed in the ordinary course of business, all rights and interests in connection with any Employee Benefit Plan (as defined in the C&S APA), shares of capital stock or other equity interests in any Seller, the Debtors’ interest in certain insurance policies, all contracts that were not Assigned Contracts and all avoidance actions (subject to the conditions noted below).

With respect to avoidance actions, the C&S APA prohibited the Sellers from pursuing any avoidance actions prior to closing. Thereafter, following the closing, the C&S APA provides for the Sellers’ release of avoidance actions against each and every (a) supplier of inventory that supplied inventory to C&S during the six month period after the closing, and (b) customer that purchased any goods or services from C&S during the six month period after the closing.

The C&S APA also established a process for the assumption and assignment of Assigned Contracts. In particular, recognizing the possibility that additional executory contracts and unexpired leases could be discovered subsequent to closing, as well as the fact that additional time was needed to locate complete versions of certain executory contracts and unexpired leases, this process permitted C&S to prepare supplemental designations of executory contracts and unexpired leases that it intended to treat as Assigned Contracts (the “Incomplete/Omitted Contract Procedures”).

(e) Objections to the Sale/Sale Hearing

Excluding objections based on the Debtors’ proposed cure amounts for Assigned Contracts, the Debtors received 41 objections to the C&S Sale, all of which were resolved at, or prior to, the sale hearing. As such, by order dated October 29, 2014 [D.I. 614] (the “October 29, 2014 Order”), the Bankruptcy Court approved the C&S Sale pursuant to the terms of the C&S APA.

The objections filed to the C&S Sale can be broken into several groups. First, certain objections related to the proposed sale of accounts receivable free and clear of setoff and recoupment rights. These objections were resolved by the inclusion of clarifying language in the October 29, 2014 Order, which provides that setoff rights are preserved against the Debtors and their Estates and will attach to the proceeds of the sale, provided, however, that recoupment rights against C&S were preserved.

Second, other objections asserted that the Debtors were holding cash that either did not belong to the Debtors or that was subject to a constructive trust, and thus such cash could not be transferred in connection with the sale. These objections were addressed by language providing that the C&S Sale did not include any transfers of cash.

Third, several parties objected to the C&S Sale by asserting that the Debtors were holding property owned by them (and not by the Estates). These issues were resolved through language in the October 29, 2014 Order providing that such property would not be transferred to C&S unless determined to be property of the Debtors' estates.

Finally, the objection filed by the Local 11 Pension Fund was withdrawn, to be resolved through the claim process.

As noted above, there were several objections that were limited to disputes regarding the Debtors' proposed cure amounts for Assigned Contracts. To the extent these objections were not resolved prior to the sale hearing on October 29, 2014, they were continued to later hearing dates and resolved by subsequent Bankruptcy Court Orders. In this regard, in connection with the assumption and assignment of the Assigned Contracts, the Bankruptcy Court entered several supplemental orders to approve the assumption and assignment of Assigned Contracts to C&S [D.I. 702, 1005, 1199, 1204] (the "Supplemental Sale Orders", and together with the October 29, 2014 Order, the "C&S Sale Order").

(f) Sale Closing/Purchase Price Allocation

The Sale to C&S closed on November 12, 2014 (the "Closing"). Upon Closing, C&S paid \$152,739,122 to BOA: (a) in full satisfaction of the Pre-Petition and DIP Facilities (which represented \$146,610,000 of the C&S payment), (b) to collateralize certain letters of credit (which represented \$5,929,122 of the C&S payment) and (c) to fund an indemnity account pursuant to the Final DIP Order (which represented \$200,000 of the C&S payment). C&S further delivered cash at closing in the amount of \$77,861,113.73, of which \$74,725,119.00 was paid to the Debtors following the payment of, *inter alia*, real estate taxes, municipal utilities, title charges and fees. C&S also paid \$2,458,397 to Fulton Bank to collateralize certain letters of credit issued by the bank.

The Debtors, in consultation with the Creditors' Committee, considered various methodologies by which to allocate the sale proceeds received from the C&S Sale. The approach ultimately agreed to by the Debtors and the Creditors' Committee utilizes a two tiered approach, with Tier 1 based upon the book value of the assets subject to the C&S sale and Tier 2 based upon an allocation of the residual amount in excess of book value, using EBITDA.

(g) Debtors' Name Changes

Following the Closing, and in accordance with the C&S APA, the Sellers changed their names as follows:

| Former Debtor Names | New Debtor Names |
|------------------------------|-----------------------|
| AWI Delaware, Inc. | ADI Liquidation, Inc. |
| Associated Wholesalers, Inc. | AW Liquidation, Inc. |
| Nell's, Inc. | NK Liquidation, Inc. |
| Associated Logistics, Inc. | AL Liquidation, Inc. |
| White Rose Inc. | WR Liquidation, Inc. |
| Rose Trucking Corp. | RT Liquidation Corp. |

| | |
|---------------------|---------------------------|
| WR Service Corp. | WRSC Liquidation Corp. |
| WR Service II Corp. | WRSC II Liquidation Corp. |
| WR Service V Corp. | WRSC V Liquidation Corp. |

I. Matters Relating to Unexpired Leases and Executory Contracts

Pursuant to the C&S APA, certain of the Debtors' executory contracts and unexpired leases were assumed and assigned to C&S. These Assigned Contracts were listed on exhibits to the Supplemental Sale Orders, which were entered on November 7, 2014, November 25, 2014, December 16, 2014 and December 17, 2014.

By Orders dated November 25, 2014 [D.I. 1004], December 16, 2014 [D.I. 1198], January 26, 2015 [D.I. 1442], May 26, 2015 [D.I. 2120], November 19, 2015 [D.I. 2532, 2533], December 9, 2015 [D.I. 2573] and January 20, 2016 [D.I. 2661], the Bankruptcy Court granted the Debtors' motions to reject a number of executory contracts and unexpired leases that were not assumed and assigned to C&S and that were no longer needed by the Debtors in connection with their remaining operations.

J. Post-Closing Disputes with C&S

Following the Closing, a number of disputes arose between the Debtors and C&S (the "Post-Closing Disputes"), the majority of which materially impact the Debtors' resolution of various Claims and the administration of the Debtors' estates.

In an attempt to address certain of these disputes, on January 29, 2015, the Debtors and the Committee filed the *Joint Motion of the Official Committee of Unsecured Creditors and the Debtors for an Order Pursuant to Bankruptcy Code Sections 105, 363, 541 and 558 (I) Clarifying Certain of the Parties' Rights (A) Under the Sale Order and Related Asset Purchase Agreement, and (B) with Respect to Recoupment and Setoff, and (II) Authorizing the Debtors to Setoff Trade Credits and Vendor Overpayments First Against the Administrative or Secured Portion of Creditors' Claims* [D.I. 1489] (the "Post-Closing Disputes Motion").

Pursuant to the Post-Closing Disputes Motion, the Debtors and Committee sought clarification that the Debtors retained all rights to (i) overpayments that the Debtors made to Vendors (the "Vendor Overpayments"), (ii) various promotions, volume discounts, advertising and warehousing allowances, rebates or similar refunds under vendor supply or other agreements (the "Trade Credits") and/or (iii) other amounts owed to the Debtors (the "Other Amounts," and together with the Vendor Overpayments and Trade Credits, the "Credits") arising under unassigned vendor supply agreements or relating to excluded liabilities under the C&S APA. The Post-Closing Disputes Motion also sought confirmation that, in reconciling and resolving various claims asserted against their Estates, the Debtors could apply Credits first against administrative and/or section 503(b)(9) claims, in their discretion.

The Post-Closing Disputes Motion has been continued while the Debtors, the Committee and C&S worked to resolve their various disputes. Moreover, certain of the relief requested in the Post-Closing Disputes Motion was subsequently addressed by the Court through a separate motion, as discussed below,

The Post-Closing Disputes can be broken down into several categories, including the following:

(a) Excluded Asset Disputes

Among the Post-Closing Disputes between the Debtors and C&S are disputes relating to whether certain assets are Excluded Assets under the C&S APA. These assets and disputes include the following:

Credits. The parties disagree as to whether Vendor Overpayments and certain Trade Credits are acquired assets under the C&S APA. The Debtors estimate that the amount at issue regarding this dispute is approximately \$30 million in the aggregate, exclusive of pre-petition Vendor Overpayments.

Cigarette Refunds. The parties disagree as to the ownership of certain cigarette stamp tax refunds in the amount of approximately \$568,000.

Interest in ROFDA. The parties disagree as to the ownership of the Debtors' interest in Retailer Owned Food Distributors & Associates, Inc. ("ROFDA"), a cooperative formed to facilitate and enhance the success of independent retail grocers (valued at approximately \$13,775 as of August 31, 2014) and any patronage payments due to AWI under ROFDA's bylaws (valued at approximately \$178,723 as of August 31, 2014).

Utility Deposits. C&S disputes the Debtors' ownership of certain security deposits that WR maintained in connection with certain equipment leases. The value of the remaining deposits held by C&S is approximately \$34,000.

EZ Pass Deposits. As of the Closing, the Debtors maintained certain EZ Pass accounts with unused balances of approximately \$48,000. The Debtors believe that these balances are Excluded Assets under the C&S APA.

(b) Working Capital Disputes

The C&S APA provided that, prior to Closing, the Debtors and C&S would cooperate to determine the amount of the Debtors' "working capital." The C&S APA further provided a mechanism for the parties to resolve disputes relating to the calculation of working capital.

C&S asserts that the Debtors' calculation of working capital overstated inventory by approximately \$12 million, including \$5 million of inventory that C&S alleges was double counted. The Debtors disagree. The Debtors also assert that C&S waived its right to challenge the Debtors' working capital calculation by failing to timely raise an objection to the working capital calculation presented by the Debtors.

(c) C&S's Administrative Expense Claims

On February 9, 2015, C&S filed *C&S Wholesale Grocers, Inc.'s Amended Motion for Allowance and Payment of an Administrative Expense Claim* [D.I. 1578] (the "C&S Admin Claim Motion"). Pursuant to the C&S Admin Claim Motion, C&S asserted the following as

administrative expense claims: (i) \$52,268.78 on account of goods that C&S allegedly shipped directly to the Debtors' customers following the Petition Date and prior to the Closing; (ii) \$242,384.65 for amounts allegedly owed to customers for coupons for which the Debtors allegedly failed to remit payment; and (iii) \$1,026,445 and \$187,182 for claims purchased from Associated Food Stores, LLC and Fairway Group Central Services, LLC, respectively.

The C&S Admin Claim Motion also reserves the right to assert additional claims and related damages arising out of any applicable theory of law or equity. The Debtors dispute that any such claims exist or should be allowed.

(d) C&S's Pre-Closing DIP Facility Actions

In addition to the disputes described above, the Creditors' Committee also asserted claims against C&S for damages of not less than \$5.5 million. In particular, the Committee asserted that, on the eve of Closing, C&S unilaterally and improperly negotiated a side deal with BOA to reduce the Debtors' availability under the DIP Facility by \$5.5 million. This in turn effectively reduced the purchase price under the C&S APA and prevented the Debtors from obtaining \$5.5 million, which would otherwise have been available to pay claims asserted against the Debtors' Estates or purchase inventory. The Creditors' Committee and the Debtors assert that this conduct gives rise to claims against C&S for unjust enrichment, breach of contract and breach of the implied covenant of good faith and fair dealing.

K. The C&S Settlement Agreement

Since February, 2015, the Debtors, the Creditors' Committee and C&S have engaged in substantial and prolonged negotiations in an effort to resolve the Post-Closing Disputes. The Debtors and C&S exchanged position papers and supporting documents for their respective positions and held several meetings in an effort to reach a resolution.

In full and final settlement of the Post-Closing Disputes, the Debtors, the Committee and C&S have negotiated the terms of a settlement agreement (the "C&S Settlement Agreement"), the terms of which will be incorporated into the Plan, and a copy of which is attached to the Plan as Exhibit "A."

Pursuant to the C&S Settlement Agreement:

[REDACTED]

[REDACTED]

[REDACTED]

L. Resolution of Claims

(a) The Application of Credits/The Joint Offset Motion

As noted above, among the Post-Closing Disputes is a dispute between the Debtors, the Creditors' Committee and C&S as to whether, and to what extent, the Debtors own, and are entitled to apply, the Credits. In addition, the Debtors, C&S and certain other Vendors disputed whether the Debtors could exercise their discretion in applying Credits to first reduce the secured or administrative portion of Vendor Claims before applying such Credits to the general unsecured portions of such Claims.

On February 20, 2015, the Court entered an *Order Pursuant to Sections 105(a) and 503 of the Bankruptcy Code and Bankruptcy Rules 3002 and 3003, Approving Procedures Governing the Treatment of Claims Arising under 503(b)(9) of the Bankruptcy Code* [D.I. 1781] (the "503(b)(9) Procedures Order"). The 503(b)(9) Procedures Order required the Debtors and the Creditors' Committee to file a motion for authority to utilize the Credits to reduce Section 503(b)(9) Claims, setoff claims or other Claims of claimants, in the Debtors' discretion.

In accordance with the 503(b)(9) Procedures Order, on February 27, 2015, the Debtors and the Creditors' Committee filed the *Joint Motion of the Debtors and the Official Committee of Unsecured Creditors for Entry of an Order (I) Authorizing the Debtors to Offset Trade Credits, Vendor Overpayments and/or Any Other Amounts Owed to the Debtors First Against the Administrative or Secured Portion of Creditors' Claims; and (II) Disallowing Claims for Post-Petition Interest in Connection with Claims Asserted Under 11 U.S.C. §503(b)(9)* [D.I. 1821] (the "Joint Offset Motion"), pursuant to which the Debtors and the Creditors' Committee sought authority from the Bankruptcy Court to apply, at their election, the Credits to reduce Section 503(b)(9) Claims, setoff Claims, and/or general unsecured Claims. In addition, the Joint Offset Motion sought a determination as to whether claimants holding Section 503(b)(9) Claims could properly assert claims for post-petition interest in connection with their Section 503(b)(9) Claims.

On May 20, 2015, the Bankruptcy Court entered the *Order Authorizing the Debtors to Offset Trade Credits, Vendor Overpayments and/or Any Other Amounts Owed to the Debtors First Against the Administrative or Secured Portion of Creditors' Claims; and (II) Disallowing Claims for Post-Petition Interest in Connection with Claims Asserted under 11 U.S.C. § 503(b)(9)* [D.I. 2098] (the "May 20, 2015 Order"), a copy of which is attached hereto as Exhibit "C." In the May 20, 2015 Order, the Court ruled, *inter alia*, that, to the extent the Debtors have a valid right of setoff and/or recoupment, and to the extent the Debtors own the Credits, the Debtors are authorized, in their sole discretion, to setoff or recoup any valid Credits to reduce secured Claims, Section 503(b)(9) Claims, other Administrative Claims and/or General Unsecured Claims. The May 20, 2015 Order further precluded Claimants from setting off or recouping such Credits in a manner inconsistent with the Debtors' exercise of setoff or recoupment.

Lastly, the Court ruled that claimants holding Section 503(b)(9) Claims would not be entitled to post-petition interest in connection with their Section 503(b)(9) Claims.

(b) Section 503(b)(9) Claims

Numerous Vendors have asserted Section 503(b)(9) Claims against the Debtors by filing a Proof of Claim, and/or a motion for the payment of such Claim. Given the number of Section 503(b)(9) Claim allowance motions filed against the Debtors' Estates, as well as the Debtors' need to resolve ownership disputes with C&S before resolving such Claims, the Bankruptcy Court agreed on February 9, 2015 to adjourn indefinitely the hearings on the various pending 503(b)(9) motions while the Debtors worked to resolve their disputes with C&S [D.I. 1580]. The Bankruptcy Court further required the Debtors and the Committee, in consultation with all parties in interest, to develop procedures governing the timing and process for reconciling and paying Section 503(b)(9) Claims, and to establish a briefing schedule for any common unresolved legal issues with respect to such Claims.

Consistent with the Bankruptcy Court's directive, the Debtors and the Committee, in consultation with all parties in interest, prepared such procedures, and on February 23, 2015, the Bankruptcy Court entered the 503(b)(9) Procedures Order, which approved the *Procedures Governing the Treatment of Motions Asserting Claims Arising Under Section 503(b)(9) of the Bankruptcy Code and Requests for Expedited Consideration of 503(b)(9) Claims* (the "503(b)(9) Procedures"). To date, of the approximately 330 Section 503(b)(9) Claims asserted against the Debtors' Estates, approximately 145 such claims are being addressed in accordance with the 503(b)(9) Procedures. The Debtors have also reconciled the remaining Section 503(b)(9) Claims that are not subject to the 503(b)(9) Procedures, and are currently working to resolve any disputes relating to such Claims.

(c) PACA Claims

As of the Petition Date, certain of the Debtors' creditors asserted claims under the Perishable Agricultural Commodities Act of 1930, as amended, 7 U.S.C. §§ 499a, *et seq.* ("PACA"). PACA protects sellers of "perishable agricultural commodities" – by, among other things, establishing a statutory constructive trust for the benefit of PACA Claimants that includes proceeds from the sale of the commodities.

The Debtors estimated that as of the Petition Date, PACA Claimants held up to \$2.9 million in unpaid claims (collectively, the "PACA Claims"). Accordingly, at the outset of the Chapter 11 Cases, the Debtors filed the *Motion of the Debtors for the Entry of an Order: (I) Authorizing the Payment of Prepetition Claims Asserted Under the Perishable Agricultural Commodities Act; and (II) Granting Related Relief* [D.I. 14] (the "PACA Payment Motion"), pursuant to which the Debtors requested authority to pay valid, pre-petition PACA Claims in the ordinary course of business. On September 10, 2014, the Bankruptcy Court entered an order approving the PACA Payment Motion and authorizing the Debtors to pay pre-Petition Date Allowed PACA Claims in an aggregate amount not to exceed \$2.9 million [D.I. 56] (the "PACA Order").

Consistent with the PACA Order, from the Petition Date through November 26, 2014, the Debtors reconciled and paid approximately \$1.7 million to suppliers on account of Allowed PACA Claims. Thereafter, on November 26, 2014, the Debtors' filed the *Motion of Debtors for Entry of an Order Pursuant to 11 U.S.C. § 105(a) for Establishment of Certain Procedures for*

the Resolution of Remaining Claims Asserted Pursuant to the Perishable Agricultural Commodities Act [D.I. 1043] (the “PACA Procedures Motion”), which sought authority to implement certain procedures for the final resolution of any and all remaining PACA Claims. The Bankruptcy Court entered an Order granting the PACA Procedures Motion on December 17, 2014 [D.I. 1210] (the “PACA Procedures Order”). Among other things, the PACA Procedures Order established the PACA Bar Date and set deadlines for the Debtors to object to disputed PACA Claims.

Consistent with the approved PACA Procedures, on February 23, 2015 the Debtors filed the *Debtors’ Report with Respect to Remaining Claims Asserted Pursuant to the Perishable Agricultural Commodities Act* [D.I. 1788]. The report noted that one PACA Claim was challenged by the Debtors as invalid. This disputed Claim was ultimately resolved pursuant to a Court-approved settlement stipulation. [D.I. 2115].

On March 24, 2015, the Debtors filed the *Debtors’ Supplemental Report with Respect to Remaining Claims Asserted Pursuant to the Perishable Agricultural Commodities Act* [D.I. 1908]. As set forth therein, all remaining PACA Claims were determined to be valid, in either in the amounts requested or in reduced amounts, and would be paid in accordance with the PACA Payment Motion and PACA Procedures Order. The Debtors ultimately paid such PACA Claims and believe that no valid PACA Claims remain unpaid.

(d) Pension-Related Claims

Multi-Employer Plan Withdrawal Liability Claims: As indicated above, the Debtors are parties to several multi-employer pension plans, certain of which have asserted withdrawal liability claims in these Chapter 11 Cases.

On February 6, 2015, the Local 11 Pension Fund (the “Fund”) filed a *Request for Payment of Administrative Expense Claim of the Local 11 Pension Fund Pursuant to 11 U.S.C. § 503(b)(2) and 1113(f)* [D.I. 1551]. The Fund is a multiemployer employee benefit plan, as defined under the Employee Retirement Income Security Act of 1974 (“ERISA”). Following the Closing, the Debtors withdrew from the Fund, thereby allegedly giving rise to withdrawal liability under ERISA. The Fund asserts that this withdrawal liability is \$13,104,216, and also seeks liquidated damages in the amount of \$2,620,843.30. The Fund asserts that each of the Debtors is a member of a “controlled group” and thus could be treated as a single employer. As a result, the Fund has asserted its claim against each Debtor. The Fund also asserts that its claim is entitled to administrative expense priority under section 503(b) of the Bankruptcy Code. The Debtors have filed an objection to Funds administrative expense claim.

The Teamsters Local 641 Pension Plan, the Local 805 Pension and Retirement Plan and the Central Pennsylvania Teamsters Fund Defined Benefit Plan also have filed claims asserting alleged withdrawal liability. The aggregate amount of these claims is approximately \$50 million.

The SPA Escrow: As noted above, in June 2006, AWI acquired the stock of Di Giorgio Corporation pursuant to a Stock Purchase Agreement (the “SPA”) and changed its name to White Rose, Inc. Di Giorgio was the plan sponsor for the Di Giorgio Defined Benefit

Retirement Plan (as subsequently amended) (the “WR Pension Plan”). The WR Pension Plan was frozen prior to the Petition Date.

The WR Pension Plan provides for an administrative committee and an investment committee. Richard B. Neff and Emil Solomine allege that they are members of the investment committee and that the investment committee has certain rights and obligations regarding the administration of the WR Pension Plan. The Investment Committee has filed two contingent and unliquidated Claims against AWI and WR asserting, on its own behalf and on behalf of the beneficiaries of the WR Pension Plan, Claims arising in connection with the WR Pension Plan and the SPA Escrow (as defined below). The Investment Committee has also filed a motion for allowance of an Administrative Claim for its attorneys’ fees and costs. The Debtors anticipate that they will contest the allowance of such Claim.

WR and AWI are parties to certain agreements relating to the WR Pension Plan, including a Frozen DGC Retirement Plan Agreement dated as of December 7, 2011 with Rose-WR Partners, LP, Richard B. Neff and Steven R. Bokser (the “Frozen Plan Agreement”). The Frozen Plan Agreement references a so-called “SPA Escrow,” which was established by the SPA for the resolution of post-closing purchase price adjustments and indemnification claims.

The Frozen Plan Agreement provides that the funds in the SPA Escrow are to be held in a custodial account, and that such funds may be disbursed as contributions to the WR Pension Plan or used to reimburse AWI and/or WR for expenses incurred in connection with the administration of the WR Pension Plan and for their contributions to the WR Pension Plan (a) in advance of a termination of the WR Pension Plan in order to avoid “at risk” status or otherwise to maintain compliance with ERISA and other applicable laws, or (b) in connection with termination of the WR Pension Plan, in order to reduce or eliminate any funding shortfall to satisfy termination liabilities. The Custodial Account is held by Bank of America Merrill Lynch and is in the name of AW Liquidation, Inc. Other than as provided in the Pre-Petition Credit Facility and the DIP Credit Agreement, it is the Debtors belief that, there are no restrictions on the Debtors’ use of the funds contained in the Custodial Account. The Frozen Plan Agreement also contains provisions that provide for excess funds remaining in the SPA Escrow to be paid to former shareholders of WR under certain circumstances that include the termination of the WR Pension Plan, the satisfaction of all plan liabilities and obligations and the issuance of an IRS determination letter approving the termination. Richard B. Neff, Stephen R. Bokser and Rose-WR Partners, LP (together, the “Rose Parties”) thus claim to hold reversionary ownership interests in the SPA Escrow in the event any portion of such escrow is not used for its prescribed purposes.

As of December 31, 2015, the SPA Escrow contained approximately \$7.9 million in cash or cash equivalents.

PBGC Notice of Determination and Claims against the Debtors: On October 23, 2014, the PBGC issued a Notice of Determination (the “NOD”), stating that it had determined that the WR Pension Plan should be terminated by means of an involuntary termination. The NOD also set forth the PBGC’s intent to proceed with the termination of the WR Pension Plan, the appointment of the PBGC as the WR Pension Plan’s statutory trustee, and the establishment of October 27, 2014 as the WR Pension Plan’s termination date. The PBGC requested that WR

consent to such relief without the need for formal judicial proceedings by signing a plan termination agreement.

Separately, the PBGC has filed certain Claims against each of the Debtors, including: (i) a Claim in the estimated amount of \$30,332,982 on account of the alleged underfunding of the WR Pension Plan; (ii) a Claim in the estimated amount of \$3,170,388 on account of contributions alleged to be owed to the WR Pension Plan; and (iii) a Claim in the estimated amount of \$5,257,500 on account of asserted termination premiums (collectively, the “PBGC Claims”). The Debtors dispute the asserted amounts, validity and/or priority of some or all of the PBGC Claims but agree that a termination of the WR Pension Plan is appropriate, and that a standard termination is not feasible.

As such, on January 28, 2015, the Debtors, the PBGC and the Committee entered into a stipulation that establishes a process for the termination of the WR Pension Plan (the “PBGC Stipulation”). The PBGC Stipulation further provides, in part (i) that the Debtors may, in their discretion, cause funds to be contributed to the WR Pension Plan from the SPA Escrow to the extent authorized by further order of the Court, (ii) for a ninety-day standstill period during which the Debtors, the PBGC and the Committee will not commence litigation regarding the disposition of the PBGC Claims or the disposition of the Custodial Account. In addition, the PBGC Stipulation preserves all rights with respect to the parties’ disputes concerning the NOD and the PBGC Claims.

On January 29, 2016, the Debtors filed a motion to approve the PBGC Stipulation [D.I. 2680] (the “PBGC Settlement Motion”). The Rose Parties and the Investment Committee have both objected to the PBGC Settlement Motion, which is set for hearing on February 23, 2015.

M. Significant Vendor Claims

(a) Associated Supermarket Group, LLC (f/k/a Associated Food Stores, LLC)

In 2013, AWI, WR and Associated Supermarket Group, LLC (f/k/a Associated Food Stores, LLC) (“ASG”) entered into an Amended and Restated Supply Agreement (the “ASG Supply Agreement”), pursuant to which the Debtors provided various grocery products to ASG’s network of retail grocery store customers. In addition, on December 4, 2013, AWI, White Rose and ASG entered into a Transfer Agreement in connection with the conveyance of the retail grocery distribution business and certain retail grocery business banners (the “Transfer Agreement”) and a Transition Services Agreement which provided for certain revenue sharing and the provisions of certain support services by WR, for a prescribed period of time. The Debtors are investigating whether sufficient consideration was received in connection with these transactions and whether the Debtors may have certain affirmative claims against ASG and its affiliates based on fraudulent conveyance or other legal theories.

On December 10, 2014, ASG submitted a setoff notice (the “ASG Setoff Notice”) in accordance with the procedures set forth in the C&S Sale Order, asserting a setoff Claim against one or more of the Debtors’ Estates in the amount of not less than \$20,138,188.

On February 6, 2015, ASG filed the *Application of Associated Food Stores L.L.C. for Allowance and Payment of Administrative Expense Claim* [D.I. 1553] (the “ASG Admin. Claim”)

Motion”), asserting an Administrative Claim in the amount of \$3,102,466.95 against the Debtors’ Estates. The ASG Admin. Claim Motion was premised on the Debtors’ alleged failure to fulfill their obligations under the ASG Supply Agreement by, *inter alia*, failing to meet performance standards set forth in the ASG Supply Agreement for the delivery of grocery products and failing to remit various credits and rebates allegedly owed under the ASG Supply Agreement. ASG also sought to recover certain “profit sharing payments” that it claimed to be owed under the Transfer Agreement.

Following discovery and negotiations between the Debtors and ASG, the Debtors, ASG and the Creditors’ Committee entered into a stipulation (the “ASG Setoff Stipulation”) on October 23, 2015, pursuant to which ASG agreed to withdraw the ASG Setoff Notice. ASG further stipulated that it neither holds nor has any secured or other priority claim under the Bankruptcy Code with respect to any alleged setoff or Secured Claims. ASG also agreed to revise its pending Proofs of Claim to reflect the terms of the ASG Stipulation. All other rights with respect to the ASG’s pending Proofs of Claim and the ASG Admin Claim Motion were reserved. On October 26, 2015, the Bankruptcy Court entered an Order approving the ASG stipulation [D.I. 2457].

On December 22, 2015, the Debtors and ASG entered into a stipulation, (the “ASG Admin. Claim Stipulation”) pursuant to which the Debtors agreed to pay ASG \$190,000 in satisfaction of all Administrative Expense Claims asserted by ASG in the Chapter 11 Cases, including any Administrative Expense Claims asserted in the ASG Admin. Claim Motion and any Proofs of Claim filed by ASG. The Bankruptcy Court entered an Order approving the ASG Admin. Claim Stipulation on February 2, 2016 [D.I. 2681].

(b) Western Family Foods, Inc.

Prior to and following the Petition Date, WFFI served as a supplier of private label products to the Debtors. On November 25, 2014, WFFI filed a motion for allowance of a Section 503(b)(9) Claim [D.I. 1018], in the aggregate amount of \$4,597,180.42. In connection with the Debtors’ reconciliation of WFFI’s Section 503(b)(9) Claim, the Debtors asserted that WFFI’s Section 503(b)(9) Claim is subject to setoff be reduced by certain Credits. WFFI asserts that such Credits should be applied against its General Unsecured Claims.

On January 16, 2015, WFFI filed its *Motion of Western Family Foods, Inc. for Relief From the Automatic Stay in Order to Exercise Asserted Setoff Rights* [D.I. 1365] (the “WFFI Stay Relief Motion”), in which WFFI sought to set off pre-petition Credits owing to the Debtors against WFFI’s General Unsecured Claim. The Debtors and the Committee jointly objected to the WFFI Stay Relief Motion, arguing that such Credits may be used by the Debtors as a setoff against WFFI’s 503(b)(9) Claim.

The issues concerning the Debtors’ ability to offset Credits against section 503(b)(9) Claims were not unique to WFFI; accordingly, the Debtors sought to adjourn the hearings on WFFI’s motions. WFFI refused to adjourn its motions and threatened to exercise its setoff rights pursuant to section 362(e) of the Bankruptcy Code against its General Unsecured Claim if a substantive hearing did not go forward within 30 days. Faced with these threatened actions, on February 18, 2015, the Debtors notified WFFI that they were exercising their valid right of setoff

under Bankruptcy Code section 553 by offsetting Credits against WFFI's Section 503(b)(9) Claim (the "February Setoff").

Thereafter, despite the fact that, on February 23, 2015, the Bankruptcy Court entered the 503(b)(9) Procedures Order, WFFI, on February 26, 2015, filed the *Motion of Western Family Foods, Inc. under 11 U.S.C. 363(b) and (e) for Order Prohibiting Debtors' Attempted Exercise of Setoff Rights or Conditioning Use of Property as is Necessary to Provide Adequate Protection* [D.I. 1817] (the "WFFI Invalidation Motion"), in which it requested that the Court declare the February Setoff to be invalid. Both the Debtors and the Committee objected to the WFFI Invalidation Motion.

On May 6, 2015, the Bankruptcy Court issued a Memorandum Order [D.I. 2057], denying the WFFI Stay Relief Motion and the WFFI Invalidation Motion and ruling that the Debtors' rights to setoff Credits against WFFI's Section 503(b)(9) Claims takes precedence over WFFI's right to offset such amounts against its General Unsecured Claims.

(c) **Pepsi/Frito Claims**

On October 9, 2014, Pepsi-Cola Advertising and Marketing, Inc. ("Pepsi") and Frito-Lay North America, Inc. ("Frito") filed a joint motion requesting an Order determining that Pepsi and Frito may undertake collection efforts against non-debtors without obtaining relief from the automatic stay, or, alternatively, modifying the automatic stay to permit such collection efforts [D.I. 295] (the "Pepsi Motion"). In the Pepsi Motion, Pepsi and Frito argued that they contracted directly with certain non-debtor grocery stores, referred to as the "ShurSave Supermarkets," to provide products to such stores, and directly invoiced the stores for the products delivered. Pepsi and Frito asserted that they hold claims against the stores for outstanding amounts owed, which are not subject to the automatic stay.

The Debtors filed an objection to the Pepsi Motion on October 31, 2014 [D.I. 624]. The Creditors' Committee joined the Debtors' objection [D.I. 625]. The Debtors dispute the underlying factual assertions in the Pepsi Motion on the grounds that neither Pepsi nor Frito have any direct contractual relationship with the ShurSave Supermarkets and that all of the contractual arrangements with Pepsi and Frito are with the Debtors. The Debtors assert that any payments owed to Pepsi and Frito with respect thereto is a Claim owed by the Debtors only. Furthermore, the Debtors believe that any payments owed by the ShurSave Supermarkets for products delivered by Pepsi or Frito are accounts receivable of the Debtors and that, as such, any efforts by Pepsi and/or Frito to collect such receivables is a direct violation of the automatic stay. The Debtors and Pepsi have exchanged written discovery regarding the Pepsi Motion; an evidentiary hearing with respect thereto has not yet been scheduled.

On February 6, 2015, Pepsi filed the *Motion of Pepsi-Cola Advertising and Marketing, Inc., and Its Affiliates for Allowance and Payment of Administrative Expense Claim* [D.I. 1548], pursuant to which Pepsi seeks the allowance and payment of an Administrative Expense claim in the amount of \$646,842.34, of which \$148,628.63 was asserted as a Section 503(b)(9) Claim. It also filed the *Motion of Frito-Lay North America, Inc. for Allowance and Payment of Administrative Expense Claim* [D.I. 1550], pursuant to which it seeks allowance and payment of

an Administrative Expense Claim in the amount of \$1,437,410.56, of \$117,040.21 was asserted as a Section 503(b)(9) Claim. Both motions are currently pending before the Bankruptcy Court.

(d) McKesson Corp.

Prior to the Petition Date, McKesson Corp. (“McKesson”) and AWI were parties to a supply agreement whereby McKesson supplied prescription drugs and other health and beauty products to participating pharmacies. Goods were delivered directly by McKesson to the participating pharmacies, and amounts due to McKesson were centrally billed through AWI.

On October 21, 2014, McKesson filed *McKesson Corporation’s Application for Allowance of Administrative Claim and Proof of Setoff Right*, asserting an administrative claim in the amount of \$748,076.18 for products delivered by McKesson to the participating pharmacies pre-petition, for which the Debtors were paid by the participating pharmacies post-petition [D.I. 1554] (the “McKesson Admin Claim Motion”). The Debtors dispute McKesson’s entitlement to an Administrative Claim and filed a preliminary objection to the McKesson Admin Claim Motion on August 26, 2015 [D.I. 2327].

A threshold issue underlying the McKesson Admin Claim Motion is whether McKesson can stand in the shoes of the participating pharmacies, which **have** asserted Administrative Claims against the Debtors for the Debtors’ alleged failure to remit their payments to McKesson. It is the Debtors position that by taking an assignment of all claims of the participating pharmacies (which assignment included a release), McKesson released all of its claims against them. Thus, any potential claims that the participating pharmacies could have against the Debtors are null and void.

The Bankruptcy Court heard argument on this issue on September 17, 2015 and took the matter under advisement. Further discovery and litigation on the McKesson Admin Claim Motion is stayed pending the resolution of this issue. The Debtors also have objected to McKesson’s General Unsecured Claim in the approximate amount of \$27 million on the grounds that the Claim is substantially overrated and cannot properly be asserted against Debtors other than AWI. As of the date of this Disclosure Statement, this objection remains pending.

N. Pending Adversary Proceedings

(a) CRF Program Dispute

On or about September 22, 2014, Better Fruit Inc. and Prince Food Corp. (collectively, the “CRF Plaintiffs”) commenced an adversary proceeding (the “CRF Complaint”) against WR, BOA, Wells Fargo Bank, N.A., Santander Bank, N.A., City National Bank, Fulton Bank, Cathay Bank and C&S (collectively, excluding WR, the “CRF Bank Defendants”).

The CRF Plaintiffs were customers of WR and participated in the WR Customer Reserve Fund Program (the “CRF Program”). The CRF Program provided WR customers with a means of enhancing their credit standing with WR while also accumulating funds for purposes such as store acquisitions or product purchases. Under the terms of the CRF Program, upon a customer’s request, a charge of between 1% to 5% was added to the requesting customer’s invoices. This charge appeared as part of the total balance due on the invoice, and was included in the

customer's accounts receivable balance. WR was obligated to repay the surcharges upon demand, subject to certain conditions and/or rights of WR.

The CRF Plaintiffs assert that the CRF Program created a trust or fiduciary relationship such that funds paid into the CRF Program remained property of the customers and did not become property of WR's Estate. The CRF Plaintiffs seek the return of amounts they paid into the CRF Program as damages for an alleged violation of fiduciary duty, the imposition of a constructive trust, and/or a judgment for fraud. Better Fruit Inc. seeks to recover \$673,410 and Prince Food Corp. seeks to recover \$2,349,044 in connection with the pending action.

The Debtors dispute the contentions set forth in the CRF Complaint. The Debtors believe that the terms of the CRF Program clearly provide that WR is not acting in a fiduciary capacity under the CRF Program. Moreover, all funds paid by customers into the CRF Program were commingled in the Debtors' general operating account and applied to the Debtors' credit facility in the ordinary course of the Debtors' business.

The Debtors filed an answer denying the material allegations of the CRF Complaint on October 30, 2014. Thereafter, on November 24, 2014, the CRF Bank Defendants filed a motion to dismiss the CRF Complaint. The Debtors filed a motion for judgment on the pleadings on December 2, 2014. The CRF Plaintiffs opposed both the CRF Bank Defendants' motion and the Debtors' motion. The CRF Plaintiffs also filed a motion to amend their complaint, which was opposed by the CRF Defendants. The foregoing motions were briefed and argument was held on July 1, 2015. The Bankruptcy Court has taken these matters under advisement.

(b) Travelers Casualty and Surety Company of America

The Debtors maintained various surety bonds for the benefit of certain government entities for potential liability arising regarding, *inter alia*, cigarette tax stamps, workers' compensation insurance, the payment of tolls and claims arising out of a failure to pay freight charges under freight contracts (together, the "Bonds"). Travelers Casualty and Surety Company of America ("Travelers") issued such Bonds for the benefit of various state and federal governmental agencies on behalf of the Debtors.

Among the Bonds is a surety bond for the benefit of the Secretary of Transportation that RT was required to maintain in order to operate as a freight broker (the "Transportation Bond"). The Transportation Bond was in the amount of \$75,000, and was intended to be available to pay claims asserted against RT in the event that RT failed to pay certain freight charges.

Travelers' Request for Stay Relief. On October 17, 2014, Travelers filed the *Motion of Travelers Casualty and Surety Company of America for Relief from the Automatic Stay and for Adequate Protection* [D.I. 334], pursuant to which Travelers sought: (i) relief from the automatic stay to cancel the Bonds in the event the C&S Sale did not close; (ii) adequate protection with respect to the Transportation Bond; and (iii) a determination as to whether the federal statute governing the Transportation Bond applied in the context of a bankruptcy proceeding.

On November 3, 2014, the Debtors objected to the Travelers' Motion [D.I. 635] on the following grounds: (i) Travelers was adequately protected; (ii) Travelers' request was

procedurally improper; and (iii) Travelers' arguments were moot because the Debtors expected the Transportation Bond to be drawn in full to pay pre-petition Claims covered by the Bond. The Creditor's Committee joined in the Debtors' objection [D.I. 641].

On November 25, 2014, the Bankruptcy Court entered the *Order Granting, in Part, Motion of Travelers Casualty and Surety Company of America for Relief from the Automatic Stay* [D.I. 1003], pursuant to which the Bankruptcy Court granted Travelers relief from the automatic stay to cancel certain of the Bonds, including the Transportation Bond, and determined that certain provisions of the federal statute were not applicable to the Transportation Bond (the "Travelers Stay Relief Order").

Travelers Adversary Proceeding. On January 9, 2015, Travelers filed an adversary complaint for interpleader against RT and 134 bond claimants (the "Bond Claimants") that have asserted, or may assert, demands for payment under the Transportation Bond. Because it anticipates that claims asserted against the Transportation Bond will exceed the amount of the Bond, Travelers requested that the Bankruptcy Court enter an order of interpleader, directing Travelers to deposit the Transportation Bond proceeds into the registry of the Court for ultimate pro rata distribution to Bond Claimants, and discharging and releasing the Transportation Bond and Travelers from any further liability under the Bond. The Debtors filed an answer to the complaint on March 16, 2015. This adversary proceeding remains pending as of the date of this Disclosure Statement.

Travelers' Admin and 2004 Motions. On February 5, 2015, Travelers filed an *Application for Allowance and Payment of Claim as an Expense of Administration Pursuant to 11 U.S.C. § 503(b)* [D.I. 1528] (the "Travelers Admin Motion"), pursuant to which Travelers asserted a claim for any amounts that it would be owed in the event the Debtors failed to satisfy post-petition bond obligations. Travelers also filed the *Motion of Travelers Casualty and Surety Company of America for the Entry of an Order Authorizing the Examination of the Debtors Pursuant to Federal Rule of Bankruptcy Procedure 2004* [D.I. 1529] (the "Travelers 2004 Motion"), by which Travelers sought to compel the Debtors to appear for an examination relating to the Debtors' payment of obligations under the Bonds. The Debtors objected to both the Travelers Admin Motion and the Travelers 2004 Motion. Ultimately, Travelers agreed to withdraw the Travelers Admin Motion [D.I. 17] and the Travelers 2004 Motion [D.I. 2531], such withdrawals were filed with the Court on November 17, 2015 and November 19, 2015, respectively.

O. Liquidation of Miscellaneous and Other Assets

(a) Sale of Co-Op

Co-Op's exclusion from the C&S Sale enabled the Debtors to market and sell its assets, including its book of insurance business, to maximize value for their Estates. The Debtors marketed the Co-Op assets and engaged in discussions with several potential purchasers.

The Debtors contacted approximately twelve parties in the insurance brokerage industry to provide a general overview of the available assets. Five such parties executed non-disclosure agreements and two parties executed letters of intent. Ultimately, Strickler Insurance Agency,

Inc. (“Strickler”) was selected as having submitted the highest and best offer for Co-Op’s assets, with a purchase price of approximately \$246,000, and a possible upward purchase price adjustment. On October 9, 2015, the Bankruptcy Court entered the *Order Authorizing Debtors to Sell Substantially All Assets of Co-Op Agency, Inc., Free and Clear of All Interests* [D.I. 2412] (the “Co-Op Sale Order”). The Co-Op Sale Order approved the requested sale to Strickler in its entirety. Closing on the sale took place on October 22, 2015, and the cash consideration paid at closing was \$246,610.

(b) Sale of Pennsylvania Real Property

Two parcels of real property were treated as Excluded Assets under the C&S APA: (i) 4.16 acres of land located at 3025 Carlisle Road in Dover Township, Pennsylvania, which contained a vacant 41,000 square foot building (the “Dover Property”); and (ii) 5.52 acres of unimproved land located at the intersection of South Richland Avenue and Indian Rock Dam Road in Spring Garden Township, Pennsylvania (the “Spring Garden Property”).

Prior to the Debtors’ bankruptcy filing, AWI had been seeking to sell the Dover Property and the Spring Garden Property with the assistance of a series of real estate brokers. As of the Petition Date, the Debtors were parties to agreements of sale with respect to each of these properties, which ultimately failed to close.

The Debtors retained ROCK as their real estate broker to market the properties for sale. On January 18, 2015, the Debtors entered into agreements of sale with Spring Lane, LLC (“Spring Lane”) for the purchase of the properties. The purchase price obtained for the Dover Property was \$2.5 million and the purchase price obtained for the Spring Garden Property was \$2.58 million.

On April 7, 2015 the Debtors filed the *Motion of the Debtors, Pursuant to 11 U.S.C. §§ 150(a), 363(b) and 363(f), for Authority to Sell Real Property Pursuant to Sale Agreements, Free and Clear of Liens, Claims, Encumbrances and Interests* [D.I. 1953] (the “Real Estate Sale Motion”), seeking approval to sell the Dover Property and the Spring Garden Property to Spring Lane. On May 1, 2015, the Court entered the *Order Authorizing Debtors to Sell Real Property Pursuant to Sale Agreements, Free and Clear of Liens, Claims, Encumbrances and Interests* [D.I. 2038].

Closing on the sale of the Dover Property to Spring Lane occurred on November 20, 2015, resulting in net cash to the Debtors’ Estates of \$2,032,364.49. Closing on the sale of the Spring Lane Property to Spring Lane, occurred on January 5, 2016, resulting in net cash to the Debtors’ Estates of \$2,451,385.38.

(c) Recovery from Breach of Contract Action

Excluded from the sale of Co-Op’s assets were claims held by Co-Op against Richard Gercak (“Gercak”), a former Co-Op employee, and First National Insurance Agency, LLC (“FNIA”), Gercak’s new employer, relating to alleged violations of certain covenants contained in Gercak’s employment contract with Co-Op. On November 21, 2014, Gercak voluntarily terminated his relationship with Co-Op. Thereafter, Gercak commenced a business relationship with FNIA pursuant to which Gercak procured policies of insurance issued by FNIA.

On or about May 7, 2015, Co-Op instituted an action in the Pennsylvania Court of Common Pleas, Lebanon County, captioned Co-Op Agency, Inc. v. Richard Gercak, et al., Case No. 2015-818 (the “Lawsuit”), and filed a petition for preliminary or special injunction, seeking, *inter alia*, to bar Gercak from violating a restrictive covenant contained in his employment agreement with Co-Op. In addition to injunctive relief, Co-Op sought compensatory damages from both Gercak and FNIA.

Following negotiations, the parties reached a settlement, pursuant to which, among other things, FNIA agreed to pay to Co-Op the sum of \$35,000 and Gercak agreed to remain bound by the remaining terms of the covenant until November 21, 2016. The Bankruptcy Court entered an Order approving this settlement on February 11, 2016 [D.I. 2702].

VIII. THE CHAPTER 11 PLAN

A. Introduction

The following is a summary of certain terms and provisions of the Plan. This summary of the Plan is qualified in its entirety by reference to the full text of the Plan, which is attached to this Disclosure Statement as Exhibit “A.”

B. Classification of Claims and Interests against the Debtors

The following is a classification of Claims and Interests under the Plan. As provided by section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified under the Plan, and are instead treated as Unclassified Claims on the terms set forth in Article III of the Plan.

Classes of Claims against, and Interests in, the Debtors are as follows:

(a) Unclassified Claims (not entitled to vote on the Plan)

- o Administrative Claims against any of the Debtors.
- o Priority Tax Claims against any of the Debtors.

(b) Unimpaired Classes of Claims (deemed to have accepted the Plan and, therefore, not entitled to vote on the Plan)

- o Class 1A: Priority Non-Tax Claims against any of the AWI Debtors.
- o Class 1B: Priority Non-Tax Claims against any of the WR Debtors.
- o Class 1C: Priority Non-Tax Claims against Nells.
- o Class 2A: Secured Claims against any of the AWI Debtors.
- o Class 2B: Secured Claims against any of the WR Debtors.

- o Class 2C: Secured Claims against Nells.
- o Class 2A/Bank: Secured Bank Claims against any of the AWI Debtors.
- o Class 2B/Bank: Secured Bank Claims against any of the WR Debtors.
- o Class 2C/Bank: Secured Bank Claims against Nells.

(c) Impaired Classes of Claims (entitled to vote on the Plan)

- o Class 3A: General Unsecured Claims against any of the AWI Debtors.
- o Class 3B: General Unsecured Claims against any of the WR Debtors.
- o Class 3C: General Unsecured Claims against Nells.
- o Class 3AV: Vendor Claims against any of the AWI Debtors.
- o Class 3BV: Vendor Claims against any of the WR Debtors.
- o Class 3CV: Vendor Claims against Nells.
- o Class 4A: PBGC Unsecured Claims against any of the AWI Debtors.
- o Class 4B: PBGC Unsecured Claims against any of the WR Debtors.
- o Class 4C: PBGC Unsecured Claims against Nells.

(d) Impaired Classes of Interests (Classes 5A, 5B, 5C are deemed to reject and are not entitled to vote on the Plan)

- o Class 5A: Interests in any of the AWI Debtors.
- o Class 5B: Interests in any of the WR Debtors.
- o Class 5C: Interests in Nells

Priority Non-Tax Claims, Secured Claims and Secured Bank Claims are Unimpaired under the Plan and are therefore deemed to have accepted the Plan. Moreover, Holders of Claims in such Classes are not entitled to vote to accept or reject the Plan. All other classes of Claims are Impaired under the Plan. Classes 5A, 5B and 5C are deemed to reject the Plan and are not entitled to vote on the Plan. If a dispute arises as to whether any Claim, or any Class of Claims, is Impaired under the Plan, the Plan provides that the Bankruptcy Court shall, after notice and a hearing, determine such dispute.

C. Treatment of Claims against, and Interests in, the Debtors

The classes of Claims and Interests with respect to, and to the extent applicable for, each Debtor are treated under the Plan as follows:

(a) Unclassified Claims

o Administrative Claims and Professional Fee Claims

The Plan provides that, except as otherwise provided therein, and subject to the requirements set forth therein, on, or as soon as reasonably practicable after the later of (i) the Effective Date or (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, a Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Administrative Claim, (a) Cash from the AWI Debtors SAP Claims Reserve Account, the WR Debtors SAP Claims Reserve Account or the Nells SAP Claims Reserve Account, as applicable, equal to the amount of such Allowed Administrative Claim or (b) such other treatment as to which such Holder and the Debtors shall have agreed upon in writing.

The Plan provides that on or as soon as reasonably practicable after the later of (i) the Effective Date or (ii) the date a Professional Fee Claim becomes an Allowed Professional Fee Claim, a Holder of an Allowed Professional Fee Claim shall receive, in full satisfaction, settlement, release and discharge of such Allowed Professional Fee Claim, Cash from the Professional Fee Claims Reserve equal to the unpaid portion of the Allowed Professional Fee Claim.

o Priority Tax Claims

The Plan provides that, except to the extent that a Holder of an Allowed Priority Tax Claim has been paid prior to the Effective Date or agrees to a different treatment, each Holder of an Allowed Priority Tax Claim shall receive Cash from the applicable Debtor in an amount equal to such Allowed Priority Tax Claim on, or as soon as practicable after the later of (i) the Effective Date or (ii) the date such Claim becomes an Allowed Priority Tax Claim; provided, however that Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business.

(b) Unimpaired Claims

o Class 1A – Priority Non-Tax Claims against Any of the AWI Debtors

The Plan provides that, except to the extent that a Holder of an Allowed Priority Non-Tax Claim against any of the AWI Debtors has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as practicable after the later of the Effective Date or the date such Claim becomes an Allowed Priority Non-Tax Claim, the AWI Debtors shall pay, from the AWI Debtors SAP Claims Reserve Account, to each Holder of an Allowed Priority Non-Tax Claim, Cash in an amount equal to the Face Amount of such Allowed Priority Non-Tax Claim.

o Class 1B: Priority Non-Tax Claims against Any of the WR Debtors

The Plan provides that, except to the extent that a Holder of an Allowed Priority Non-Tax Claim against any of the WR Debtors has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as practicable after the later of the Effective Date or the date such Claim becomes an Allowed Priority Non-Tax Claim, the WR Debtors shall pay, from the WR Debtors SAP Claims Reserve Account, to each Holder of an Allowed Priority Non-Tax Claim, Cash in an amount equal to the Face Amount of such Allowed Priority Non-Tax Claim.

o Class 1C: Priority Non-Tax Claims against Nells

The Plan provides that, except to the extent that a Holder of an Allowed Priority Non-Tax Claim against Nells has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as practicable after the later of the Effective Date or the date such Claim becomes an Allowed Priority Non-Tax Claim, Nells shall pay, from the Nells SAP Claims Reserve Account, to each Holder of an Allowed Priority Non-Tax Claim, Cash in an amount equal to the Face Amount of such Allowed Priority Non-Tax Claim.

o Class 2A: Secured Claims against Any of the AWI Debtors

The Plan provides that, except to the extent that a Holder of an Allowed Class 2A Secured Claim against any of the AWI Debtors has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as is practicable after the later of (a) the Effective Date or (b) the date such Claim becomes an Allowed Secured Claim, the AWI Debtors shall either: (i) pay from the AWI Debtors SAP Claims Reserve Account, to each Holder of an Allowed Class 2A Secured Claim, Cash in an amount equal to such Allowed Class 2A Secured Claim; or (ii) release to such Holder the collateral securing such Allowed Class 2A Secured Claim. In either event, the payment or release of collateral shall be in full satisfaction, settlement and release of, and in exchange for, the applicable Allowed Class 2A Secured Claim. Notwithstanding the preceding, or anything in the Plan to the contrary, nothing contained in the Plan is intended to preclude or prevent payment to the Holder of an Allowed Class 2A Secured Claim of the proceeds of the sale of any asset in which such Holder has a Lien as and when such proceeds become available for distribution.

o Class 2B: Secured Claims against Any of the WR Debtors

The Plan provides that, except to the extent that a Holder of an Allowed Class 2B Secured Claim against any of the WR Debtors has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as is practicable after (a) the Effective Date or (b) the date such Claim becomes an Allowed Secured Claim, the WR Debtors shall either: (i) pay from the WR Debtors SAP Claims Reserve Account, to each Holder of an Allowed Class 2B Secured Claim, Cash in an amount equal to such Allowed Class 2B Secured Claim; or (ii) release to such Holder the collateral securing such Allowed Class 2B Secured Claim. In either event, such payment or release of collateral shall be in full satisfaction, settlement and release of, and in exchange for, the applicable Allowed Class 2B Secured Claim. Notwithstanding the preceding, or anything in the Plan to the contrary, nothing contained in the Plan is intended to preclude or prevent payment to the Holder of an Allowed Class 2B Secured Claim of the proceeds of the sale

of any asset in which such Holder has a Lien as and when such proceeds become available for distribution.

o Class 2C: Secured Claims against Nells

The Plan provides that, except to the extent that a Holder of an Allowed Class 2C Secured Claim against Nells has been paid prior to the Effective Date or agrees to a different treatment, on or as soon as is practicable after the (a) the Effective Date or (b) the date such Claim becomes an Allowed Secured Claim, Nells shall either: (i) pay from the Nells SAP Claims Reserve Account, to each Holder of an Allowed Class 2C Secured Claim, Cash in an amount equal to such Allowed Class 2C Secured Claim; or (ii) release to such Holder the collateral securing such Allowed Class 2C Secured Claim. In either event, such payment or release of collateral shall be in full satisfaction, settlement and release of, and in exchange for, the applicable Allowed Class 2C Secured Claim. Notwithstanding the preceding, or anything in the Plan to the contrary, nothing contained in the Plan is intended to preclude or prevent payment to the Holder of an Allowed Class 2C Secured Claim of the proceeds of the sale of any asset in which such Holder has a Lien as and when such proceeds become available for distribution.

o Class 2A/Bank – Secured Bank Claims against Any of the AWI Debtors

Upon the occurrence of the Effective Date, the Holders of the Secured Bank Claims shall be deemed, without any action of any Person, to release and discharge their liens on all assets of the Debtors; provided, however, that BOA, on behalf of the DIP Secured Parties, shall retain its liens on, and shall on the Effective Date retain or be given possession of: (i) all reserves held by BOA on behalf of the DIP Secured Parties as of closing on the C&S Sale and (ii) any other assets in which the Debtors hold an interest, as may (a) be agreed to in writing by BOA, the Debtors and the Creditors Committee or (b) be specified by the Court in the Confirmation Order (collectively, the “Bank Reserve”). BOA shall cause all Allowed Secured Bank Claims, to the extent not previously paid as of the Effective Date, to be paid and satisfied from the Bank Reserve as and when liquidated, upon prior written notice to the Debtors’ Representative and the Creditors’ Committee Representative. Promptly upon the earlier of (a) the resolution of all CRF Claims asserted against any Holder of a Secured Bank Claim or (b) the one year anniversary of the Effective Date, BOA shall return the unused portion of the Bank Reserve to the Debtors.

o Class 2B/Bank: Secured Bank Claims against Any of the WR Debtors

Upon the occurrence of the Effective Date, the Holders of the Secured Bank Claims shall be deemed, without any action of any Person, to release and discharge their liens on all assets of the Debtors; provided, however, that BOA, on behalf of the DIP Secured Parties, shall retain its liens on, and shall on the Effective Date retain or be given possession of: (i) all reserves held by BOA on behalf of the DIP Secured Parties as of closing on the C&S Sale and (ii) any other assets in which the Debtors hold an interest, as may (a) be agreed to in writing by BOA, the Debtors and the Creditors Committee or (b) be specified by the Court in the Confirmation Order (collectively, the “Bank Reserve”). BOA shall cause all Allowed Secured Bank Claims, to the extent not previously paid as of the Effective Date, to be paid and satisfied from the Bank Reserve as and when liquidated, upon prior written notice to the Debtors’ Representative and the Creditors’ Committee Representative. Promptly upon the earlier of (a) the resolution of all CRF

Claims asserted against any Holder of a Secured Bank Claim or (b) the one year anniversary of the Effective Date, BOA shall return the unused portion of the Bank Reserve to the Debtors.

o Class 2C/Bank: Secured Bank Claims against Nells

Upon the occurrence of the Effective Date, the Holders of the Secured Bank Claims shall be deemed, without any action of any Person, to release and discharge their liens on all assets of the Debtors; provided, however, that BOA, on behalf of the DIP Secured Parties, shall retain its liens on, and shall on the Effective Date retain or be given possession of: (i) all reserves held by BOA on behalf of the DIP Secured Parties as of closing on the C&S Sale and (ii) any other assets in which the Debtors hold an interest, as may (a) be agreed to in writing by BOA, the Debtors and the Creditors Committee or (b) be specified by the Court in the Confirmation Order (collectively, the “Bank Reserve”). BOA shall cause all Allowed Secured Bank Claims, to the extent not previously paid as of the Effective Date, to be paid and satisfied from the Bank Reserve as and when liquidated, upon prior written notice to the Debtors’ Representative and the Creditors’ Committee Representative. Promptly upon the earlier of (a) the resolution of all CRF Claims asserted against any Holder of a Secured Bank Claim or (b) the one year anniversary of the Effective Date, BOA shall return the unused portion of the Bank Reserve to the Debtors.

(c) Impaired Claims

o Class 3A: General Unsecured Claims against Any of the AWI Debtors

The Plan provides that:

(a) On the Initial Distribution Date, if a Class 3A General Unsecured Claim is Allowed at least fourteen (14) days prior to the Initial Distribution Date, the Holder of such Allowed Class 3A General Unsecured Claim shall receive, from the AWI Debtors Distribution Account, Cash equal to (i) the amount of its Allowed Class 3A General Unsecured Claim multiplied by (ii) the Initial Distribution Percentage.

(b) On each Subsequent Distribution Date, if a Class 3A General Unsecured Claim is Allowed at least fourteen (14) days prior to such Subsequent Distribution Date, the Holder of such Allowed Class 3A General Unsecured Claim shall receive, from the AWI Debtors Distribution Account (i) a Catch-Up Distribution, if applicable, and (ii) Cash equal to (a) the amount of its Allowed Class 3A General Unsecured Claim multiplied by (b) the then-current Interim Distribution Percentage.

(c) On the Final Distribution Date, each Holder of an Allowed Class 3A General Unsecured Claim shall receive, from the AWI Debtors Distribution Account (i) a Catch-Up Distribution, if applicable, and (ii) Cash equal to (a) the amount of its Allowed Class 3A General Unsecured Claim multiplied by (b) the Final Distribution Percentage.

(d) Notwithstanding anything to the contrary set forth in the Plan, no Holder of an Allowed Class 3A General Unsecured Claim shall be entitled to receive, on account of such Allowed Class 3A General Unsecured Claim, Cash under the Plan in excess of 100% of such Holder’s Allowed Class 3A General Unsecured Claim.

o Class 3B: General Unsecured Claims against Any of the WR Debtors

The Plan provides that:

(a) On the Initial Distribution Date, if a Class 3B General Unsecured Claim is Allowed at least fourteen (14) days prior to the Initial Distribution Date, the Holder of such Allowed Class 3B General Unsecured Claim shall receive, from the WR Debtors Distribution Account, Cash equal to (i) the amount of its Allowed Class 3B General Unsecured Claim multiplied by (ii) the Initial Distribution Percentage.

(b) On each Subsequent Distribution Date, if a Class 3B General Unsecured Claim is Allowed at least fourteen (14) days prior to such Subsequent Distribution Date, the Holder of such Allowed Class 3B General Unsecured Claim shall receive, from the WR Debtors Distribution Account (i) a Catch-Up Distribution, if applicable, or (ii) Cash equal to (a) the amount of its Allowed Class 3B General Unsecured Claim multiplied by (b) the then-current Interim Distribution Percentage.

(c) On the Final Distribution Date, each Holder of an Allowed Class 3B General Unsecured Claim shall receive, from the WR Debtors Distribution Account (i) a Catch-Up Distribution, if applicable, and (ii) Cash equal to (a) its Allowed Class 3B General Unsecured Claim multiplied by (b) the Final Distribution Percentage.

(d) Notwithstanding anything to the contrary set forth in the Plan, no Holder of an Allowed Class 3B General Unsecured Claim shall be entitled to receive, on account of such Allowed Class 3B General Unsecured Claim, Cash under the Plan in excess of 100% of such Holder's Allowed Class 3B General Unsecured Claim.

o Class 3C: General Unsecured Claims against Nells

The Plan provides that:

(a) On the Initial Distribution Date, if a Class 3C General Unsecured Claim is Allowed at least fourteen (14) days prior to the Initial Distribution Date, the Holder of such Allowed Class 3C General Unsecured Claim shall receive, from the Nells Cash Distribution Account, Cash equal to (i) the amount of its Allowed Class 3C General Unsecured Claim multiplied by (ii) the Initial Distribution Percentage.

(b) On each Subsequent Distribution Date, if a Class 3C General Unsecured Claim is Allowed at least fourteen (14) days prior to such Subsequent Distribution Date, the Holder of such Allowed Class 3C General Unsecured Claim shall receive, from the Nells Distribution Account, (i) a Catch-Up Distribution, if applicable, and (ii) Cash equal to (a) the amount of its Allowed Class 3C General Unsecured Claim multiplied by (b) the then-current Interim Distribution Percentage.

(c) On the Final Distribution Date, each Holder of an Allowed Class 3C General Unsecured Claim shall receive, from the Nells Distribution Account (i) a Catch-Up Distribution,

if applicable, and (ii) Cash equal to (a) the amount of its Allowed Class 3C General Unsecured Claim multiplied by (b) the Final Distribution Percentage.

(d) Notwithstanding anything to the contrary set forth in the Plan, no Holder of an Allowed Class 3C General Unsecured Claim shall be entitled to receive, on account of such Allowed Class 3C General Unsecured Claim, Cash under the Plan in excess of 100% of such Holder's Allowed Class 3C General Unsecured Claim.

o Class 3AV Vendor Claims against Any of the AWI Debtors

The Plan provides that:

(a) Each Class 3AV Vendor Claim shall be deemed to be a Class 3A General Unsecured Claim and shall receive the treatment provided in the Plan for Class 3A General Unsecured Claims.

(b) In addition to the treatment provided for in Section III(C)(4)(a) of the Plan, on the Final Distribution Date, each Holder of an Allowed Class 3AV Vendor Claim [REDACTED]
[REDACTED]

o Class 3BV Vendor Claims against Any of the WR Debtors

The Plan provides that:

(a) Each Class 3BV Vendor Claim shall be deemed to be a Class 3B General Unsecured Claim and shall receive the treatment provided in the Plan to Class 3B General Unsecured Claims.

(b) In addition to the treatment provided for in Section III(C)(5)(a) of the Plan, on the Final Distribution Date, each Holder of an Allowed Class 3BV Vendor Claim [REDACTED]
[REDACTED]

o Class 3CV Vendor Claims against Nells

The Plan provides that:

(a) Each Class 3CV Vendor Claim shall be deemed to be a Class 3C General Unsecured Claim and shall receive the treatment provided in the Plan to Class 3C General Unsecured Claims.

(b) In addition to the treatment provided for in Section III(C)(6)(a) of the Plan, on the Final Distribution Date, each Holder of an Allowed Class 3CV Vendor Claim [REDACTED]
[REDACTED]

o Class 4A: PBGC Claims against the AWI Debtors

The Plan provides that:

(a) In the event the PBGC votes to accept the Plan on account of its Class 4A, 4B and 4C Claims, the AWI Debtors shall receive the Debtor Pension Reimbursement Amount, a breakdown of which is attached hereto as Exhibit “D,” as soon as practicable after the Effective Date, and the PBGC shall receive the following, subject to Section III(C)(7) of the Plan:

- (i) as soon as practicable after the Effective Date, \$_____ from the Custodial Account, which shall be deemed a contribution to the Pension Plan; and
- (ii) an Allowed Class 3A General Unsecured Claim, in the amount of \$_____, which Allowed Claim shall receive the same treatment as other Allowed Class 3A General Unsecured Claims.

(b) In the event the PBGC does not vote to accept the Plan on account of its Class 4A, 4B and 4C Claims, the following shall apply, subject to Section III(C)(7) of the Plan:

- (i) each of the PBGC Claims shall be considered a Disputed Claim;
- (ii) the Debtors, in consultation with the Creditors' Committee Representative, shall file one or more objections to the PBGC Claims within sixty (60) days subsequent to the Effective Date;
- (iii) to the extent Allowed as a Priority Tax Claim or General Unsecured Claim, the PBGC Claims shall receive the treatment provided for hereunder for Allowed Priority Tax Claims or Allowed Class 3A General Unsecured Claims, as appropriate; and
- (iv) the AWI Debtors shall receive the Debtor Pension Reimbursement Amount as soon as practicable after the Effective Date and all other funds in the Custodial Account shall remain in the Custodial Account pending an order of the Bankruptcy Court authorizing or directing their disposition.

o Class 4B: PBGC Claims against the WR Debtors

The Plan provides that:

(a) In the event the PBGC votes to accept the Plan on account of its Class 4A, 4B and 4C Claims, the PBGC shall receive the following, subject to Section III(C)(7) of the Plan:

- (i) as soon as practicable after the Effective Date, \$_____ from the Custodial Account, which shall be deemed a contribution to the Pension Plan; and

- (ii) an Allowed Class 3B General Unsecured Claim in the amount of \$_____, which Allowed Claim shall receive the same treatment as other Allowed Class 3B General Unsecured Claims.

(b) In the event the PBGC does not vote to accept the Plan on account of its Class 4A, 4B and 4C Claims, the following shall apply, subject to Section III (C)(7) of the Plan:

- (i) each of the PBGC Claims shall be considered a Disputed Claim;
- (ii) the Debtors, in consultation with the Creditors' Committee Representative, shall file one or more objections to the PBGC Claims within sixty (60) days subsequent to the Effective Date;
- (iii) to the extent Allowed as Priority Tax Claim or General Unsecured Claim, the PBGC claims shall receive the treatment provided for hereunder for Allowed Priority Tax Claims or Allowed Class 3B General Unsecured Claims, as appropriate; and
- (iv) the AWI Debtors shall receive the Debtor Pension Reimbursement Amount as soon as practicable after the Effective Date and all other funds in the Custodial Account shall remain in the Custodial Account pending an order of the Bankruptcy Court authorizing or directing their disposition.

o Class 4C: PBGC Claims against Nells

The Plan provides that:

(a) In the event the PBGC votes to accept the Plan on account of its Class 4A, 4B and 4C claims, the AWI Debtors shall receive the Debtor Pension Reimbursement Amount as soon as practicable after the Effective Date, and the PBGC shall receive the following, subject to Section III(C)(7) of the Plan:

- (i) as soon as practicable after the Effective Date, \$_____ from the Custodial Account, which shall be deemed a contribution to the Pension Plan; and
- (ii) a Class 3C General Unsecured Claim in the amount of \$_____, which Allowed Claim shall receive the same treatment as other Allowed Class 3C General Unsecured Claims.

(b) In the event the PBGC does not vote to accept the Plan on account of its Class 4A, 4B and 4C Claims, the following shall apply, subject to Section III(C)(7) of the Plan:

- (i) each of the PBGC Claims shall be considered a Disputed Claim;
- (ii) the Debtors, in consultation with the Creditors' Committee Representative, shall file one or more objections to the PBGC Claims within sixty (60) days subsequent to the Effective Date;

- (iii) to the extent Allowed as a Priority Tax Claim or General Unsecured Claim, the PBGC claims shall receive the treatment provided for hereunder for Allowed Priority Tax Claims or Allowed Class 3C General Unsecured Claims, as appropriate; and
- (iv) the AWI Debtors shall receive the Debtor Pension Reimbursement Amount as soon as practicable after the Effective Date and all other funds in the Custodial Account shall remain in the Custodial Account pending an order of the Bankruptcy Court authorizing or directing their disposition.

- o Additional Provisions Regarding PBGC Claims

Notwithstanding anything to the contrary set forth in the Plan, the Plan provides that the PBGC shall not be entitled to receive Cash under the Plan in excess of one hundred percent (100%) of the PBGC Claims, to the extent Allowed by the Bankruptcy Court.

- o Class 5A: Interests in Any of the AWI Debtors

The Plan provides that Holders of Class 5A Interests shall not receive or retain any property or interest in property on account of their Interests, which shall be discharged, cancelled and terminated upon the occurrence of the Effective Date.

- o Class 5B: Interests in Any of the WR Debtors

The Plan provides that Holders of Class 5B Interests shall not receive or retain any property or interest in property on account of their Interests, which shall be discharged, cancelled and terminated upon the occurrence of the Effective Date.

- o Class 5C: Interests in Nells

The Plan provides that Holders of Class 5C Interests shall not receive or retain any property or interest in property on account of their Interests, which shall be discharged, cancelled and terminated upon the occurrence of the Effective Date

(d) Special Provision Regarding Unimpaired Claims

The Plan provides that except as otherwise provided in the Plan, the Confirmation Order, any other order of the Bankruptcy Court, the C&S Settlement Agreement, or any document or agreement enforceable pursuant to the terms of the Plan, nothing shall affect the rights and defenses, both legal and equitable, of the Debtors with respect to any Claims, including, but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments against Unimpaired Claims.

(e) Allowed Claims

The Plan provides that notwithstanding any Plan provision to the contrary, the Debtors shall only make distributions to Holders of Allowed Claims. No Holder of a Disputed Claim will receive any distribution on account thereof until (and then only to the extent that) its

Disputed Claim becomes an Allowed Claim. Any Holder of a Claim that becomes an Allowed Claim after the Effective Date will receive its distribution in accordance with the terms and provisions of the Plan.

D. Means for Implementation of the Plan

(a) Implementing Actions

The Plan provides that unless otherwise provided therein, on the Effective Date or as soon thereafter as practicable, the following will occur in implementation of the Plan: (i) all actions, documents and agreements necessary to implement the Plan shall have been effected or executed; (ii) the Debtors shall have received all authorizations, consents, regulatory approvals, rulings, opinions or other documents, if any, that are determined by the Debtors to be necessary to implement the Plan; (iii) the Debtors shall make all Distributions, if any, required to be made on the Effective Date pursuant to the Plan; and (iv) the AWI Debtors Distribution Account, the WR Debtors Distribution Account, the Nells Distribution Account, the Professional Fee Claims Reserve, the Post-Effective Date Reserve, the AWI Debtors SAP Claims Reserve Account, the WR Debtors SAP Claims Reserve Account, the Nells SAP Claims Reserve Account and the [REDACTED] shall be established and funded in a manner consistent with Section(s) V(Q)(1)(a)-(e), (g) and V(Q)(2) of the Plan and the [REDACTED]

(b) C&S Settlement Agreement [REDACTED]

The Plan provides that on the Effective Date, the C&S Settlement Agreement will be deemed incorporated into the terms of the Plan and deemed approved. [REDACTED]

(c) Partial Consolidation

The Plan provides that solely for the purpose of implementing the Plan, (i) the assets of the AWI Debtors shall be deemed consolidated and the Holder of a Claim that is asserted against more than one of the AWI Debtors shall be deemed to have only one such Claim against the AWI Debtors; and (ii) the assets of the WR Debtors shall be deemed consolidated and the Holder of a Claim that is asserted against more than one of the WR Debtors shall be deemed to have only one Claim against the WR Debtors.

(d) Asset and Cost Allocation

Unless otherwise provided in the Plan, after the funding of the Professional Fee Claims Reserve and the Post-Effective Date Reserve, all Cash in the Consolidated Debtor Cash Account on the Effective Date will be allocated among the AWI Debtors, the WR Debtors and Nells in the manner set forth on Exhibit "B" to the Plan, or as otherwise directed by the Bankruptcy Court.

Any Cash received subsequent to the Effective Date as proceeds of assets of any of the Debtors, or otherwise, will be allocated by the Debtors, in consultation with the Creditors' Committee Representative, to the respective AWI Debtors Distribution Account, WR Debtors Distribution Account or Nells Distribution Account, as appropriate; provided, however, that if in the discretion of the Debtors' Representative, in consultation with the Creditors' Committee Representative, it is impracticable to determine how any such proceeds should be allocated, such proceeds shall be allocated in the manner set forth on Exhibit "B" to the Plan, or as otherwise directed by the Bankruptcy Court.

(e) Continued Corporate Existence

The Plan provides that, from and after the Effective Date, the Debtors will continue in existence for the purpose of (i) winding up their affairs as expeditiously as reasonably possible, (ii) liquidating, by conversion to Cash or other methods, any Remaining Assets not disposed of prior to the Effective Date as expeditiously as reasonably possible, (iii) enforcing and prosecuting those Causes of Action the Debtors' Representative and the Creditors' Committee Representative jointly agree should be enforced or prosecuted, (iv) administering the Plan, (v) filing appropriate tax returns, and (vi) dissolution. Upon the Effective Date, all transactions and other actions provided for under the Plan will be deemed to be authorized and approved by the Debtors without any requirement of further action by the Debtors, the Debtors' members, the Debtors' shareholders or the Debtors' boards of directors. On and subsequent to the Effective Date, the Debtors' Representative will be deemed to be the sole equity holder and the only duly authorized representative of each of the Debtors.

The Plan further provides that, unless otherwise dealt with under the Plan, a Sale Order or other order of the Bankruptcy Court, on the Effective Date, all property of the Debtors' Estates including, without limitation, any minutes and general corporate records of the Debtors, and any books and records relating to the foregoing not otherwise treated by the Plan or a Sale Order, shall vest in the Debtors. From and after the Effective Date, subject to the terms of the Plan and the Confirmation Order, each of the Debtors, through the Debtors' Representative, may administer its Estate pursuant to the terms of the Plan and may use, acquire and dispose of property free of any restrictions imposed under the Bankruptcy Code. The Confirmation Order shall provide each of the Debtors, through the Debtors' Representative, with express authority to, in consultation with the Creditors' Committee Representative, convey, transfer and assign any and all property of its Estate and take all actions necessary to effectuate same. As of the Effective Date, all property of each Debtor's Estate shall be free and clear of all liens, claims and interests of Holders of Claims and Interests, except as otherwise provided in the Plan or order of the Bankruptcy Court.

The Plan provides that, upon entry of a Final Decree closing the Chapter 11 Cases, the Debtors shall be deemed to have been dissolved without any further action by the Debtors, including the filing of any documents with the Secretary of State of Delaware, the Commonwealth of Pennsylvania or any other office in any jurisdiction. However, the Debtors' Representative shall have the authority, but not the obligation, to take all necessary actions to dissolve the Debtors and withdraw the Debtors from any applicable State. Further, upon the entry of a Final Decree, the Debtors shall be authorized to discard or destroy any and all of their pre-petition books and records except to the extent that such books are necessary for the completion and filing of tax returns, the analysis or prosecution of Causes of Action, or are required to be retained pursuant to an agreement of sale approved by a Sale Order; provided, however, that through the date of entry of the Final Decree in the Chapter 11 Cases, such actions may be taken only after consultation with the Creditors' Committee Representative.

(f) Cancellation of Interests

The Plan provides that, upon the occurrence of the Effective Date, Class 5A, 5B and 5C Interests shall be deemed of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule.

(g) Exemption From Certain Transfer Taxes

The Plan provides that, pursuant to section 1146(a) of the Bankruptcy Code, any transfers from the Debtors to any other Person pursuant to the Plan shall not be subject to any stamp tax or similar tax, and the Confirmation Order shall direct the appropriate state and local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

(h) Debtors' Representative

The Plan provides that, as of the Effective Date, and until all actions contemplated by the Plan shall have been taken, the Debtors' Representative (Keith Daniels of Carl Marks Advisory Group) will be the sole officer and director of each of the Debtors and all bylaws, articles or certificates of incorporation, and related corporate documents will be deemed to have been amended by the Plan to permit and authorize such sole appointment. The Debtors' Representative will serve in that capacity through the earlier of: (i) the date each of the Debtors is dissolved in accordance with the Plan and (ii) the date the Debtors' Representative is replaced by a successor Debtors' Representative by order of the Bankruptcy Court.

The Plan provides that, as of the Effective Date, and until all actions contemplated by the Plan shall have been taken, the Debtors' Representative shall be empowered, on behalf each of the Debtors, to (i) serve as the sole officer and director and duly appointed authorized representative of each of the Debtors; (ii) take all steps and execute all instruments and documents necessary to sell, liquidate or dispose of all Remaining Assets in accordance with Section V(K) of the Plan; (iii) comply with the Plan and the obligations thereunder; (iv) prepare and file any required tax returns for each of the Debtors; (v) employ or retain professionals and

consultants to represent each of the Debtors with respect to its responsibilities or otherwise effectuate the Plan, including without limitation Saul Ewing LLP as counsel; (vi) exercise such other powers and rights and discharge any responsibilities as may be vested in or provided to each of the Debtors pursuant to an order of the Bankruptcy Court or pursuant to the Plan, or as he reasonably deems to be necessary and proper to carry out the provisions of the Plan; and (vii) implement the terms of the C&S Settlement Agreement.

The Plan provides that the costs and expenses of the Debtors' Representative, including without limitation the cost of any bond or surety as may be required by the Bankruptcy Court, will be paid out of the Post-Effective Date Reserve. The Debtors' Representative will further be compensated on an hourly basis at the hourly rates provided for in Schedule 2 to the Plan Supplement, as such rates may be periodically adjusted.

(i) The Creditors' Committee

The Plan provides that, after the Effective Date, but only until the entry of a Final Decree in each of the Debtors' cases, the Creditors' Committee will continue to exist, subject to the provisions below; provided, however, that its duties and responsibilities will be limited to the following: (a) applications for Professional Fee Claims or reimbursement of expenses incurred as a member of the Creditors' Committee; (b) any motions or other actions seeking enforcement or implementation of the provisions of the Plan or the Confirmation Order or pending appeals of orders entered in the Chapter 11 Cases; (c) the review of any settlement or compromise of any Claim proposed by the Debtors; (d) the review of any motions by the Debtors pursuant to Bankruptcy Rule 9019 seeking approval of a settlement or compromise of a Claim; and (e) consulting with the Debtors' Representative and the Creditors' Committee Representative regarding the liquidation of Remaining Assets.

The Plan further provides that the Creditors' Committee will continue to retain Hahn & Hessen LLP and Pepper Hamilton LLP as its counsel and BRG Capstone as its financial advisor. From the Effective Date through the entry of the Final Decree in the Chapter 11 Cases, Hahn & Hessen LLP, Pepper Hamilton LLP and BRG Capstone shall be entitled to compensation for services rendered based on their respective standard hourly rates and reimbursement of all reasonable expenses. The Plan states that the Creditors' Committee shall continue to be entitled to all statutory immunities and privileges that exist for statutory committees under the Bankruptcy Code prior to Confirmation and such immunities and privileges shall survive and exist on and after the Effective Date through and until dissolution of the Creditors' Committee. In addition, neither the Creditors' Committee nor its members shall be liable for any act or omission taken or omitted to be taken in such member's capacity as a member of the Creditors' Committee, other than acts or omissions resulting from such member's willful misconduct or gross negligence.

The Plan provides that, if at any time after the Effective Date, the Creditors' Committee is comprised of fewer than two members, the Creditors' Committee shall promptly notify the Debtors' Representative that it is dissolving and promptly thereafter file a notification of dissolution of the Creditors' Committee, at which point the Creditors' Committee shall be released of any and all obligations including those set forth above; provided, however, that if the Creditors' Committee has not previously been dissolved, it shall dissolve upon entry of the Final

Decree in the Chapter 11 Cases. The Creditors' Committee members shall have no obligation or responsibility whatsoever to continue to serve in any capacity after the Effective Date and are free to resign at any time without liability.

(j) Creditors' Committee Representative

The Plan provides that as of the Effective Date, the Creditors' Committee Representative shall have the powers and duties described under the Plan. The Creditors' Committee Representative shall serve in that capacity through the earlier of: (i) the date each of the Debtors is dissolved in accordance with this Plan; and (ii) the date the Creditors' Committee Representative is replaced by a successor Creditors' Committee Representative by order of the Bankruptcy Court.

(k) Remaining Assets

o General Assets

The Plan provides that, on and after the Effective Date, without further approval of the Bankruptcy Court, the Debtors' Representative will, after consultation with the Creditors' Committee Representative, liquidate the remaining property of any of the Debtors (the "Remaining Assets") and in connection therewith, may use, sell, assign, transfer, abandon or otherwise dispose of at a public or private sale any of the Remaining Assets for the purpose of liquidating or converting such assets to Cash; provided, however, that nothing in the Plan restricts the right of the Debtors' Representative, in consultation with the Creditors' Committee Representative, to seek Bankruptcy Court approval for the sale, assignment, transfer, or other disposal of the Remaining Assets after the Effective Date. Except in the case of gross negligence or willful misconduct, no Person shall have a cause of action against any of the Debtors, the Debtors' Representative, the Creditors' Committee Representative or the Creditors' Committee and/or any of their consultants, professionals or agents arising from or related to the disposition of any Remaining Assets. Notwithstanding anything to the contrary contained in the Plan, the dissolution of the Creditors' Committee shall relieve the Debtors' Representative from any obligation under the Plan to consult with the Creditors' Committee.

The Plan provides that, to the extent not previously authorized under a Sale Order and/or any other order(s) of the Bankruptcy Court, on and after the Effective Date, the Debtors' Representative shall be deemed authorized and empowered to fully perform under, consummate and implement any agreement, together with all additional instruments and documents that may be reasonably necessary or desirable to consummate a sale, assignment, transfer, or other disposal of the Remaining Assets, and to take all further actions as may reasonably be requested by a purchaser or transferee for the purpose of selling, assigning, transferring, granting, conveying or conferring to a purchaser or transferee, or reducing to possession, any or all of the Remaining Assets free and clear of any and all Liens and encumbrances.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

(m) Counterclaims

The Plan provides that Causes of Action shall not be subject to any affirmative counterclaims; provided, however, that Causes of Action may be subject to set-off and recoupment rights to the extent, if any, permitted by applicable law and to the extent consistent with any Order of the Bankruptcy Court.

(n) Post-Effective Date Costs

The Plan provides that, from and after the Effective Date, the Debtors' Representative shall, without the necessity for any approval by the Bankruptcy Court, pay from the Post-Effective Date Reserve those fees and expenses incurred subsequent to the Effective Date in connection with the implementation and consummation of the Plan. Without limiting the foregoing, it is the intention of the Debtors that all fees and expenses of the Debtors, the Debtors' Representative, the Claims Agent, the Creditors' Committee, the Creditors' Committee Representative and any of their respective agents and employees and retained professionals that are incurred subsequent to the Effective Date shall be paid out of the Post-Effective Date

Reserve, unless otherwise provided herein, within thirty (30) days after submission of a detailed invoice thereof to the Debtors' Representative, with a copy to counsel to the Creditors' Committee Representative. If the Debtors' Representative or the Creditors' Committee Representative objects to the payment of an invoice by written notice to the Person submitting such invoice within fourteen (14) days after submission of such invoice, the Debtors' Representative shall pay, from the Post-Effective Date Reserve, only the non-disputed portion of the related statement, with the disputed portion payable only (a) upon agreement of the parties or (b) to the extent ordered by the Bankruptcy Court.

(o) Preservation of Causes of Action

The Plan provides that, in accordance with section 1123(b)(3) of the Bankruptcy Code, and except as otherwise provided in an order of the Bankruptcy Court, including without limitation the C&S Sale Order, the Debtors and the Debtors' Estates shall retain the Causes of Action. The Debtors may, in consultation with the Creditors' Committee Representative, settle any Cause of Action without approval from the Bankruptcy Court.

(p) Effectuating Documents; Further Transactions

The Plan provides that the Debtors' Representative, on behalf of the Debtors, will be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

(q) Reserves

o Funding of the Reserves

(a) Professional Fee Claims Reserve. The Plan provides that on or as soon as practicable after the Effective Date, the Debtors shall fund the Professional Fee Claims Reserve, from Cash in the Consolidated Debtors Cash Account, in the amount set forth in the Plan Supplement or as otherwise provided in the Confirmation Order, it being the intent of the Debtors that there shall be deposited into the Professional Fee Claims Reserve an amount sufficient to enable the Debtors to pay all Allowed Professional Fee Claims.

The Plan provides that any Cash remaining in the Professional Fee Claims Reserve after payment of all Allowed Professional Fee Claims shall be transferred by the Debtors, in consultation with the Creditors' Committee Representative, to the Consolidated Debtor Cash Account and allocated to the AWI Debtors, WR Debtors and Nells in accordance with the terms of the Plan. The Professional Fee Claims Reserve shall at all times be maintained as a segregated account.

(b) Post-Effective Date Reserve. The Plan further provides that on or as soon as practicable after the Effective Date, the Debtors shall fund the Post-Effective Date Reserve, from Cash in the Consolidated Debtors Cash Account, in the amount set forth in the Plan Supplement or as otherwise provided in the Confirmation Order, it being the intent of the Debtors that there shall be deposited into the Post-Effective Date Reserve an amount sufficient to enable the

Debtors to consummate and implement the provisions of the Plan and to pay the costs and expenses, including without limitation Taxes and amounts payable to Professionals, incurred after the Effective Date by the Debtors, the Debtors' Representative, the Claims Agent, the Creditors' Committee Representative, and the Creditors' Committee. The Debtors' Representative, in consultation with the Creditors' Committee Representative, may at any time increase or decrease the amount of the Post-Effective Date Reserve and shall file notice thereof with the Bankruptcy Court.

Any Cash remaining in the Post-Effective Date Reserve after payment of, or other provision for, all expenses and operating costs shall be transferred to the Consolidated Debtor Cash Account and thereafter allocated among the AWI Debtors, WR Debtors and Nells in accordance with Section V(D) of the Plan.

The Plan provides that the Post-Effective Date Reserve shall at all times be maintained in a segregated account. All Cash obtained by the Debtors after the Effective Date from whatever source shall be deposited into the Post-Effective Date Reserve.

(c) AWI Debtors SAP Reserve Account. The Plan provides that on or as soon as practicable after the Effective Date, the Debtors' Representative shall establish the AWI Debtors SAP Reserve Account and, from Cash allocated to the AWI Debtors pursuant to Section V(D) of the Plan, fund the AWI SAP Reserve Account with Cash equal to the Face Amount of: (i) all Administrative Claims asserted against any of the AWI Debtors; (ii) all Priority Tax Claims asserted against any of the AWI Debtors, (iii) all asserted Class 1A Priority Claims, and (iv) all asserted Class 2A Secured Claims. If and to the extent any such Administrative Claims, Priority Tax Claims, Class 1A Priority Claims and/or Class 2A Secured Claims become Disallowed, withdrawn, or reduced, the Debtors' Representative shall reduce the amount in the AWI Debtors SAP Reserve Account in a corresponding amount and shall transfer such amount from the AWI Debtors SAP Reserve Account to the AWI Debtors Distribution Account. The AWI Debtors SAP Reserve Account shall at all times be maintained as a segregated account.

(d) WR Debtors SAP Reserve Account. Pursuant to the Plan, on or as soon as practicable after the Effective Date, the Debtors' Representative shall establish the WR Debtors SAP Reserve Account and, from Cash allocated to the WR Debtors pursuant to Section V(D) of the Plan, fund the WR SAP Reserve Account with Cash equal to the Face Amount of: (i) all Administrative Claims asserted against any of the WR Debtors; (ii) all Priority Tax Claims asserted against any of the WR Debtors, (iii) all asserted Class 1B Priority Claims, and (iv) all asserted Class 2B Secured Claims. If and to the extent any such Administrative Claims, Priority Tax Claims, Class 1B Priority Claims and/or Class 2B Secured Claims become Disallowed, withdrawn, or reduced, the Debtors' Representative shall reduce the amount in the WR Debtors SAP Reserve Account in a corresponding amount and shall transfer such amount from the WR Debtors SAP Reserve Account to the WR Debtors Distribution Account. The WR Debtors SAP Reserve Account shall at all times be maintained in a segregated account.

(e) Nells SAP Reserve Account. The Plan provides that on or as soon as practicable after the Effective Date, the Debtors' Representative shall establish the Nells SAP Reserve Account and, from Cash allocated to Nells pursuant to Section V(D) of the Plan, fund the Nells SAP Reserve Account with Cash equal to the Face Amount of: (i) all Administrative Claims

asserted against Nells; (ii) all Priority Tax Claims asserted against Nells, (iii) all asserted Class 1C Priority Claims, and (iv) all asserted Class 2C Secured Claims. If and to the extent any such Administrative Claims, Priority Tax Claims, Class 1C Priority Claims and/or Class 2C Secured Claims become Disallowed, withdrawn, or reduced, the Debtors' Representative shall reduce the amount in Nells SAP Reserve Account in a corresponding amount and shall transfer such amount from Nells SAP Reserve Account to the Nells Distribution Account. The Nells SAP Reserve Account shall at all times be maintained as a segregated account.

(f) Duplicative Claims. The Plan provides that notwithstanding anything to the contrary set forth in the Plan, the Debtors' Representative shall not be required to fund the AWI Debtors SAP Reserve Account, the WR Debtors SAP Reserve Account and/or the Nells SAP Reserve Account multiple times with respect to the same Claim. In the event the same Administrative Claim, Priority Tax Claim, Priority Non-Tax Claim, or Secured Claim is asserted against multiple Debtors, the Debtors' Representative, in consultation with the Creditors' Committee Representative, shall use his/her discretion in allocating the Face Amount of such Claim among the AWI Debtors SAP Reserve Account, the WR Debtors SAP Reserve Account and the Nells SAP Reserve Account, in a manner consistent with the allocation provisions of this Plan, such that the total amount reserved for such Claim is 100% of the amount of such Claim.

(g)



o Funding of the Distribution Accounts

The Plan provides on or as soon as practicable after the Effective Date, the Debtors will fund the AWI Debtors' Distribution Account, the WR Debtors' Distribution Account and the Nells Distribution Account in accordance with the terms of the Plan. Each such account must at all times be maintained as a segregated account.

(r) **Intercompany Claims**

The Plan provides that all Claims that a Debtor may have against another Debtor shall be deemed Disallowed, cancelled and expunged upon the occurrence of the Effective Date.

(s) **The Pension Plan**

The Plan provides that to the extent the Debtors have not received, as of the Effective Date, Bankruptcy Court authority to enter into an agreement with the PBGC for the consensual termination of the Pension Plan, the occurrence of the Effective Date shall constitute authority for the Debtors to enter into an agreement with the PBGC providing for the consensual termination of the Pension Plan and to take all other steps necessary or appropriate to terminate the Pension Plan and transfer to the PBGC all books, records and assets of the Pension Plan as may be required by applicable law.

Moreover, if the PBGC votes to accept the Plan with respect to its Class 4A, 4B and 4C Claims, the Plan provides that the Debtors shall, transfer \$_____ from the Custodial Account to the PBGC on or as soon as practicable after the Effective Date. Promptly after effectuating such transfer, the Debtors shall transfer the balance of funds in the Custodial Account to the AWI Debtors Distribution Account in accordance with Sections III(C)(7), (8) and (9) of the Plan.

If the PBGC does not vote to accept the Plan with respect to its 4A, 4B and 4C Claims, the disposition of the funds in the Custodial Account shall be determined by order of the Bankruptcy Court.

E. Distribution Provisions

(a) Distributions for Claims Allowed as of the Effective Date

The Plan provides that, except as otherwise provided therein, all Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Initial Distribution Date. Distributions on account of Claims that first become Allowed Claims after the Initial Distribution Date shall be made pursuant to the terms and conditions of the Plan. Notwithstanding any other provision of the Plan to the contrary, no Distribution shall be made on account of any Allowed Claim or portion thereof that has been satisfied after the Petition Date pursuant to an order of the Bankruptcy Court.

(b) Delivery of Distributions and Undeliverable or Unclaimed Distributions

Delivery of Distributions in General. The Plan provides that Distributions to Holders of Allowed Claims shall be made by the Debtors' Representative (a) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim is filed or if the Debtors have been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Debtors after the date of any related Proof of Claim, (c) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Debtors have not received a written notice of a change of address or (d) at the addresses set forth in the other records of the Debtors at the time of the Distribution.

In making Distributions under the Plan, the Debtors' Representative may rely upon the accuracy of the claims register maintained by the Claims Agent in the Chapter 11 Cases, as modified by any Final Order of the Bankruptcy Court Allowing or Disallowing Claims in whole or in part.

Undeliverable and Unclaimed Distributions. The Plan provides that any Holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable or unclaimed Distribution within one hundred twenty (120) days after the date on which the Distribution to it is made (a) shall be deemed to have forfeited its claim for such undeliverable or unclaimed Distribution; (b) may be barred from receiving further Distributions under the Plan on account of such claim, at the discretion of the Debtors' Representative, in consultation with the Creditors' Committee Representative; and (c) shall be forever barred and enjoined from asserting any claim for an undeliverable or unclaimed Distribution against the Debtors' Representative, the Debtors and their Estates, the Creditors' Committee Representative and their respective

agents, attorneys, representatives, employees or independent contractors, and/or any of its and their property. In such cases, any Cash otherwise reserved for undeliverable or unclaimed Distributions will be added to the funds in the Post-Effective Date Reserve, notwithstanding any federal or state escheat laws to the contrary, and shall be distributed in accordance with the terms of the Plan. Nothing contained in the Plan will require the Debtors, the Debtors' Representative, the Creditors' Committee Representative, the Creditors' Committee or the Claims Agent, or any of their respective agents and professionals to attempt to locate any Holder of an Allowed Claim.

(c) Workers Compensation Claims

The Plan provides that notwithstanding anything to the contrary set forth therein, Workers Compensation Claims will be paid solely from any applicable Insurance Policy of any of the Debtors, from any applicable state's workers compensation fund, agency or program or from such other third party source as provided under applicable law. Moreover, no Holder of a Workers Compensation Claim shall receive any payment under the Plan from any Debtor.

(d) Means of Cash Payment

The Plan provides that cash payments made pursuant to the Plan shall be in U.S. dollars and shall be made at the option and in the sole discretion of the Debtors' Representative by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Debtors' Representative. In the case of foreign creditors, Cash payments may be made, at the option of the Debtors' Representative, in such funds and by such means as are necessary or customary in a particular jurisdiction.

(e) Interest on Claims

The Plan provides that unless otherwise specifically provided for therein, in the Confirmation Order, or required by applicable bankruptcy law, postpetition interest will not accrue or be paid on any Claims, and no Holder of a Claim will be entitled to interest accruing on or after the Petition Date on any Claim.

(f) Withholding and Reporting Requirements

The Plan provides that in accordance with section 346 of the Bankruptcy Code and in connection with the Plan and all Distributions hereunder, the Debtors will, to the extent applicable, comply with all withholding and reporting requirements imposed by any federal, state, provincial, local or foreign taxing authority. The Debtors' Representative will be authorized to take any and all actions necessary and appropriate to comply with such requirements.

The Plan provides that all Distributions under the Plan will be subject to withholding and reporting requirements. As a condition of making any Distribution under the Plan, the Debtors' Representative may require the Holder of an Allowed Claim to provide such Holder's taxpayer identification number and such other information, certification or forms as necessary to comply with applicable tax reporting and withholding laws. Notwithstanding any other provision of the Plan, each entity receiving a Distribution pursuant to the Plan shall have sole and exclusive

responsibility for the satisfaction and payment of tax obligations on account of any such Distribution.

(g) Procedure for Treating and Resolving Disputed, Contingent and/or Unliquidated Claims

Objection Deadline; Prosecution of Objections; Claim Estimation. The Plan provides that except as set forth in the Plan with respect to Professional Fee Claims and Administrative Claims, all objections to Claims must be filed on or before the Claims Objection Deadline (as such deadline may be extended hereunder). If an objection has not been filed to a Proof of Claim or the Schedules have not been amended with respect to a Claim by the Claims Objection Deadline, as the Claims Objection Deadline may be extended hereunder, the Claim to which the Proof of Claim or Scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been Allowed earlier. The Debtors' Representative must consult with the Creditors' Committee Representative prior to filing any substantive objections to Claims, and will be the sole Person with the right and standing to object to Claims. The Debtors shall have the right to seek an order of the Bankruptcy Court estimating any contingent or unliquidated Claim.

No Distributions Pending Allowance. The Plan provides that notwithstanding any other provision of 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. To the extent that a Claim is not a Disputed Claim but is held by a Holder that is or may be liable to the Debtors on account of a Cause of Action, the Debtors' Representative, in consultation with the Creditors' Committee Representative, may withhold all Distributions to such Holder until such Claim and liability have been settled or withdrawn or have been determined by Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter.

Distributions After Allowance. The Plan provides that Distributions to each respective Holder on account of a Disputed Claim, to the extent that it ultimately becomes an Allowed Claim, shall be made in accordance with provisions of the Plan that govern Distributions to such Holders.

De Minimis Distributions. The Plan provides that the Debtors will have no obligation to make a Distribution on account of an Allowed Claim or otherwise if the amount to be distributed to the specific Holder of the Allowed Claim on the Initial Distribution Date, Subsequent Distribution Date or Final Distribution Date is less than \$50.00.

Fractional Dollars. The Plan provides that any other provision of the Plan notwithstanding, the Debtors will not be required to make Distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment will reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down.

(h) Allocation of Plan Distributions Between Principal and Interest

The Plan provides that, to the extent that any Allowed Claim entitled to a Distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such Distribution will, for all income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

(i) Distribution Record Date

The Plan provides that the Debtors will have no obligation to recognize the transfer of or sale of any participation in any Claim or Interest that occurs after the close of business on the Distribution Record Date, and shall be entitled for all purposes regarding the Plan to recognize and distribute only to those Holders of Claims and Interests who are Holders of such Claims or Interests, or participants therein, as of the close of business on the Distribution Record Date. Instead, the Debtors will 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.

(j) De Minimis Fund Disposition

The Plan provides that, in the event a Final Distribution under the Plan is not, in the sole judgment and discretion of the Debtors' Representative, economically warranted with respect to one or more Classes given the cost of making such Final Distribution relative to the benefits to the Holders of Claims, the Debtors' Representative may cause any amount that would have been subject to such Final Distribution to be paid to any charitable organization agreed to by the Debtors' Representative and the Creditors' Committee Representative or determined by the Bankruptcy Court.

F. Treatment of Executory Contracts and Unexpired Leases

Rejected Contracts and Leases. The Plan provides that except as otherwise provided in the Confirmation Order, the Plan, or in any other Plan Document, the Confirmation Order shall constitute an order under section 365 of the Bankruptcy Code rejecting any pre-petition executory contract and unexpired lease to which any of the Debtors is a party, to the extent such contract or lease is an executory contract or an unexpired lease, on and subject to the occurrence of the Effective Date, unless such contract or lease (a) previously shall have been assumed, assumed and assigned, or rejected by the Debtors, (b) previously shall have expired or terminated pursuant to its own terms before the Effective Date, (c) is the subject of a pending motion to assume or reject on the Confirmation Date, or (d) is assumed pursuant to Section VII(C) of the Plan.

Bar to Rejection Damages. The Plan provides that if the rejection of an executory contract or unexpired lease pursuant to the Plan gives rise to a Claim by the other party or parties to such contract or lease, such Claim shall be forever barred and shall not be enforceable against the Debtors or their respective successors, properties or Estates unless a Proof of Claim is filed and served on the Debtors and counsel for Debtors within thirty (30) days after service of a notice of the Effective Date or such other date as is prescribed by the Bankruptcy Court.

Assumed and Assigned Contracts and Leases. The Plan provides that except as otherwise provided in the Confirmation Order, the Confirmation Order will constitute an order under section 365 of the Bankruptcy Code assuming, as of the Effective Date, those executory contracts and unexpired leases, if any, listed on Exhibit "E" hereto. The cure amounts payable with respect to any such contracts are also listed on Exhibit "E" hereto.

Insurance Policies. The Plan provides that, notwithstanding the foregoing, all Insurance Policies shall remain in full force and effect unless otherwise validly terminated, and issuers of such Insurance Policies shall remain responsible for Claims, in accordance with the terms and provisions of such Insurance Policies. The Debtors do not consider Insurance Policies that have expired as of the Effective Date (whether or not entered into prior or subsequent to the Petition Date) to be executory contracts subject to assumption or rejection. However, the issuers of Insurance Policies will be responsible for continuing coverage obligations thereunder, regardless of the payment status of any retrospective or other insurance premiums. Nothing in the Plan shall constitute or deemed to be a waiver of any Cause of Action that any Debtor may hold against Persons, including, without limitation, any issuer under any Insurance Policy of any of the Debtors.

G. Confirmation and Consummation of the Plan

Conditions Precedent to Effective Date. The Plan provides that the following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in writing:

- (1) The Confirmation Order shall have been entered and shall have become a Final Order and shall provide that the Debtors are authorized to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures and other agreements or documents created in connection with the Plan or effectuate, advance or further the purposes thereof; and

(2)



Consequences of Non-Occurrence of Effective Date. The Plan provides that in the event that the Effective Date does not timely occur, the Debtors, in consultation with the Creditors'

Committee Representative, reserve all rights to seek an order from the Bankruptcy Court directing that the Confirmation Order be vacated, that the Plan and the C&S Settlement Agreement shall both be null and void in all respects, and/or that any settlement of Claims provided for in the Plan and the C&S Settlement Agreement shall both be null and void.

H. Allowance and Payment of Certain Administrative Claims

Final Fee Applications. The Plan provides that final Fee Applications must be filed no later than sixty (60) days after the Effective Date. Objections, if any, to Final Fee Applications of such Professionals must be filed and served on the Debtors, their counsel, the requesting Professional and the United States Trustee no later than forty-five (45) days from the date on which each such Final Fee Application is served and filed. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the Allowed amounts of such Professional Fee Claims shall be determined by the Bankruptcy Court. Allowed Professional Fee Claims shall be paid as set forth in Section III(A)(1) of the Plan.

Employment of Professionals after the Effective Date. The Plan provides that from and after the Effective Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code or any order previously entered by the Bankruptcy Court in seeking retention or compensation for services rendered or expenses incurred after such date will terminate.

Administrative Claim Bar Date. The Plan provides that unless expressly provided otherwise in the Plan, all requests for payment of an Administrative Claim arising on and subsequent to November 12, 2014, other than Claims arising under 28 U.S.C. § 1930 and Administrative Claims described in section 503(b)(1)(B) or (C) of the Bankruptcy Code, must be filed with the Court and served on counsel for the Debtors and the Committee no later than thirty (30) days from and after the Effective Date of the Plan (the “Administrative Claims Bar Date”). Unless the Debtors or any other party in interest objects within forty-five (45) days from and after the Administrative Claims Bar Date (the “Administrative Claim Objection Deadline”), such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtors or any other party in interest objects to an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim, if any.

I. Effect of Plan Confirmation

Binding Effect. The Plan provides that the Plan will be binding upon and inure to the benefit of the Debtors, all present and former Holders of Claims and Interests, and their respective successors and assigns.

No Discharge of the Debtors. The Plan provides that pursuant to section 1141(d)(3) of the Bankruptcy Code, Confirmation will not discharge Claims against the Debtors; provided, however, that, other than as provided in any agreement, no Holder of a Claim or Interest may, on account of such Claim or Interest, seek or receive any payment or other distribution from, or seek recourse against, any of the Debtors and/or its respective successors, assigns and/or property,

including but not limited to the Debtors' Representative, except as expressly provided in the Plan.

Releases by the Debtors. The Plan provides that on the Effective Date, the Debtors, on behalf of themselves and their respective Estates, will release unconditionally, and hereby are deemed to forever release unconditionally, the Creditors' Committee, the members of the Creditors' Committee (but solely in their capacity as such), and the Creditors' Committee's and the Debtors' respective agents, advisors, accountants, investment bankers, consultants, attorneys and other representatives, solely in their respective capacities as such, from any and all claims, obligations, suits, judgments, damages, rights, causes of action and liabilities whatsoever (other than the right to enforce the performance of their respective obligations, if any, to the Debtors under the Plan, and the contracts, instruments, releases and other agreements delivered under the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, directly or derivatively, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Chapter 11 Cases, the Plan or the Disclosure Statement; provided, however, that notwithstanding the foregoing, nothing contained in the Plan is intended to or will operate as a release of any claims for fraud, willful misconduct or gross negligence.

Injunction. The Plan provides that except as otherwise provided in the Plan, from and after the Effective Date, all Persons who have held, hold or may hold Claims against or Interests in any of the Debtors are permanently enjoined from taking any of the following actions against any Debtor or their Estates, or any of their property on account of any such Claims or Interests, or the Debtors' Representative: (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 a setoff or right of subrogation of any kind against any debt, liability or obligation due to any of the Debtors; 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, the Confirmation Order or a Sale Order.

Term of Bankruptcy Injunction or Stays. The Plan provides for all injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, to remain in full force and effect.



[REDACTED]

Levy, Garnishment and Attachment. The Plan provides that Distributions to the various Classes of Claims under the Plan shall not be subject to levy, garnishment, attachment or like legal process by any Holder of Claim by reason of any subordination rights or otherwise, so that each Holder of Claim shall have and receive the benefit of the Distributions in the manner set forth in the Plan.

Exculpation and Limitation of Liability. The Plan provides that except as otherwise specifically provided in the Plan, each of the Debtors, their respective present or former members, officers (including without limitation the Debtors' Chief Restructuring Officer), the Debtors' Professionals, directors, employees, advisors, attorneys, representatives, financial advisors, investment bankers, or agents and any of such parties' successors and assigns, the Creditors' Committee, the members of the Creditors' Committee (but solely in their capacity as such) and the Professionals of the Creditors' Committee, shall not be liable for any claim, action, proceeding, Cause of Action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment or Claim (as defined in section 101(5) of the Bankruptcy Code), whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise to one another or to any Holder of a Claim or Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or any of their successors or assigns, for any act or omission originating or occurring on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of the Chapter 11 Cases, negotiation and filing of the Plan or any prior plans, filing the Chapter 11 Cases, the pursuit of confirmation of the Plan or any prior plans, the C&S Sale Order, any other Sale Order, the consummation of the Plan, the administration of the Plan or the property to be liquidated and/or distributed under the Plan, except for willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

Indemnification Obligations. The Plan provides that except as otherwise provided in the Plan, the C&S Sale Order, any other Sale Order, other Order of the Bankruptcy Court, or any contract, instrument, release or other agreement or document entered into in connection with the Plan, any and all indemnification obligations that any of the Debtors has pursuant to a contract, instrument, agreement, certificate of incorporation, by-law, comparable organizational document or any other document or applicable law shall be deemed rejected (if and to the extent executory) as of the Effective Date.

Special Environmental Provisions. The Plan provides that nothing in the Plan discharges, releases, precludes, or enjoins: (i) any environmental liability to any Governmental Unit that is not a Claim as defined in 11 U.S.C. § 101(5); (ii) any environmental Claim of any Governmental

Unit arising on or after the Effective Date; (iii) any environmental liability to any Governmental Unit on the part of any entity as the owner or operator of property after the Effective Date; or (iv) any liability to the United States on the part of any entity other than a Debtor. Moreover, nothing in the Plan divests any tribunal of any jurisdiction it may have under environmental law to interpret the Plan.

IX. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following discussion is a summary of certain United States federal income tax aspects of the Plan, 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 (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 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.

Each Holder of a Claim or Interest affected by the Plan is strongly urged to consult its tax advisor regarding the specific tax consequences of the transactions described herein and in the Plan.

A. General

The United States federal income tax consequences to Holders of Claims and Interests 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 or Interest; (2) the length of time the Claim or Interest has been held; (3) whether the Claim or Interest 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; (7) whether the Claim is an installment obligation for United States federal income tax purposes; and (8) whether the Claim constitutes a “security” for United States federal income tax purposes. Certain Holders of Claims (such as foreign persons, S corporations, regulated investment companies, insurance companies, financial institutions, small business investment companies, broker-dealers and tax-exempt organizations) and Interests may be subject to special rules not addressed herein. 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 and Interests, which are not addressed herein. Each Holder of a Claim and Interest should consult its tax advisor for

information that may be relevant to its particular situation and circumstances and for advice concerning the particular tax consequences to it of the transactions contemplated by the Plan.

B. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION 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 OR INTEREST HOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIM AND INTEREST HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

X. REQUIREMENTS FOR CONFIRMATION OF THE PLAN

The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code and the disclosures by the Debtors concerning the Plan have been adequate and have included information concerning all payments made or to be made in connection with the Plan and the Chapter 11 Cases. In addition, the Bankruptcy Court must determine that the Plan has been proposed in good faith and not by any means forbidden by law and, under Bankruptcy Rule 3020(b)(2), it may do so without receiving evidence if no objection is timely filed.

In particular, the Bankruptcy Code requires the Bankruptcy Court to find, among other things, that (a) the Plan has been accepted by the requisite votes of the Classes of Impaired Claims, unless approval will be sought under section 1129(b) of the Bankruptcy Code, despite the dissent of one or more such Classes, (b) the Plan is "feasible," which means that there is a reasonable probability that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization, and (c) the Plan is in the "best interests" of all holders of Claims and Interests, which means that such holders will receive at least as much under the Plan as they would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Bankruptcy Court must find that all conditions mentioned above are met before it can confirm the Plan. Thus, even if all Classes of Impaired Claims accept the Plan by the requisite votes, the Bankruptcy Court must make an independent finding that the Plan conforms to the requirements of the Bankruptcy Code, that the Plan is feasible and that the Plan is in the best interests of the holders of Claims against, and Interests in, the Debtors.

A. Acceptance by Impaired Classes

Under section 1124 of the Bankruptcy Code, a class of claims or 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 interest entitles the holder thereof or (2) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

In general, a holder of a claim or interest may vote to accept or to reject a plan if (1) the claim or interest is allowed, which means generally that no party in interest has objected to such claim or interest, and (2) the claim or interest is impaired by the plan. If the holder of an impaired claim or interest will not receive or retain any distribution under the plan in respect of such claim or interest, the Bankruptcy Code deems the holder to have rejected the plan. If the claim or interest is not impaired, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan, and the plan proponent need not solicit such holder's vote.

For present purposes, the Holder of a Claim or Interest against a Debtor that is Impaired under the Plan is entitled to vote to accept or reject the Plan if (i) the Plan provides a Distribution in respect to such Claim or Interest and (ii) (a) the Claim has been Scheduled by the Debtors (and such claim is not Scheduled at zero or as disputed, contingent, or unliquidated) or (b) the creditor has filed a Proof of Claim on or before the bar date applicable to such Holder, pursuant to sections 502(a) and 1126(a) of the Bankruptcy Code and Bankruptcy Rules 3003 and 3018. Any Claim as to which an objection has been timely filed and not been withdrawn or dismissed or denied by Final Order is not entitled to vote unless the Bankruptcy Court, pursuant to Bankruptcy Rule 3018(a), upon application of the Holder of the Claim with respect to which there has been objection, temporarily allows the Claim in an amount that the Bankruptcy Court deems proper for the purpose of accepting or rejecting the Plan.

A vote 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.

Impaired Classes of Claims and Interests Entitled to Vote. Subject to Articles II and III of the Plan, only the Holders of Claims in Classes 3A, 3B, 3C, 3AV, 3BV, 3CV, 4A, 4B and 4C are entitled to vote to accept or reject the Plan.

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 in dollar amount and more than one-half 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 the Holders of at least two-thirds in amount of the Allowed Interests of such Class that have timely and properly voted to accept or reject the Plan.

Presumed Acceptances by Unimpaired Classes. Classes 1 and 2 (including 2A/Bank, 2B/Bank and 2C/Bank) are Unimpaired by the Plan. Under section 1126 of the Bankruptcy Code, such Holders are conclusively presumed to accept the Plan, and the votes of such Holders will not be solicited.

Impaired Equity Interests. With respect to Interests, in accordance with section 1126(g) of the Bankruptcy Code, Classes 5A, 5B and 5C are deemed to have rejected the Plan.

Summary of Classes Voting on the Plan. As a result of the provisions of Articles II and III of the Plan, the votes of Holders of Claims in Classes 3A, 3B, 3C, 3AV, 3BV, 3CV, 4A, 4B and 4C will be solicited with respect to the Plan.

Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code. If any Impaired Class of Claims or Interests that is entitled to vote on the Plan rejects the Plan, the Debtors will (i) seek confirmation of the Plan from the Court by employing the “cram down” procedures set forth in section 1129(b) of the Bankruptcy Code and/or (ii) modify the Plan. The Debtors reserve the right to alter, amend or modify the Plan, including to amend or modify the exhibits thereto, to satisfy the requirements of section 1129(b) of the Bankruptcy Code. Each Debtor reserves the right to revoke or withdraw the Plan, as it applies to such Debtor, in whole or in part. The withdrawal of the Plan by a Debtor will not affect the right or ability of another Debtor to seek confirmation of the Plan, as it applies to such Debtor.

“Cram Down.” Under the “cram down” provisions of the Bankruptcy Code, the Debtors must demonstrate to the Bankruptcy Court that (i) the Plan does not discriminate unfairly with respect to each non-accepting Impaired Class, (ii) the Plan is fair and equitable with respect to each non-accepting Impaired Class, and (iii) at least one Impaired Class has accepted the Plan.

As used by the Bankruptcy Code, the phrases “discriminate unfairly” and “fair and equitable” have narrow and specific meanings unique to bankruptcy law. A plan does not discriminate unfairly if claims or interests in different classes but with similar priorities and characteristics receive or retain property of similar value under a plan. By establishing separate Classes for the holders of each type of Claim and by treating each holder of a Claim in each Class identically, the Plan has been structured so as to meet the “unfair discrimination” test of section 1129(b) of the Bankruptcy Code.

The Bankruptcy Code sets forth different standards for establishing that a plan is “fair and equitable” with respect to a dissenting class, depending on whether the class is comprised of secured or unsecured claims or interests. In general, section 1129(b) of the Bankruptcy Code permits confirmation notwithstanding non-acceptance by an impaired class if that class and all junior classes are treated in accordance with the “absolute priority” rule, which requires that the dissenting class be paid in full before any junior class may receive anything under the plan.

B. Feasibility

In connection with confirmation of the Plan, the Bankruptcy Court will have to determine that the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors. In the present case, because the Plan is a liquidating plan in which sufficient funds will be set aside to satisfy all Allowed Administrative Claims and other Claims that are required to be paid under the Plan, the Plan satisfies section 1129(a)(11) of the Bankruptcy Code.

C. Best Interests of Creditors; Liquidation under Chapter 7 of the Bankruptcy Code

Section 1129(a)(7) of the Bankruptcy Code provides that, with respect to impaired classes, each holder of a claim or interest of such class must receive or retain under the plan on

account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount such holder would so receive or retain if the debtor liquidated under chapter 7 of title 11 on such date.

To estimate what holders of Claims would receive if the Debtors were hypothetically liquidated under chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if each of the Debtors' Chapter 11 Cases were converted to a chapter 7 case and each of the respective Debtor's assets were liquidated by a chapter 7 trustee. The proceeds available for satisfaction of allowed claims would consist of the Cash held by the Debtors, as well as any remaining assets reducible to Cash, at the time of the conversion to chapter 7. Any such Cash amount would then be reduced by the amount of any allowed secured claims, the costs and expenses of the chapter 7 case and additional allowed administrative claims, and other priority claims that may result from the use of chapter 7 for purposes of liquidation. The costs of liquidation under chapter 7 would include fees payable to a trustee in bankruptcy, as well as those that might be payable to his or her attorneys and to other professionals that such trustee may engage, plus any unpaid expenses incurred by the Debtors during the Chapter 11 Cases that would be allowed in the chapter 7 case, such as compensation for the Debtors' and Creditors' Committee's Professionals. These Claims would be paid in full out of the Debtors' Cash before the balance of the Cash would be made available to Holders of General Unsecured Claims. In addition, other claims might arise upon conversion to a chapter 7 case that might dilute the Cash available to holders of allowed general unsecured claims. Additional claims against the Debtors' Estates might also arise as the result of the establishment of a new bar date for the filing of claims in the chapter 7 cases of the Debtors. Based on the foregoing, the Debtors believe that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for under the Plan

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors have evaluated alternatives to the Plan. After studying these alternatives, the Debtors have concluded that the Plan is the best alternative and will maximize recoveries of Holders of Claims and Interests. If the Plan is not confirmed, the Chapter 11 Cases may be converted to cases under chapter 7 of the Bankruptcy Code. In that event, the Debtors would cease their liquidation and distribution efforts and a trustee would be appointed to liquidate and distribute the remaining assets of the Estates. As explained above, the Debtors believe that a liquidation under chapter 7 would likely result in a lower return to Holders of Allowed Claims and Interests, and would significantly delay distributions.

[remainder of page intentionally left blank]

XII. RECOMMENDATION AND CONCLUSION

The Debtors believe that the Plan is in the best interest of all Holders of Claims and Interests and urge all Holders of Impaired Claims and Interests to vote to accept the Plan and to evidence such acceptance by returning their Ballots in accordance with the instructions accompanying this Disclosure Statement. IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AND RECEIVED BY THE VOTING AGENT NO LATER THAN THE VOTING DEADLINE.

Dated: February 21, 2016

Respectfully submitted,

ADI Liquidation, Inc. (f/k/a AWI Delaware, Inc.)
AW Liquidation, Inc. (f/k/a Associated
Wholesalers, Inc.)
NK Liquidation, (f/k/a Nell's, Inc.)
Co-Op Agency Inc.
AL Liquidation, Inc. (f/k/a Associated Logistics,
Inc.)
WR Liquidation, Inc. (f/k/a White Rose Inc.)
RT Liquidation Corp. (f/k/a Rose Trucking Corp.)
WRSC Liquidation Corp. (f/k/a WR Service Corp.)
WRSC II Liquidation Corp. (f/k/a WR Service II
Corp.)
WRSC V Liquidation Corp. (f/k/a WR Service V
Corp.)
White Rose Puerto Rico, LLC

By: /s/ Douglas A. Booth
Name: Douglas A. Booth
Title: Chief Restructuring Officer

List of Exhibits

Exhibit “A” – Debtors’ Chapter 11 Plan of Liquidation

Exhibit “B” – Estimated Plan Recovery Analysis

Exhibit “C” – May 20, 2015 Order

Exhibit “D” –Debtor Pension Reimbursement Amount

Exhibit “E” – Executory Contracts and Unexpired Leases to be Assumed and Proposed Cure Amounts

List of Schedules

Schedule 1 – [REDACTED]