THIS SOLICITATION IS BEING CONDUCTED TO OBTAIN SUFFICIENT ACCEPTANCES OF A JOINT PREPACKAGED REORGANIZATION PLAN PRIOR TO THE FILING OF VOLUNTARY REORGANIZATION CASES UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE. BECAUSE NO CHAPTER 11 CASES HAVE YET BEEN COMMENCED, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF THE BANKRUPTCY CODE. FOLLOWING THE COMMENCEMENT OF THEIR CHAPTER 11 CASES, THE ANTIOCH COMPANY, ANTIOCH INTERNATIONAL, INC., ANTIOCH INTERNATIONAL–CANADA, INC., ANTIOCH INTERNATIONAL–NEW ZEALAND, INC., ANTIOCH FRAMERS SUPPLY COMPANY, ZEBLOOMS, INC., AND CREATIVE MEMORIES PUERTO RICO, INC. EXPECT TO PROMPTLY SEEK AN ORDER OF THE BANKRUPTCY COURT (I) APPROVING (A) THIS DISCLOSURE STATEMENT AS HAVING CONTAINED ADEQUATE INFORMATION AND (B) THE SOLICITATION OF VOTES AS HAVING BEEN IN COMPLIANCE WITH SECTION 1126(b) OF THE BANKRUPTCY CODE AND (II) CONFIRMING THE JOINT REORGANIZATION PLAN DESCRIBED HEREIN.

DISCLOSURE STATEMENT

November 12, 2008

Prepetition Solicitation of Votes
With Respect to Joint Prepackaged Reorganization Plan

of

THE ANTIOCH COMPANY, ANTIOCH INTERNATIONAL, INC., ANTIOCH INTERNATIONAL–CANADA, INC., ANTIOCH INTERNATIONAL–NEW ZEALAND, INC., ANTIOCH FRAMERS SUPPLY COMPANY, ZEBLOOMS, INC., AND CREATIVE MEMORIES PUERTO RICO, INC.

from the Holders of Impaired Claims in Certain Impaired Classes

NEITHER THE ANTIOCH COMPANY, ANTIOCH INTERNATIONAL, INC., ANTIOCH INTERNATIONAL–CANADA, INC., ANTIOCH INTERNATIONAL–NEW ZEALAND, INC., ANTIOCH FRAMERS SUPPLY COMPANY, ZEBLOOMS, INC., NOR CREATIVE MEMORIES PUERTO RICO, INC. HAVE COMMENCED A CASE UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AT THIS TIME. THIS DISCLOSURE STATEMENT SOLICITS ACCEPTANCES OF THE PLAN AND CONTAINS INFORMATION RELEVANT TO A DECISION TO ACCEPT OR REJECT THE PLAN.

UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF OHIO
WESTERN DIVISION – DAYTON

In re: THE ANTIOCH COMPANY, et al.,[1] Debtors.	Case Nos. 08-35741 through 08-35747 (Jointly Administered Under Case No. 08-35741) Chapter 11 Judge Humphrey

DISCLOSURE STATEMENT WITH RESPECT TO JOINT PREPACKAGED PLAN OF REORGANIZATION OF THE ANTIOCH COMPANY AND ITS AFFILIATE DEBTORS

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Proposed Co-Counsel for the Debtors

Dated: Chicago, IL
November 12, 2008

[1] The Debtors consist of: The Antioch Company; Antioch International, Inc.; Antioch International – Canada, Inc.; Antioch International – New Zealand, Inc.; Antioch Framers Supply Company; zeBlooms, Inc.; and Creative Memories Puerto Rico, Inc.

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I. INTRODUCTION AND DISCLAIMER

The Antioch Company, an Ohio corporation, and Antioch International, Inc., Antioch International–Canada, Inc., Antioch International–New Zealand, Inc., Antioch Framers Supply Company, zeBlooms, Inc., and Creative Memories Puerto Rico, Inc. (collectively, the "Subsidiary Debtors," and together with The Antioch Company, the "Debtors" or the "Company"), submit this disclosure statement (the "Disclosure Statement") pursuant to section 1125 of the Bankruptcy Code, for use in the solicitation of votes on the Joint Prepackaged Plan of Reorganization of The Antioch Company and its Affiliate Debtors dated November 12, 2008 (the "Plan"). The Plan is being proposed by the Company and is anticipated to be filed with the United States Bankruptcy Court for the Southern District of Ohio (Western Division – Dayton) (the "Bankruptcy Court"). A copy of the Plan is annexed as Appendix A to this Disclosure Statement.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, the need to seek chapter 11 protection, significant events that are expected to occur during the chapter 11 cases, and the anticipated organization, operations, and financing of the Debtors upon successful emergence from chapter 11 (the "Reorganized Debtors"). This Disclosure Statement also describes terms and provisions of the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, certain risk factors associated with securities to be issued under the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of claims entitled to vote under the Plan must follow for their votes to be counted.

Except as otherwise provided herein, capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to them in the Plan. Unless otherwise noted herein, all dollar amounts provided in this Disclosure Statement and in the Plan are given in United States dollars.

This Disclosure Statement describes certain aspects of the Plan, the Debtors' operations, the Debtors' Financial Forecasts, and other related matters. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS, APPENDICES, AND SCHEDULES THERETO IN THEIR ENTIRETY. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.

THE DEBTORS HAVE NOT COMMENCED CASES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE AT THIS TIME.

UNDER THE PLAN, GENERAL UNSECURED CLAIMS HELD BY EMPLOYEES AND MOST VENDORS ARE NOT AFFECTED BY THESE CASES AND ARE ANTICIPATED TO BE PAID IN FULL IN THE ORDINARY COURSE OF BUSINESS. ONLY CLAIMS HELD BY (A) LENDERS UNDER THE COMPANY'S PREPETITION SECURED CREDIT AGREEMENT, (B) HOLDERS OF OUTSTANDING ESOP NOTES ISSUED BY THE COMPANY, (C) HOLDERS OF OUTSTANDING SUBORDINATED NOTES, (D) CERTAIN PARTIES TO LEASES AND CONTRACTS WHICH WILL BE REJECTED (AS SET FORTH ON SCHEDULE 7.2 TO THE PLAN), AND (E) HOLDERS OF THE COMPANY'S ESOT ALLOCATED STOCK AND OLD EQUITY INTERESTS ARE IMPAIRED BY THE PLAN.

BECAUSE NO BANKRUPTCY CASE HAS BEEN COMMENCED, THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY ANY BANKRUPTCY COURT WITH RESPECT TO WHETHER IT CONTAINS ADEQUATE INFORMATION WITHIN THE MEANING OF SECTION 1125(a) OF

THE BANKRUPTCY CODE. NONETHELESS, IF CHAPTER 11 CASES ARE SUBSEQUENTLY COMMENCED, THE DEBTORS EXPECT TO PROMPTLY SEEK AN ORDER OF THE BANKRUPTCY COURT APPROVING THIS DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND DETERMINING THAT THE SOLICITATION OF VOTES ON THE PLAN BY MEANS OF THIS DISCLOSURE STATEMENT WAS IN COMPLIANCE WITH SECTION 1126(b) OF THE BANKRUPTCY CODE.

This Disclosure Statement does not constitute an offer to exchange or sell, or the solicitation of an offer to exchange or buy, any securities that may be deemed to be offered hereby with respect to any creditor that is not an "accredited investor" as defined in Regulation D under the Securities Act. Any ballot submitted by any such creditor will be deemed a rejection of the Plan for purposes of determining whether requisite votes for acceptance of the Plan have been received. In any state or other jurisdiction (domestic or foreign) in which any securities that may be deemed to be offered hereby are required to be qualified for offering in such jurisdiction, no offer is hereby being made to, and the receipt of ballots will not be accepted from, residents of such jurisdiction unless and until such requirements, in the sole and final determination of the Debtors, have been fully satisfied. Until such time, any ballot submitted with respect to any such creditor will be deemed null and void and will not constitute a rejection or acceptance for purposes of determining whether requisite votes for acceptance of the Plan have been received.

NO PERSON IS AUTHORIZED BY ANY OF THE DEBTORS IN CONNECTION WITH THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN TO GIVE ANY INFORMATION OR TO MAKE ANY REPRESENTATION REGARDING THIS DISCLOSURE STATEMENT OR THE PLAN OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT AND THE EXHIBITS, APPENDICES, AND/OR SCHEDULES ATTACHED HERETO OR INCORPORATED BY REFERENCE OR REFERRED TO HEREIN, AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MAY NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY ANY OF THE DEBTORS.

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL, OR TAX ADVICE. ANY CREDITOR DESIRING ANY SUCH ADVICE OR ANY OTHER ADVICE SHOULD CONSULT WITH ITS OWN ADVISORS.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT CREATE AN IMPLICATION THAT THERE HAS NOT BEEN ANY CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, INCLUDING THE INFORMATION REGARDING THE HISTORY, BUSINESS, AND OPERATIONS OF THE DEBTORS AND THE HISTORICAL FINANCIAL INFORMATION REGARDING THE DEBTORS IS INCLUDED FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN BUT, AS TO CONTESTED MATTERS AND ADVERSARY PROCEEDINGS, IS NOT TO BE CONSTRUED AS AN ADMISSION OR A STIPULATION BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS.

THE DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR TO REJECT THE PLAN, AND NOTHING STATED HEREIN WILL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED A REPRESENTATION OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS. CERTAIN OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD LOOKING AND CONTAIN ESTIMATES

AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL BE REFLECTIVE OF ACTUAL OUTCOMES. ALL HOLDERS OF CLAIMS SHOULD CAREFULLY READ AND CONSIDER THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY, INCLUDING ARTICLE VIII, "RISK FACTORS TO BE CONSIDERED," OF THIS DISCLOSURE STATEMENT, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

EXCEPT AS OTHERWISE EXPRESSLY SET FORTH HEREIN, ALL INFORMATION CONTAINED HEREIN HAS BEEN PROVIDED BY THE DEBTORS.

SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

This Disclosure Statement contains forward looking statements, including statements concerning possible or assumed future results of operations of the Debtors and those preceded by, followed by, or that include the word may, will, should, could, expects, plans, anticipates, believes, estimates, predicts, potential, or continue or the negative of such terms and other comparable terminology. You should understand that the factors described below, in addition to those discussed elsewhere in this Disclosure Statement, could materially affect the Debtors' future results and could cause those results to differ materially from those expressed in such forward looking statements. These factors include:

- market conditions have adversely affected demand for certain of the Company's products and may continue to delay the time required to achieve profitability and positive cash flow;
- the chance for additional adverse market developments;
- issues related to the Company's financial situation and liquidity needs increasing the risk that it is unable to invest in the business and may fail to attract and retain customers;
- potential difficulties in attracting and retaining quality management and key personnel to execute the Company's current business strategy;
- lower prices for the Company's products and the inability to sell new competitively priced products;
- competition against large, financially strong competitors;
- enhanced technology and advanced products being offered by competitors that the Company cannot offer.

ANY FINANCIAL FORECASTS OR OTHER FORWARD LOOKING ANALYSES CONTAINED HEREIN WERE NOT PREPARED WITH A VIEW TO COMPLYING WITH THE GUIDELINES FOR PROSPECTIVE FINANCIAL STATEMENTS PUBLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS. THE ANTIOCH COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM HAS NEITHER COMPILED NOR EXAMINED THE ACCOMPANYING PROSPECTIVE FINANCIAL INFORMATION TO DETERMINE THE REASONABLENESS THEREOF AND, ACCORDINGLY, HAS NOT EXPRESSED AN OPINION OR ANY OTHER FORM OF ASSURANCE WITH RESPECT THERETO.

II. OVERVIEW OF THE DEBTORS AND THE PLAN

This Disclosure Statement contains, among other things, descriptions and summaries of provisions of the Plan.

The following overview is a general summary only, which is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information, and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the Plan.

A. Business Overview

The Company is one of the world's largest direct-sales scrapbook and accessories suppliers. Founded in 1926 by Ernest Morgan as the Antioch Bookplate Company, the Company became a provider of bookstore accessories such as bookplates, bookmarks, calendars, and journals. In 1985, the Company purchased Holes-Webway Company, a photo album manufacturer. Originating in 1987 as a collaboration between a customer, Rhonda Anderson, and an employee of the Company, Cheryl Lightle, the Company's iconic Creative Memories brand was born. Creative Memories and the direct sale of scrapbooks and accessories in home parties and workshops through thousands of independent sales consultants came to dominate the Company. The Company's consultant sales force markets and sells Creative Memories products in all 50 states and in 10 countries around the world. In addition, the Company also operates a custom framing business in the United States. The Company operates its business as a single segment across its 50-state and 10-country footprint, reviewing operating results, assessing performance, and allocating resources on that basis.

As of October 31, 2008, the Company had approximately 518 employees and more than 55,000 consultants worldwide. As of September 30, 2008, the Company had year-to-date revenue of $148.8 million. For the year ended December 31, 2007, the Company had revenue of $241.9 million. For the year ended December 31, 2007, the Company derived approximately 78% of its total revenues from traditional scrapbooks and accessories, approximately 6% from sales of its digital products, approximately 5% from the custom framing business, and approximately 11% from other sources. Most of the Company's scrapbook and scrapbook accessory sales are initiated and completed through the Company's consultant sales force.

B. Existing Capital Structure

The Antioch Company's principal obligations for funded debt are (i) obligations outstanding under the Credit Agreement dated as of April 17, 2007 (the "Prepetition Secured Credit Agreement"), by and between The Antioch Company, Bank of America, N.A., as successor to LaSalle Bank, N.A., as agent, and the lenders party thereto (collectively, the "Prepetition Secured Lenders"), which are guaranteed by the Subsidiary Debtors and are secured by substantially all of the assets of the Company, (ii) obligations outstanding under various Promissory Note and Loan Agreement Stock Distribution Puts issued by the Company pursuant to section 12(b) of the Company's Employee Stock Ownership Plan (the "ESOP") to fund repurchase obligations for terminated employees between June 2005 and October 2007 (the "ESOP Notes"); and (iii) obligations outstanding under those certain notes, dated as of December 16, 2003, June 20, 2005, October 10, 2005, and December 31, 2006, issued by The Antioch Company to holders of shares of the Company's stock or warrants to buy such shares (the "Subordinated Notes"). As of October 31, 2008, the Company's obligations under the Prepetition Secured Credit Agreement totaled approximately $41 million, and the Company's obligations under the ESOP Notes and the Subordinated Notes totaled approximately $21.3 million and $56.2 million, respectively.

C. Plan Negotiations

The Company operates within the highly competitive scrapbooking industry. The current economic and competitive environment has hindered the Company's ability to achieve adequate performance levels; as a result, the Company's balance sheet is overly leveraged relative to the Company's operating performance. In this regard, the Company fell into default with respect to certain covenants under the Prepetition Secured Credit Agreement. The covenant default caused an acceleration of the Company's outstanding debts to the Prepetition Secured Lenders. On June 21, 2008, the Company entered into a Forbearance Agreement, under which the Prepetition Secured Lenders agreed to forbear from exercising certain default remedies against The Antioch Company and its Subsidiary Debtors until July 22, 2008. On October 10, 2008, the Company and the Prepetition Secured Lenders entered into an additional Forbearance Agreement, pursuant to which the Prepetition Secured Lenders again agreed to forbear from exercising certain default remedies against The Antioch Company and its Subsidiary Debtors until October 31, 2008.

Prior to the covenant default, faced with high debt and declining revenues, the Company began evaluating strategic alternatives. To that end, in 2007 the Company retained the investment banking firm of Houlihan Lokey ("Houlihan") to assist it in identifying potential purchasers of substantially all of the Company's assets or stock and potential sources of refinancing of the Company's debt. The Company regularly reported its efforts to the trustee of the ESOP. The solicitation of numerous strategic and financial buyers and sources of refinancing yielded no acceptable offers. In addition, the then-holder of a substantial portion of the Company's common stock and subordinated debt retained the investment banking firm Candlewood Partners, LLC to augment the search for potential buyers and financing sources. Those efforts were also unsuccessful. The Company also retained the consulting firm CRG Partners Group, LLC ("CRG Partners") to provide corporate restructuring financial advisory services. In May 2008, with the assistance of Houlihan, the Company received a non-binding indication of interest from J. H. Whitney & Co., subject to due diligence and numerous other contingencies, with a nominal value of $54 million less certain reductions (the "First Proposed Transaction"). The proposed purchase price was less than the amount then owed to the creditors of the Company.

The Company's shareholders evaluated the First Proposed Transaction and determined, on June 5, 2008, that the First Proposed Transaction was not in their interests, and advised the Company's board of directors of their decision on the same date. The shareholders informed the Company and the Company's Prepetition Secured Lenders that they made such a determination based upon the fact that such sale would be accomplished through a bankruptcy filing and would (i) provide less than full payment of claims of the Company's unsecured creditors and (ii) yield no proceeds for the Company's shareholders. In addition, the shareholders voted to remove all sitting members of the board of directors and, in their place, installed Mr. Lee Morgan, Ms. Asha Morgan Moran, and Mr. Robert Morris. Mr. Morgan was appointed Chairman of the Board. The reconstituted board of directors retained Skadden, Arps, Slate, Meagher & Flom, LLP ("Skadden") to represent the Company in connection with its restructuring efforts.

After the Company's shareholders rejected the First Proposed Transaction, the principal alternatives available to the Company were a sale of the Company (in one or more transactions), a refinancing, or a stand-alone restructuring of the balance sheet, coupled with certain operational changes, to reduce debt-service requirements and improve free cash-flow. The Company continued to pursue recapitalization and contacted numerous parties in its efforts to identify a recapitalization or refinancing transaction. Several parties expressed initial interest in investing in or otherwise recapitalizing the Company, but no viable offer ultimately was made to the Company. In September 2008, with no refinancing or recapitalization option available, the Company, in consultation with the Prepetition Secured Lenders, again sought to identify potential purchasers for the Company's assets.

The Company, in consultation with the Prepetition Secured Lenders and the Company's advisors, explored the possibilities of selling all or pieces of the Company and solicited interest from potential acquirers. As a result, the Company received one offer to purchase all of its assets, again from J. H. Whitney & Co., for approximately $22 million (the "Second Proposed Transaction"). J.H. Whitney & Co.'s bid in the Second Proposed Transaction was significantly lower than that in the First Proposed Transaction. The Company, in consultation with the Prepetition Secured Lenders, determined that the Second Proposed Transaction to be inadequate. Accordingly, the process did not result in a viable sale alternative.

To maximize the value of the Company for the benefit of its stakeholders, the Company, after discussions with the Prepetition Secured Lenders, concluded that the proposed restructuring should be implemented through a prepackaged plan of reorganization. The Company believes that the value of its businesses would be damaged significantly by a prolonged chapter 11 case. The Plan embodies this proposed stand-alone restructuring.

The Company intends to file the Plan and this Disclosure Statement upon the commencement of voluntary cases under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases"). If the requisite acceptances of the Plan have been obtained prior to such filing, the Company will seek approval of this Disclosure Statement and consummation of the Plan as quickly as possible.

D. General Structure of the Plan

Under the Plan, there are two classes of Impaired Claims (Class 4 Prepetition Secured Lender Claims and Class 5 Impaired Unsecured Claims) and two classes of Impaired Interests (Class 7 ESOT Allocated Stock Interests and Class 8 Old Equity Interests). All other Claims and Interests are Unimpaired. Holders of Class 1 Non-Tax Priority Claims, Class 2 Other Secured Claims, Class 3 Unimpaired Unsecured Claims and Class 6 Intercompany Interests will be unaffected by the Plan.

Based upon the valuation of the Company as set forth below and in Article X of this Disclosure Statement, the value of the Company is substantially less than the aggregate amount of the Claims held by the Prepetition Secured Lenders, which Claims are secured by properly perfected liens on substantially all assets of the Company and its subsidiary guarantors. In the absence of the consent and authorization of the Prepetition Secured Lenders, Holders of Class 5 Impaired Unsecured Claims and Class 7 ESOT Allocated Stock Interests would not be entitled to receive or retain any property on account of such Claims and Interests under the Plan. The Company and the Prepetition Secured Lenders recognize, however, that the continued dedication of the Company's employees, consultants, trade, and other unsecured creditors to the Company's business is critical to maximizing value. In this regard, as set forth below, the Prepetition Secured Lenders have authorized and consented to a carve-out from their collateral to provide for (i) the payment in full of all unsecured creditors other than holders of the ESOP Notes, the Subordinated Notes, and certain unsecured creditors who are no longer necessary to the future operation of the business, and (ii) the transfer of the New Common Member Interests to an intermediate holding company that will be owned by a trust established for the benefit of the Holders of Class 5 Impaired Unsecured Claims and Class 7 ESOT Allocated Stock Interests (the "Creditor/Equityholder Trust"). Specifically, the Plan provides for the Company's balance sheet to be restructured by:

(i) converting the Prepetition Secured Lender Claims into the New Secured Term Loan Notes and the New Preferred Member Interests; and

(ii) reinstating all unsecured creditors (other than those holding Impaired Unsecured Claims, as described below).

Holders of Impaired Unsecured Claims will not receive a distribution with respect to their Claims under the Plan. Even though Holders of such Claims are not entitled to a distribution under the Plan, the Prepetition

Secured Lenders have agreed to provide such creditors that timely submit a Class 5 Release Form, in consideration for the releases granted therein, with an 80% interest in the Creditor/Equityholder Trust on a pro rata basis (subject to dilution by the terms and conditions of the Plan) out of the proceeds of the collateral securing the Prepetition Lender Claims. Similarly, Holders of ESOT Allocated Stock Interests will not receive a distribution with respect to their Claims under the Plan. Even though the Holders of such Interests are not entitled to a distribution under the Plan, the Prepetition Secured Lenders have agreed to provide such interestholders that timely submit a Class 7 Release Form, in consideration for the releases granted therein, with a 20% interest in the Creditor/Equityholder Trust on a pro rata basis (subject to dilution by the terms and conditions of the Plan) out of the proceeds of the collateral securing the Prepetition Lender Claims. Holders of Class 8 Old Equity Interests will not be entitled to receive or retain any property on account of such Interests under the Plan.

The New Common Member Interests and New Preferred Member Interests issued pursuant to the Plan will be subject to the terms and conditions of the New Limited Liability Company Operating Agreement, which will be deemed binding on and enforceable by the Reorganized Debtors, the Prepetition Secured Lenders, and any party that receives New Common Member Interests. The material terms and conditions that govern the New Secured Term Loan Notes to be distributed to holders of Prepetition Secured Lender Claims are summarized in Section VII.I of this Disclosure Statement.

Claims of the Debtors' current employees and trade creditors who are necessary for the continued business operations of the Reorganized Debtors are classified in Class 3 as Unimpaired Unsecured Claims and will be Unimpaired.

THE DEBTORS INTEND TO SEEK A COURT ORDER AUTHORIZING THEM TO CONTINUE OPERATING THEIR BUSINESS IN CHAPTER 11 IN THE ORDINARY COURSE AND TO PAY THEIR EMPLOYEES, TRADE CREDITORS, AND CERTAIN OTHER CREDITORS IN FULL AND ON TIME DURING THE PENDENCY OF THE CHAPTER 11 CASES.

The Plan is predicated upon entry of an order substantively consolidating the Debtors solely for the purposes of the Plan, including for voting, confirmation, and distribution purposes. See Section VII.F.4 of this Disclosure Statement.

E. DIP Credit Agreement and Exit Facility Credit Agreement

On or shortly after the Petition Date, subject to the approval of the Bankruptcy Court, the Debtors expect to enter into debtor in possession financing, which will provide the Debtors with up to $4 million in additional liquidity to fund operations during the Chapter 11 Cases (the "DIP Financing"). See Section VI.B of this Disclosure Statement for a summary of the principal terms of the DIP Financing.

If the Plan is consummated, on the Effective Date, the Reorganized Debtors will enter into the Exit Facility Credit Agreement. The Exit Facility Credit Agreement will replace the DIP Financing and will provide for up to $4 million of additional liquidity to fund operations after the Effective Date (the "Exit Facility"). See Section VII.J of this Disclosure Statement for a summary of the principal terms of the Exit Facility Credit Agreement.

F. Summary of Treatment of Claims and Interests Under the Plan

1. Overview of Treatment

As contemplated by the Bankruptcy Code, Administrative Claims, DIP Facility Claims, and Priority Tax Claims are not classified under the Plan. Allowed Administrative Claims are to be paid in full on the Effective Date, or, for ordinary course Administrative Claims, when such claims become due. See Section VII.C.1 for a summary of the treatment proposed under the Plan for Administrative Claims and Section VII.C.3 for a summary of the treatment proposed under the Plan for Priority Tax Claims.

In addition, the Plan provides that all Non-Tax Priority Claims, Other Secured Claims, Unimpaired Unsecured Claims, and Intercompany Interests will be Reinstated, unless the Holder of such Claim and the applicable Debtor agree to a different treatment.

The table below summarizes the classification and treatment of the prepetition Claims and Interests under the Plan. For certain classes of Claims and Interests, estimated percentage recoveries are also set forth below. Estimated percentage recoveries have been calculated based upon a number of assumptions, including the value ascribed to the securities to be issued under the Plan, for purposes of the Plan, as discussed below and in Section X.E.

Based, in part, on information provided to it by the Debtors, CRG Partners has evaluated the total enterprise value of Reorganized Antioch. CRG Partners' valuation establishes the value of Reorganized Antioch on a going concern basis as between $31.6 million and $38.0 million. This valuation is based on numerous assumptions, including, among other things, an assumption that the operating results projected for Reorganized Antioch will be achieved in all material respects, including revenue growth and improvements in operating margins, earnings, and cash flow. *The valuation assumptions also consider, among other matters, (i) market valuation information concerning certain publicly traded securities and privately negotiated transactions of certain other companies that are considered relevant, (ii) certain general economic, capital markets, and industry information considered relevant to the business of the Reorganized Antioch, and (iii) such other investigations and analysis deemed necessary or appropriate. The valuation assumptions are not a prediction or reflection of post-confirmation value of the New Common Member Interests.*

The Debtors intend to seek to consummate the Plan and cause the Effective Date to occur as quickly as practicable. There can be no assurance, however, as to when or whether the Effective Date will occur.

The Debtors believe that the Plan provides distributions to all Classes of Claims that reflect an appropriate resolution of the Claims, taking into account the differing nature and priority of such Claims.

2. Classification of Debtors' Claims and Interests

Description and Amount of Claims or Interests	**Summary of Treatment**
Class 1 Non-Tax Priority Claims Class 1 consists of all Claims, other than Administrative Claims or Priority Tax Claims, that are entitled to priority in payment pursuant to sections 507(a) and 507(b) of the Bankruptcy Code.	**Class 1 is Unimpaired by the Plan.** Each Holder of an Allowed Class 1 Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan. Unless the Holder of such claim and the Debtors agree to a different treatment, on the Effective Date, each Holder of an Allowed Non-Tax Priority Claim will have its Claim Reinstated.
Class 2 Other Secured Claims Class 2 consists of all Claims (other than Administrative Claims or Prepetition Secured Lender Claims) that are secured by a lien on property in which a Debtor's Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Claim holder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to section 506(a) of the Bankruptcy Code or, in the case of the setoff, pursuant to section 553 of the Bankruptcy Code.	**Class 2 is Unimpaired by the Plan.** Each Holder of an Allowed Class 2 Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan. Unless the Holder of such claim and the Debtors agree to a different treatment, on the Effective Date, each Holder of an Other Secured Claim will have its Claim Reinstated.
Class 3 Unimpaired Unsecured Claims Class 3 consists of all Unsecured Non-Priority Claims (consisting of (i) Claims against any of the Debtors held by any person or entity that is expected to continue providing goods or services to the Reorganized Debtors after the Effective Date, (ii) a Claim against any of the Debtors that the Bankruptcy Court has authorized the Debtors to pay pursuant to a Final Order, (iii) an Intercompany Claim, or (iv) any indemnification obligation of the Debtors or the Reorganized Debtors under Section 7.5 of the Plan).	**Class 3 is Unimpaired by the Plan.** Each Holder of an Allowed Class 3 Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan. Unless the Holder of such claim and the Debtors agree to a different treatment, on the Effective Date, each Holder of an Unimpaired Unsecured Claim will have its Claim Reinstated.

Class 4 Prepetition Secured Lender Claims Class 4 consists of all Prepetition Secured Lender Claims. Estimated Amount of Allowed Claims: principal balance of $40,811,000.00 plus (i) all accrued and unpaid interest owing under the Prepetition Secured Credit Agreement, (ii) all accrued and unpaid fees and expenses that are chargeable or reimburseable under the Prepetition Secured Credit Documents, including the professional fees and expenses of the Prepetition Agent, and (iii) all undrawn letters of credit issued under the Prepetition Secured Credit Agreement and all unpaid letter of credit fees thereon.	**Class 4 is Impaired by the Plan.** Each Holder of an Allowed Class 4 Claim is entitled to vote to accept or reject the Plan. On the Effective Date, each Holder of an Allowed Prepetition Secured Lender Claim will receive its pro rata share of (a) the New Secured Term Loan Notes and (b) the New Preferred Member Interests. In addition, (x) the unpaid fees and expenses of attorneys and financial advisors retained by the Prepetition Agent (including any unpaid fees and expenses of such attorneys and financial advisors that were incurred prior to the Petition Date) shall be paid in full in cash on the Effective Date, (y) the Holders of Allowed Prepetition Secured Lender Claims shall be entitled to retain all payments of Prepetition Secured Obligations made by the Debtors prior to the Effective Date, and (z) on or as soon as practicable after the Effective Date, each letter of credit issued under the Prepetition Secured Credit Agreement shall be (1) returned to the issuer undrawn and marked canceled and (2) replaced with a letter of credit issued under either the Exit Facility Credit Agreement or the New Secured Term Loan Notes Issuance Agreement. The Prepetition Secured Lenders have consented to and authorized a transfer out of the proceeds of the collateral securing the Prepetition Secured Lender Claims of (a) 80% of the New Common Member Interests to the Creditor/Equityholder Trust for the benefit of the Holders of Impaired Unsecured Claims who timely submit Class 5 Release Forms and (b) 20% of the New Common Member Interests to the Creditor/Equityholder Trust for the benefit of the Holders of ESOT Allocated Stock Interests who timely submit Class 7 Release Forms. In the absence of such authorization and consent, the Holders of Impaired Unsecured Claims and ESOT Allocated Stock Interests would not be entitled to receive any distributions from the Debtors' Estates and are therefore conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

Class 5 Impaired Unsecured Claims Class 5 consists of all Impaired Unsecured Claims.	**Class 5 is Impaired by the Plan.** Each Holder of an Allowed Class 5 Claim is deemed to have rejected the Plan. The Holders of Impaired Unsecured Claims will not receive or retain any property on account of such Impaired Unsecured Claims under the Plan and are therefore conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. On the Effective Date, however, each Holder of an Allowed Impaired Unsecured Claim that has timely submitted an executed Class 5 Release Form in accordance with Section 5.12 of the Plan shall receive, in consideration for the releases and other consideration set forth in the Class 5 Release Form, its pro rata share of 80% of the Creditor/Equityholder Trust Interests equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Impaired Unsecured Claim bears to the aggregate amount of all Allowed Impaired Unsecured Claims whose Holders timely submit executed Class 5 Release Forms in accordance with Section 5.12 of the Plan. **The value, if any, of the Creditor/Equityholder Trust Interests is subject to and may be reduced by the New Preferred Member Interests described in Section VII.F.5(c) hereof.** Holders of Allowed Impaired Unsecured Claims that fail to timely submit an executed Class 5 Release Form in accordance with Section 5.12 of the Plan will not receive any Creditor/Equityholder Trust Interests.
Class 6 Intercompany Interests Class 6 consists of Equity Interests in Debtors' Subsidiaries.	**Class 6 is Unimpaired by the Plan.** Each Holder of an Allowed Class 6 Interests is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan. On the Effective Date, the common stock and membership interests of each of the Reorganized Debtors (other than Reorganized Antioch) and each of the Non-Debtor Affiliates will be Reinstated in consideration for Reorganized Antioch's agreement to provide management services to such Reorganized Debtors and Non-Debtor Affiliates from and after the Effective Date. On the Effective Date, Reorganized Antioch will retain the Intercompany Interests.

Class 7 ESOT Allocated Stock Interests Class 7 consists of all ESOT Allocated Stock Interests.	**Class 7 is Impaired.** Holders of ESOT Allocated Stock Interests will not receive or retain any property on account of such ESOT Allocated Stock Interests under the Plan and are therefore conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. On the Effective Date, however, each Holder of an Allowed ESOT Allocated Stock Interest that has timely submitted an executed Class 7 Release Form in accordance with Section 5.12 of the Plan will receive, in consideration for the releases and other consideration set forth in the Class 7 Release Form, its pro rata share of 20% of the Creditor/Equityholder Trust Interests equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed ESOT Allocated Stock Interest bears to the aggregate amount of all Allowed ESOT Allocated Stock Interests whose Holders timely submit executed Class 7 Release Forms in accordance with Section 5.12 of the Plan. **The value, if any, of the Creditor/Equityholder Trust Interests is subject to and may be reduced by the New Preferred Member Interests described in Section VII.F.5(c) hereof.** Holders of Allowed ESOT Allocated Stock Interests that fail to timely submit an executed Class 7 Release Form in accordance with Section 5.12 of the Plan will not receive any Creditor/Equityholder Trust Interests.
Class 8 Old Equity Interests Class 8 consists of all Old Equity Interests.	**Class 8 is Impaired.** Each Holder of a Class 8 Interest or Claim is deemed to have rejected the Plan. On the Effective Date, all Old Equity Interests will be deemed cancelled and the Holders of Old Equity Interests will not receive or retain any property on account of such Old Equity Interests under the Plan.

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST THE DEBTORS AND THUS STRONGLY RECOMMEND THAT YOU VOTE TO ACCEPT THE PLAN.

III. VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims

This Disclosure Statement will be transmitted to Holders of Claims in Class 4. Pursuant to section 1126(g) of the Bankruptcy Code, Holders of Claims and Interests in Classes 5, 7, and 8, who will receive no distribution on account of their Claims or Interests under the Plan, are conclusively deemed to have rejected the Plan. Claims and Interests in Classes 1, 2, 3, and 6 are unimpaired under the Plan, and Holders of such Claims and Interests are not entitled to vote on the Plan. Accordingly, Holders of Claims in Class 4 will be the only holders of

Claims or Interests that will vote on the Plan. The purpose of this Disclosure Statement is to provide adequate information to enable such Claim Holders to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan.

ALL HOLDERS OF CLAIMS IN CLASS 4 ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtors other than the information contained herein.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS, AND FINANCIAL FORECASTS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. Except with respect to the financial forecasts set forth in Appendix C to this Disclosure Statement (the "Financial Forecasts") and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not intend to update the Financial Forecasts; thus, the Financial Forecasts will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Financial Forecasts. Further, the Debtors do not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement will not under any circumstance imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY AN INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

B. Solicitation Package

In soliciting votes for the Plan pursuant to this Disclosure Statement from the holders of Claims in Class 4, the Debtors will also send copies of the Plan and one or more Ballots to be used by such holders in voting to accept or to reject the Plan.

C. Voting Procedures and Ballots and Voting Deadline

After carefully reviewing the Plan, this Disclosure Statement and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. Please complete and sign your original Ballot and return it in the envelope provided and by facsimile. Each Ballot must be returned via facsimile by the voting deadline, and the original must also be mailed to EPIQ Bankruptcy Solutions, LLC ("EPIQ") at the address listed below.

THE VOTING DEADLINE IS NOVEMBER 12, 2008 AT 7:00 P.M. (PREVAILING EASTERN TIME).

In voting to accept or reject the Plan, you must use only the coded Ballot sent to you with this Disclosure Statement.

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN THE VOTING DEADLINE BY EPIQ AT THE FACSIMILE NUMBER BELOW. YOU MUST ALSO RETURN THE COMPLETED BALLOT TO EPIQ BY MAIL.

If you have any questions about (i) the procedure for voting your Claim or with respect to the packet of materials that you have received or (ii) the amount of your Claim, or if you wish to obtain an additional copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact:

The Antioch Company, Ballot Processing
c/o EPIQ BANKRUPTCY SOLUTIONS, LLC
757 Third Avenue, Third Floor
New York, NY 10017
Telephone: (646) 282-2500
Facsimile: (646) 282-2501
E-Mail: epiqteamblue@epiqsystems.com
Website: http://chapter11.epiqsystems.com/antioch

D. Confirmation Hearing and Deadline for Objections to Confirmation

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a Confirmation Hearing. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of the Plan.

When the Debtors file petitions for relief under chapter 11 of the Bankruptcy Code, they will request that the Bankruptcy Court schedule a Confirmation Hearing. Notice of the Confirmation Hearing will be provided to Holders of Claims and Interests or their representatives (the "Confirmation Notice") as set forth in an order of the Bankruptcy Court. Objections to confirmation must be filed with the Bankruptcy Court by the date designated in the Confirmation Notice and are governed by Bankruptcy Rules 3020(b) and 9014 and local rules of the Bankruptcy Court. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

IV. HISTORY AND STRUCTURE OF THE DEBTORS

A. Overview of Business Operations and Corporate Structure

1. Description of the Company's Business

The Company pioneered the scrapbooking industry through the design, manufacture and direct selling of premium scrapbooking materials. The Company's established brand and industry presence make it a significant player in the $2.5 billion scrapbooking industry. The Company sells its products through over 55,000 active consultants in 10 countries, making it the largest direct seller of scrapbooking materials in the world. Over 80% of the Company's consultants and sales derive from North America. The Company's consultants are

independent contractors, generally work part-time, and often sell products at in-home events. Consultants are compensated through product discounts and multi-level commissions on purchases by consultants whom they have recruited into the business.

The Company's products were founded on the core principle of memory preservation. The Company markets its product line as a comprehensive portfolio of "memory celebration" products under the iconic Creative Memories brand. The Company's products fall into three major categories: traditional scrapbook albums and supplies, PicFolio pocket scrapbook albums and supplies, and StoryBook professionally printed digital photo books. Each of these product categories works in tandem with the Company's Memory Manager digital photo software. Creative Memories also offers digital photo printed services, delivering high-quality prints ready for use with the Company's traditional scrapbooks and PicFolio albums. Albums, tools, organizers, and decorative products represent the largest product categories for the Company and have averaged over 80% of total traditional gross sales. As set forth below, since 2004, the Company has experienced substantial decline in traditional scrapbooking sales. In response to the decline, the Company launched the digital products and custom framing lines in 2005 and 2006, respectively. The Company announced in October 2008 that it was exiting the custom framing line of business.

The Company' general corporate headquarters is located in Yellow Springs, Ohio and its operational headquarters is located in St. Cloud, Minnesota. The Company also distributes products to eight international operating units, three of which operate internal distribution operations and the balance of which distribute through third-party providers. The Company owns the Yellow Springs, Ohio facility, and completed a sale-leaseback transaction of the St. Cloud, Minnesota properties in April 2007. All of the Company's other North American facilities are leased from third-parties.

The Company's products are developed by the Company's in-house product development team. Approximately 55% of these products are manufactured domestically by the Company, while the remaining balance is provided by third-party vendors. The Company supplements its in-house design and manufacturing capabilities with a network of Asian manufacturing and engineering partners for proprietary tools and organization products. The Company's 316,000 square foot state-of-the-art manufacturing and distribution facility in St. Cloud, Minnesota manufactures all product lines include some custom framing. The Company also has a manufacturing location in Yellow Springs, Ohio where decorative products are produced and ad kits and bundles are assembled. These products are then distributed to the St. Cloud facility.

As of October 31, 2008, the Company had approximately 518 employees and more than 55,000 consultants worldwide. As of September 30, 2008, the Company had year-to-date revenue of $148.8 million. For the year ended December 31, 2007, the Company had revenue of $241.9 million. For the year ended December 31, 2007, the Company derived approximately 78% of its total revenues from traditional scrapbooks and accessories, approximately 6% from sales of its digital products, approximately 5% from the custom framing business, and 11% from other sources. Most of the Company's scrapbook and scrapbook accessory sales are initiated and completed through the Company's consultant sales force.

2. Prepetition Financial Results

Set forth below is selected financial data for the Company, including its direct and indirect subsidiaries, on a consolidated basis for the years ended 2005, 2006, 2007, and the first three quarters of fiscal year 2008. The financial data for the years ended 2005 and 2006 was audited.

CONSOLIDATED BALANCE SHEET

{in 000s}	*(Unaudited)* 30-Sep-08	*(Unaudited)* 2007	*(Audited)* 2006	*(Audited)* 2005
Assets				
Current Assets				
Cash and Cash Equivalents	12,827	7,562	5,843	3,118
Net Trade Accounts Receivable	936	3,135	3,983	3,956
Other Receivables	5,008	4,616	761	1,121
Inventories				
Finished Goods	29,119	32,878	36,116	42,810
Work In Process	65	138	205	232
Raw Materials	3,280	4,815	5,359	6,304
Reserve for Inventory Adjustments	(9,350)	(6,672)	(4,968)	(3,702)
Total Inventories	23,114	31,158	36,712	45,644
Prepaid Expense and Other	4,054	5,595	5,956	4,302
Total Current Assets	45,940	52,065	53,256	58,141
Property, Plant & Equipment				
Land	1,755	4,165	4,021	3,929
Sale/Leaseback Assets	28,405	-	-	-
Building	9,650	32,143	33,287	33,582
Equipment, Fixtures & Software	68,025	72,102	78,324	79,370
Construction In Progress	560	1,399	1,134	1,098
Gross Property, Plant & Equipment	108,394	109,809	116,767	117,978
Accumulated Depreciation & Amortization	(73,338)	(69,503)	(68,837)	(62,845)
Net Property, Plant & Equipment	35,057	40,305	47,930	55,134
Other LT Assets	6,704	7,728	17,508	21,858
Total Assets	87,701	100,098	118,695	135,133
Liabilities and Stockholders' Equity				
Current Liabilities				
Notes Payable	14,943	18,000	40,000	12,000
Accounts Payable	11,628	9,246	12,253	15,176
Accrued Employee Compensation and Benefits	4,467	4,339	3,854	3,769
Accrued Profit Sharing/Incentives/ESOP	3,239	2,808	958	2,753
Accrued Taxes	2,092	2,132	288	588
Other Accrued Liabilities	17,849	22,596	24,864	21,131
Current Portion of Long-Term Debt	14,048	12,615	36,485	41,446
Total Current Liabilities	68,266	71,736	118,701	96,861
Other Liabilities				
Long-Term Debt	86,310	94,174	86,854	115,826
Other Long-Term Liabilities	39,702	38,858	14,755	
Deferred Revenue	1,473	1,684	1,896	2,043
Total Other Liabilities	127,485	134,716	103,505	117,869
Stockholders' Equity				
Warrants	32,334	32,334	32,334	32,334
Common Stock	974	974	974	974
Additional Paid-In Capital	3,540	3,540	4,123	4,259
Dividends	-	-	-	-
Treasury Stock	(100,710)	(100,710)	(101,088)	(68,117)
Foreign Currency Translation Adjustment	(1,258)	(745)	(863)	(658)
Retained Earnings	(42,930)	(41,746)	(38,991)	(48,389)
Total Stockholders' Equity	(108,050)	(106,353)	(103,511)	(79,597)
Total Liabilities & Stockholders' Equity	87,701	100,098	118,695	135,133

CONSOLIDATED STATEMENT OF EARNINGS

{in 000s}	*(Unaudited)* YTD September [illegible]	*(Unaudited)* 2007	*(Audited)* 2006	*(Audited)* 2005
Gross Sales	137,396	227,161	276,697	333,625
Service Revenue	14,912	19,570	11,955	10,883
Returns	(1,479)	(1,359)	(1,352)	(1,713)
Discounts and Allowances	(13)	(377)	(458)	(137)
Rebates	(2,000)	(3,125)	(3,680)	(5,058)
Net Sales	148,816	241,871	283,162	337,599
Cost of Goods Sold				
Standard Cost of Goods Sold	41,334	70,986	83,827	100,252
Gross Margin	107,482	170,884	199,335	237,347
Gross Margin %	72.22%	70.65%	70.40%	70.30%
Distribution	17,254	26,414	28,177	32,013
Variances	7,020	15,612	16,649	9,250
Total Cost of Goods Sold	65,608	113,012	128,653	141,515
Gross Profit	83,208	128,858	154,509	196,084
Operating Expenses				
Sales and Marketing				
Commissions	14,567	24,731	30,450	36,484
Marketing and Other Sales	34,484	56,688	58,148	62,722
Career Plan Bonuses and Other	4,349	7,165	10,611	13,242
Product Development	2,552	3,708	6,309	5,020
Finance	3,391	4,588	4,965	5,374
Information Technology	9,146	14,927	15,542	13,397
Human Resources	1,180	1,931	2,458	2,423
Executive	4,971	2,139	1,291	1,554
Corporate Allocation	24	12	-	-
Total Operating Expenses	74,664	115,890	129,773	140,215
Earnings from Operations	8,544	12,968	24,737	55,869
Earnings from Operations %	5.74%	5.36%	8.74%	16.55%
Other (Revenue) Expense				
External Interest	7,946	12,296	10,958	9,561
Incentive and Profit Sharing	870	(949)	637	3,389
ESOP Contributions	(2)	(77)	2,078	2,723
Charitable Contributions	1	(308)	189	826
Other (Revenue) Expense	491	4,218	1,133	7,216
Total Other (Revenue) Expense	9,306	15,180	14,995	23,715
Earnings Before Taxes	(762)	(2,212)	9,742	32,154
Income Taxes	422	543	344	771
Net Earnings (Loss)	(1,184)	(2,755)	9,398	31,383

B. Capital Structure of the Company

1. Prepetition Equity

The Antioch Company is entirely employee-owned, with shares held primarily by the Employee Stock Option Plan ("ESOP"). As of October 31, 2008, there were approximately 91,000 ESOP shares outstanding.

The Company became wholly owned by its employees on December 16, 2003. Each outstanding share of the Company's stock not owned by the ESOP at that time was purchased by the Company for, at the election of the holder, either (i) cash in the amount of $850 or (ii) a consideration package comprised of $280 in cash, a $280 principal amount 8% subordinated note, and a warrant to purchase one share of the Company's common stock in 2014 for $850 per share (the "Old Warrants"). In September of 2006, in order to reduce the number of shares subject to warrants to remain in compliance with section 409(p) of the Internal Revenue Code (the "IRC"), the Company offered to exchange the Old Warrants for new warrants to purchase 0.6608 shares of common stock in 2026 at $818 per share (the "New Warrants"). As of October 31, 2008, the Company had 10,150 Old Warrants to purchase 10,150 shares and 101,347 New Warrants to purchase 66,970 shares outstanding. In addition, as of October 31, 2008, approximately 9,500 options to purchase shares of the Company's stock issued pursuant to the Company's Stock Appreciation Right Plan remain outstanding.

2. Material Prepetition Debt Obligations

On April 17, 2007, The Antioch Company entered into the Prepetition Secured Credit Agreement consisting of a revolving credit facility of $30 million and term loans of $40 million. The Prepetition Secured Credit Agreement is secured by first priority liens on substantially all of the assets of The Antioch Company and its subsidiary guarantors. As of October 31, 2008, approximately $41 million is outstanding under the Prepetition Secured Credit Agreement, consisting of approximately $12.8 million under the revolving credit facility, approximately $28 million in term loans, and $0.2 million in unfunded letters of credit.

The Company has investigated the Claims, liens and security interests of the Prepetition Agent and the Prepetition Secured Lenders and has determined that (i) the Prepetition Agent holds duly perfected liens upon and security interests in substantially all of the Company’s assets; (ii) the Prepetition Agent perfected such liens and security interests by, among other things, filing financing statements, mortgages and fixture filings, recording security interests in copyrights, and, where necessary, by entering into account control agreements; (iii) all of such financing statements, mortgages, fixture filings, copyright filings, and account control agrements were validly executed by authorized representatives of the Company; and (iv) the Prepetition Agent’s liens and security interests constitute valid, binding, enforceable and perfected first priority liens and security interests and are not subject to avoidance, disallowance, subordination or recharacterization pursuant to the Bankruptcy Code or applicable non-bankruptcy law . The Company believes that the Prepetition Secured Lender Claims constitute legal, valid and binding obligations of each of the Debtors, without offsets, defenses, or counterclaims of any kind. The Company further believes that it has no valid claims or causes of action against the Prepetition Agent or any Prepetition Secured Lender with respect to the Prepetition Secured Credit Documents.

Between June 2005 and October 2007, the Debtors issued certain Promissory Note and Loan Agreement Stock Distribution Puts pursuant to section 12(b) of the Company's ESOP (the "ESOP Notes") to certain former employees of the Company to fund repurchase obligations for terminated employees under the ESOP with an aggregate principle amount of approximately $45.1 million. As of October 31, 2008, approximately $21.3 million is outstanding under the ESOP Notes.

On each of December 16, 2003, June 20, 2005, October 10, 2005, and December 31, 2006, The Antioch Company issued subordinated promissory notes to holders of shares of the Company's stock or warrants to buy such shares (the "Subordinated Noteholders") in partial compensation for shares of the Company's stock. Pursuant to a Subordination Agreement between the Company and the Prepetition Secured Lenders dated as of April 17, 2007, the promissory notes are subordinate to the Company's obligations under the Prepetition Secured Credit Agreement. As of October 31, 2008, approximately $56.2 million is outstanding to the Subordinated Noteholders.

C. Board of Directors and Executive Officers

On June 5, 2008, pursuant to a written consent of the Company's shareholders, all of the members of the Company's board of directors were removed and replaced with Mr. Lee Morgan, Ms. Asha Morgan Moran, and Mr. Robert Morris. The following is a list of the directors and executive officers as of October 31, 2008.

Name	Title
Asha Morgan Moran	President and Chief Executive Officer
Michael Epstein	Chief Restructuring Officer
Paul Ravaris	Chief Financial Officer
Chandra Attiken	Vice President of Human Resources
Guy Walker	President, Creative Memories—North America
Lee Morgan	Chairman of the Board
Asha Morgan Moran	Director
Robert Morris	Director

Asha Morgan Moran. Ms. Moran was appointed President of Creative Memories and Chief Executive Officer of Creative Memories Global in July 2008. Prior to these appointments, Ms. Moran served as Chief Operating Officer from September 2000 until July 2008. Ms. Moran joined the Company in 1999, initially serving in various roles in the field and on the international team. Prior to joining The Antioch Company, Ms. Moran worked as a business consultant with Anderson Consulting and Deloitte & Touche Consulting Group.

Michael Epstein. Mr. Epstein was appointed Chief Restructuring Officer of The Antioch Company in April 2008. He is a Managing Partner of CRG Partners, and centers his practice on crisis management, financial advisory services and bankruptcy consulting activities in both middle market and large transactions. With 20 years of domestic and international restructuring experience, he has worked in a broad range of industries, including business services, construction, consumer goods, distribution, e-commerce, financial services, food service, high technology, marketing and retail. He has served as Chief Executive Officer, Chief Restructuring Officer, crisis manager, director, and advisor to various companies both in and out of bankruptcy. Prior to joining CRG Partners Group LLC, Mr. Epstein served as Chief Executive Officer and director of CFS Americas, now IDS Group, which was the largest provider of software solutions for specialized asset-based finance and back-office support for lease administration.

Paul Ravaris. Mr. Ravaris, appointed as Chief Financial Officer in August 2008, is a Partner of CRG Partners. Mr. Ravaris provides underperforming companies with financial and operational consulting services. With 20 years of experience in the industry, he has worked in a variety of industries ranging from aerospace, defense, commercial aviation, distribution, e-commerce, energy, manufacturing, product design, textiles, transportation, healthcare and logistics. Mr. Ravaris has served as a bankruptcy advisor to a $110 million office products supply company, as well as financial advisor to the examiner in the bankruptcy of Mirant Corp., a $6.5 billion merchant energy company. Mr. Ravaris has consulted or advised clients both in and out of bankruptcy.

Chandra Attiken. Ms. Attiken has served as Vice President of Human Resources since 1998. Prior to joining The Antioch Company, Ms. Attiken spent two years as a Strategic Services Lead Consultant at Nationwide Insurance. Prior to joining Nationwide Insurance, Ms. Attiken spent 16 years as Human Resources Manager for Manville Corporation. Prior to joining Manville Corporation, she served for 6 years as Director of Human Resources at Time Warner Communications.

Guy Walker. Mr. Walker was named President of Creative Memories—North America in December 2007. Prior to joining The Antioch Company, Mr. Walker spent most of his career managing direct-sales

companies. From 1993 to 1999, Mr. Walker served as President of US Operations at Jafra Cosmetics International, then a division of Gillette, Inc. Prior to his work at Jafra Cosmetics International, Mr. Walker spent 24 years in various positions at Tupperware, including Marketing Director, Vice President of Sales, and Vice President of Sales Development.

Lee Morgan. Mr. Morgan has served as Chairman of the Board of Directors of The Antioch Company since 1971. Mr. Morgan served as Treasurer of the Company beginning in 1968. From 1971 until his retirement in July 2008, Mr. Morgan served as President and Chief Executive Officer of the Company.

Robert Morris. Mr. Morris has served as Director of The Antioch Company since June 2008. Mr. Morris is a member of the Corporate and Securities Group for the offices of Butler Snow. He represents enterprises in connection with ongoing governance, organizational and business planning activities, and merger and acquisition transactions. Mr. Morris has over 20 years of experience acting as company counsel in connection with capital formation activities including private placements, venture capital financings, leveraged transactions, and public offerings.

D. Events Leading to Restructuring

The Company's revenues began to decline in 2004. Total revenue for the fiscal year ended December 31, 2007 was $241.9 million, a decrease of approximately $41 million, or approximately 14.5%, from $283.2 million for the fiscal year ended December 31, 2006. The decline in revenue was driven by several factors, including weakness in the scrapbooking industry, the development of competing online scrapbooking tools, and business disruptions from excessive employee turnover.

As set forth above, the ESOP was started in 1979. Pursuant to the ESOP, employees were granted ESOP shares according to their seniority for each year that they worked with the company. In 2004, one year after the Company became wholly owned by its employees, it achieved revenues of approximately $336.6 million. The Company's 2004 revenues represented an increase of more than 2400% of the Company's 1994 revenues of $13.9 million. As the scrapbooking market peaked and the Company's revenues began to fall, numerous employees left the Company. With record high stock prices and the start of declining revenue and portfolio trends, employees wanted to sell shares that were allocated to their ESOP accounts, leading to an unintended incentive for many employees to terminate employment in order to lock in their stock value. Consequently, between 2004 and 2007, approximately 800 of the Company's 1,150 employees resigned; the Company was required to make share-repurchase payments of approximately $190 million under the ESOP.

In order to comply with the ESOP, the Company needed to borrow funds to repurchase the shares of resigning employee-owners, both in the form of promissory notes payable to the individual employee-owners and pursuant to the Prepetition Secured Credit Agreement. The Company issued, between 2005 and 2007, ESOP Notes in the aggregate principle amount of approximately $45.1 million, of which approximately $21.3 million of principle and interest remains outstanding. In addition, the Company increased borrowings under the Prepetition Secured Credit Agreement, which contains certain covenants relating to the Company's operating performance including, but not limited to, covenants requiring the Company to maintain certain revenue to debt ratios. As the scrapbooking market declined beginning in 2004, and the Company's debt level increased as employees left the Company to lock in their stock values, the Company was unable to comply with such covenants.

Faced with this set of circumstances, in 2007 the Company retained the investment banking firm of Houlihan Lokey ("Houlihan") to assist it in identifying potential purchasers of substantially all of the Company's assets or stock and potential sources of refinancing of the Company's debt. The Company regularly reported its efforts to the trustee of the ESOP. The solicitation of numerous strategic and financial buyers and sources of

refinancing yielded no acceptable offers. In addition, the then-holder of a substantial portion of the Company's common stock and subordinated debt retained the investment banking firm Candlewood Partners, LLC to augment the search for potential buyers and financing sources. Those efforts were also unsuccessful. In early 2008 the Company began evaluating its strategic alternatives. To that end, the Company retained the consulting firm CRG Partners to provide corporate restructuring financial advisory services. The principal alternatives available to the Company were (i) a recapitalization of the Company, (ii) a sale of the Company (in one or more transactions), or (iii) a stand-alone restructuring of the balance sheet, coupled with certain operational changes, to reduce debt-service requirements and improve free cash-flow to support ongoing business operations and to service substantially lower post-restructuring debt. In an effort to explore those alternatives, the Company retained the investment bank Houlihan Lokey to assist it in identifying potential purchasers for all of the Company's assets. In addition, the Company sought to identify potential recapitalization alternatives. In May 2008, with the assistance of Houlihan, the Company received a non-binding indication of interest in the First Proposed Transaction.

The Company's shareholders evaluated the First Proposed Transaction and determined, on June 5, 2008, that the First Proposed Transaction was not in their interests, and advised the Company's board of directors of their decision by unanimous written consent on the same date. The shareholders informed the Company and the Company's Prepetition Secured Lenders that they made such a determination based on the fact that such sale would be accomplished through a bankruptcy filing and would (i) provide less than full payment of claims of the Company's unsecured creditors and (ii) yield no proceeds for the Company's shareholders. The shareholders voted to remove all sitting members of the board of directors and, in their place, installed Mr. Lee Morgan, Ms. Asha Morgan Moran, and Mr. Robert Morris. The reconstituted board of directors retained Skadden to represent the Company in connection with its restructuring efforts.

On June 21, 2008, the Company and the Prepetition Secured Lenders entered into a Forbearance Agreement, pursuant to which the Prepetition Secured Lenders again agreed to forbear from exercising certain default remedies against The Antioch Company and its Subsidiary Debtors. The Forbearance Agreement limited the Company's use of free cash. The Company therefore was unable to make certain payments to holders of the ESOP Notes on August 1, 2008. The Forbearance Agreement expired on July 22, 2008, but a subsequent Forbearance Agreement was entered into on October 10, 2008, which expired on October 31, 2008. The Company was unable to make additional scheduled payments to holders of the ESOP Notes on September 1, 2008, October 1, 2008, and November 1, 2008. Payment of the ESOP Notes is insured through surety bonds issued by Condor Guaranty, Inc. ("Condor"). The Company has filed a claim with Condor for the overdue amounts on behalf of the holders of the ESOP Notes and is actively prosecuting such claim. To the extent that Condor makes payment under the surety bonds to the ESOP Noteholders, Condor's right to subrogation under the surety bonds and related documents will cause it to have the rights of the ESOP Noteholders that it pays under the Plan, including, but not limited to, the right to receive the New Common Member Interests provided to the ESOP Noteholders under the Plan.

Throughout this time, the Company continued in its recapitalization efforts, contacting numerous parties in its efforts to identify a recapitalization or refinancing transaction. Several parties expressed initial interest in investing or otherwise recapitalizing the Company, but no viable offer ultimately was received by the Company. In September 2008, with no refinancing or recapitalization option available, the Company, in consultation with the Prepetition Secured Lenders, sought to identify potential purchasers for the Company's assets. The Company explored the possibilities of selling all or pieces of the Company and solicited interest from potential acquirers. As a result, the Company received one offer to purchase all of its assets, again from J. H. Whitney & Co., for the Second Proposed Transaction. J.H. Whitney & Co.'s bid in the Second Proposed Transaction was significantly lower than that in the First Proposed Transaction. The Company, in consultation with the Prepetition Secured Lenders, determined the Proposed Second Transaction to be inadequate. Accordingly, the process did not result in a viable sale alternative.

Like all other businesses at this time, the Debtors continue to face the worst economic crisis since the Great Depression. As fallouts from the mortgage crisis rippled through the United States economy, the Company has experienced, as described above, enormous challenges both in the operation of its business and in its

efforts to recapitalize or refinance its obligations. The challenges presented by the current economic crisis have compounded the Company's difficult situation.

To minimize the amount of time the Company would spend in chapter 11 and disruption to the Company's operations, and therefore, maximize the value of the Company for the benefit of its stakeholders, the Company, after discussions with the Prepetition Secured Lenders, concluded that the proposed restructuring should be implemented through a prepackaged plan of reorganization. The Company believes that the value of its businesses would be damaged significantly by a prolonged chapter 11 case. The Plan embodies this proposed stand-alone restructuring.

V. SUMMARY OF STRATEGIC INITIATIVES

Current management of the Company is managing the Company pursuant to a business plan based upon a series of strategic initiatives, the principal aspects of which are summarized below. The Board of Directors of Reorganized Antioch, which will be selected pursuant to Section 5.4(b) of the Plan, will have the discretion, in its business judgment, to manage the Company as it sees fit, including to retain or replace current members of senior management. *There can be no assurance that the Board of Directors of Reorganized Antioch will decide to manage the Company in a manner that is consistent with the current management's business strategy.*

A. Strategies to Enhance Financial Performance and Achieve Profitability

Management, together with CRG Partners, has evaluated the Company's operations and is currently implementing a number of strategic initiatives intended to enhance Antioch's overall financial performance. These initiatives include:

- improving communication of corporate direction and leadership expectations and encouraging field collaboration of the most productive consultants through meetings and conventions;
- implementing initiatives to drive field productivity, including streamlining communications, simplifying the expectations for consultants, and establishing programs to drive home parties;
- increasing consultant recruiting through centralized efforts such as expo events and by providing a modified career plan and field compensation programs;
- continuing the process of exiting the custom framing business, initiated in October 2008;
- developing synergies with other companies to promote Creative Memories products;
- putting next generation software and tools into place to support digital platform and provide market differentiation;
- implementing web marketing efforts developed in conjunction with an internet marketing strategy firm;
- optimizing corporate infrastructure to support sales performance and investments for the future; and
- enhancing inventory management processes.

B. Product Offering

The Company intends to continue to drive the growth and profitability of the digital product line. Within the current Creative Memories Consultant field, the Company intends to implement tools in order to broaden the participation of Consultants in the digital business line and increase the average digital sales.

C. Target Markets

In addition to continuing to target the North America and Australasia markets, the Company intends to target newer geographic markets to improve financial results, specifically Germany and Japan. Creative

Memories is experiencing significant growth in Japan, the second largest direct selling market in the world, and the Company has reached a breakeven sales volume there. In Germany, Creative Memories seeks to decrease costs to lower the sales volume necessary to reach breakeven, while simultaneously increasing sales growth.

D. Sales and Consultant Organization

The Company intends to simplify the business and segment the Consultant base. The Company's effort will focus on streamlining communications and the sales administration policies and programs with the intent of clarifying Consultant duties.

Additionally, the Company intends to develop the marketing campaign structures, training, incentives, and programs that appeal to the distinct motivations and performance level of each of three distinct Consultant segments.

VI. THE ANTICIPATED CHAPTER 11 CASES

If the Debtors receive the requisite votes for acceptance of the Plan, the Debtors intend to file voluntary petitions for relief under chapter 11 of the United States Bankruptcy Code. At that time, all actions and proceedings against the Debtors and all acts to obtain property from the Debtors will be stayed under section 362 of the Bankruptcy Code. The Debtors will continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

The Debtors do not expect the Chapter 11 Cases to be protracted. To expedite their emergence from chapter 11, the Debtors on the Petition Date, in addition to filing this Disclosure Statement and the Plan, will file motions seeking the relief detailed below, among other relief, from the Bankruptcy Court. Such relief, if granted, will facilitate the administration of the Chapter 11 Cases; there can be no assurance, however, that the Bankruptcy Court will grant the relief sought.

A. Motions to Be Filed

The Debtors intend to seek certain orders from the Bankruptcy Court designed to minimize disruptions of business operations and to facilitate its reorganization. These include, but are not limited to, those described below.

1. Applications for Retention of Skadden; McDonald Hopkins; CRG Partners; Epiq Bankruptcy Solutions, LLC; Ordinary Course Professionals

The Debtors intend to seek retention of Skadden and McDonald Hopkins, as co-counsel for the Debtors, to represent them and assist them in connection with the Chapter 11 Cases. Skadden has been intimately involved with the negotiation and development of the Plan. The Debtors intend to seek retention of CRG Partners as financial advisors, as well as two CRG Partners personnel, Michael Epstein and Paul Ravaris, as Chief Restructuring Officer and Chief Financial Officer, respectively, of the Company. In addition, the Debtors intend to seek retention of Epiq Bankruptcy Solutions, LLC as claims and noticing agent for the Debtors.

The Debtors also intend to seek authority to retain certain professionals to assist with the operation of the Debtors' businesses in the ordinary course; these ordinary course professionals will not be involved in the administration of the Chapter 11 Cases.

2. Motion to Approve Notice of the Combined Disclosure Statement and Confirmation Hearing, and to Schedule Combined Disclosure Statement and Confirmation Hearing to Confirm Joint Prepackaged Plan of Reorganization

The Debtors intend to seek an order scheduling a combined Confirmation Hearing and hearing on the adequacy of the disclosure in the Disclosure Statement at which time the Debtors will seek approval of the Disclosure Statement and confirmation of the Plan pursuant to sections 1125, 1128, and 1129 of the Bankruptcy Code, on the earliest date that is convenient for the Bankruptcy Court to conduct such a hearing. The Debtors will request that this hearing occur within forty-five days (45) after the filing of the Petitions.

Pursuant to the Bankruptcy Rules, the Debtors must provide notice of the hearing to approve the Disclosure Statement and confirmation of the Plan to creditors and equity holders. Classes 1, 2, 3, and 6 are Unimpaired under the Plan and Claims and Interests in those classes will pass through the Chapter 11 Cases unaffected. Furthermore, Classes 5, 7, and 8 are deemed to have rejected the Plan and, therefore, are not entitled to vote. The debtors will, therefore, seek the Bankruptcy Court's approval of the prepetition solicitation procedures, including this Disclosure Statement, used to solicit acceptances of the Plan from Holders of Claims in Class 4.

3. Motion to Continue Using Existing Cash Management Systems

Because the Debtors expect the Plan to be confirmed in less than forty-five days (45), and because of the administrative hardship that any operating changes would impose on them, the Debtors intend to seek authority to continue using their existing cash management system, bank accounts and business forms and to follow their internal investment and deposit guidelines in accordance with, and as more fully described in, the DIP Credit Agreement. Absent the Bankruptcy Court's authorization of the continued use of the cash management system, cash flow among the Debtors would be impeded to the detriment of their estates and their creditors.

Continued use of their existing cash management system will facilitate the Debtors' smooth and orderly transition into chapter 11, minimize the disruption of their businesses while in chapter 11 and expedite their emergence from chapter 11. As a result of set up time and expenses, requiring the Debtors to adopt and implement a new cash management system would likely increase the costs of the Chapter 11 Cases. For the same reasons, requiring the Debtors to cancel their existing bank accounts and establish new accounts or requiring the Debtors to create new business forms would only frustrate the Debtors' efforts to reorganize expeditiously.

4. Motions for Authority to Pay Certain Prepetition Claims Shippers and Warehousemen

The Debtors believe that maintenance of a good relationship with their shippers and warehousemen is necessary to the viability of their business during and after the Chapter 11 Cases. In some cases, the Debtors believe that certain shippers and warehousemen, if they do not receive prompt payment for prepetition charges, will refuse to deliver critical materials to the Debtors. Notwithstanding provisions of the Bankruptcy Code that would otherwise require the Debtors to defer payment of shippers and warehousemen until the Effective Date, the Debtors intend to seek authority from the Bankruptcy Court to pay such shippers and warehousemen in the ordinary course of business if the claimant continues to extend trade credit to the Debtors on ordinary and customary terms. The relief sought in these motions is critical to ensure the uninterrupted flow of goods and services to the Debtors. The Debtors believe that this relief is particularly appropriate since (i) all such claims are to be paid in full under the Plan and (ii) the Prepetition Lenders support such payments.

5. Motion for Authority to Enter Into DIP Financing; Use of Cash Collateral

The Debtors believe that the DIP Financing is critical to the Debtors' operations during the pendency of the Chapter 11 Cases. The Debtors thus will seek authorization to enter into the DIP Financing and to use cash collateral, as that term is defined in section 363(a) of the Bankruptcy Code. See Section VI.B.

6. Motion to Pay Certain Unsecured Creditors in the Ordinary Cause of Business.

The Debtors believe that maintenance of a good relationship with their vendors is necessary to the viability of the business during and after the Chapter 11 Cases. Notwithstanding provisions of the Bankruptcy Code that would otherwise require the Debtors to defer payment of Unimpaired Unsecured Claims until the Effective Date, the Debtors intend to seek authority from the Bankruptcy Court to pay Unimpaired Unsecured Claims in the ordinary course of their businesses if the claimant continues to extend trade credit to the Debtors on ordinary and customary terms. The relief sought in this motion is critical to ensure the uninterrupted flow of goods and services to the Debtors. The Debtors believe that this relief is particularly appropriate since (i) all such claims are to be paid in full under the Plan and (ii) the Prepetition Secured Lenders support such payments.

7. Motions for Authority to Pay Prepetition Employee Wages and Salaries and Associated Benefits, to Honor Prepetition Obligations to Consultants and Customers, and to Continue Consultant and Customer Programs

The Debtors believe that they have a valuable assets in their work force and in their consultant sales force, and that any delay in paying prepetition compensation or benefits to their employees or consultants would significantly jeopardize the Debtors' relationships with employees and consultants and irreparably harm morale at a time when the need for continued dedication, confidence, and cooperation of the Debtors' employees and consultants is most critical. Accordingly, the Debtors will seek authority to pay compensation and benefits which were accrued but unpaid as of the Petition Date. In addition, the Debtors extended certain benefits and programs to employees, consultants, and customers. The Debtors will seek authority to continue to provide such benefits and maintain such programs during the Chapter 11 Cases in the ordinary course of business.

8. Motion to Prohibit Utilities from Altering, Refusing, or Discontinuing Services on Account of Prepetition Invoices and Establishing Procedures for Determining Requests for Additional Adequate Assurance

The Debtors recognize that uninterrupted utility services are critical to the Debtors' ability to sustain their operations during the pendency of their Chapter 11 Cases. In the normal conduct of their business, the Debtors use water, electric, telecommunications (including wireless), and other services provided by utility companies. The Debtors' manufacturing and sales operations are dependent upon uninterrupted utility service. Accordingly, the Debtors will seek authority to prohibit utilities from altering, refusing, or discontinuing their services and to establish procedures for determining utilities' requests for adequate assurance.

9. Motion for Authority to Pay Prepetition Sales, Use, and Other Taxes

The Debtors pay taxes to various taxing authorities in the ordinary course of business. As of the Petition Date, the Debtors believe that certain taxes relating to the prepetition period will remain unpaid. In some cases, the Debtors will have collected certain "trust fund" taxes for the benefit of taxing authorities, which taxes do not properly constitute property of the Debtors' estates. In other cases, the unpaid taxes are of the types that are entitled to priority under section 507 of the Bankruptcy Code, and which the Debtors expect to pay in full pursuant to the Plan. Even if certain taxes neither are trust fund taxes nor taxes entitled to priority under section 507 of the Bankruptcy Code, the Debtors believe that authorizing payment of prepetition taxes is appropriate to avoid possibility of audits, lawsuits, personal liability of the Debtors' managers for non-payment of such taxes, and the attendant distraction that would result. Accordingly, the Debtors will seek authority to pay all such taxes in the ordinary course of business.

10. Motion for Authority to Pay Prepetition Insurance Premiums

The Debtors recognize that maintaining existing insurance coverage after the commencement of the Chapter 11 Cases will be critical to protect the value of the Company's business, property, and other assets. In addition, the coverage provided by certain of the Debtors' existing insurance policies is required by the various jurisdictions in which the Debtors do business. Accordingly, the Debtors will seek authority to make payments, including prepetition premiums and other payments, to maintain their existing insurance coverage.

B. Debtor in Possession Financing

Upon approval from the Bankruptcy Court, the Debtors expect to enter into the DIP Financing, the principal terms of which are summarized below.[2]

Borrower:	The Antioch Company, an Ohio corporation (the "Borrower"), as a debtor-in-possession under Chapter 11 of the Bankruptcy Code.
Guarantors:	Each direct or indirect domestic subsidiary of the Borrower (collectively, the "Guarantors") shall unconditionally guarantee all obligations of the Borrower.
DIP Agent:	Bank of America, N.A. ("Bank of America") successor to LaSalle Bank, National Association.
DIP Lenders:	Bank of America, Fifth Third Bank, and National City Bank.
Facility:	A committed cash collateral usage facility together with a committed revolving credit facility with a maximum revolving credit commitment of $4,000,000; provided, however, that (i) from and after the entry of an interim order of the Bankruptcy Court approving the Financing Facility, which order shall be in form and substance acceptable to the DIP Agent and the Prepetition Agent (as defined below), and prior to the entry of the Final Order, the maximum amount available to the Borrower shall be limited to $1,500,000 or such lower amount as the Court shall approve, and (ii) the Borrower shall at all times be required to use substantially all available cash collateral before being able to borrow any funds under the DIP Facility. The Prepetition Secured Lenders will consent to the priming of their liens by the DIP Facility; provided, however, that such consent shall only apply to the DIP Facility with Bank of America as the DIP Agent and one or more of the Prepetition Secured Lenders as the DIP Lenders.
Revolving Credit Availability	The Borrower's obligations under the DIP Facility shall not exceed the lesser of (i) $4,000,000 and (ii) the "Maximum Outstanding Balance" for each week period. The Maximum Outstanding Balance for each week is set forth in the DIP Credit Agreement.
Closing Date:	The date on which the Interim Order is entered by the Court or as soon as practicable thereafter (the "Closing Date").
Use Of Proceeds:	To pay interest, fees and expenses associated with the DIP Facility, to make adequate protection payments to the Prepetition Secured Lenders, to

[2] In the case of any inconsistency between this summary and the DIP Credit Agreement, the terms of the DIP Credit Agreement shall control. Capitalized terms not otherwise defined herein shall have the meaning ascribed to them in the DIP Credit Agreement.

fund the Borrower's working capital requirements, to fund the costs, fees and expenses of the Chapter 11 Cases as may be approved by the Bankruptcy Court, and to fund such other obligations as may be agreed to by the DIP Agent and approved by the Bankruptcy Court, all subject to the Budget and the restrictions otherwise set forth in the DIP Credit Agreement.

Except to the extent permitted pursuant to the Interim Order or the Final Order, the Borrower will not, nor will it permit any of its subsidiaries to, use any of the proceeds of the DIP Facility or the Cash Collateral to (i) challenge the validity, perfection, priority, extent or enforceability of the DIP Credit Agreement, the Prepetition Secured Credit Agreement, the liens on or security interests in the Collateral, or the liens on or security interests in the collateral (the "Prepetition Collateral") securing the Debtors' obligations under the Prepetition Secured Credit Agreement, (ii) assert any other claims or challenges against any of the Prepetition Secured Lenders, the DIP Agent, or the DIP Lenders or (iii) purchase or carry any margin stock.

Commitment Termination: The commitment termination is the earlier of the "Scheduled Commitment Termination Date" and the effective date of the Plan. The "Scheduled Commitment Termination Date" is February 13, 2009, or such later date as may be agreed upon in writing among the Borrower, the DIP Agent and the required DIP Lenders; provided, that the "Scheduled Commitment Termination Date" may not be extended beyond March 13, 2009 without the written agreement of the Borrower, the DIP Agent and the DIP Lenders.

Security: To secure the DIP Obligations (as defined below), the DIP Agent, for the benefit of the DIP Lenders, shall receive (i) pursuant to Sections 364(c)(2), 364(c)(3) and 364(d)(1) of the Bankruptcy Code, the Financing Orders and the definitive DIP Facility documents, valid, enforceable and fully perfected security interests in and liens and mortgages (collectively, the "DIP Liens") upon all prepetition and post-petition assets of the Borrower and each Guarantor, whether now existing or hereafter acquired or arising, including, without limitation, (a) all Prepetition Collateral, (b) all assets of the Borrower and each Guarantor that do not constitute Prepetition Collateral, (c) the security deposits under credit card processing agreements with any DIP Lender, (d) a pledge of 100% of the capital stock of each Guarantor, and (e) a pledge of 100% of the capital stock of each foreign subsidiary of the Borrower and each Guarantor. The Collateral shall not include any avoidance actions under Chapter 5 of the Bankruptcy Code (the "Avoidance Actions"); provided, however, that the DIP Collateral shall include the proceeds of Avoidance Actions to the extent any portion of the Carve-Out is utilized.

The DIP Liens shall not be subject to challenge and shall attach and become valid and perfected upon entry of the Interim Order without the requirement of any further action by the DIP Agent or the DIP Lenders. All DIP Collateral shall be free and clear of other liens and encumbrances, except valid, perfected, enforceable and unavoidable liens in existence as of the Petition Date and any other permitted liens and encumbrances that are acceptable to the DIP Agent and the DIP Lenders.

Priority: All obligations of the Borrowers to the DIP Agent and the DIP Lenders under the DIP Facility (the "DIP Obligations") shall enjoy superpriority administrative expense status under 11 U.S.C. § 364(c)(1) with priority,

subject to the Carve-Out, over all other costs and expenses of the kinds specified in, or ordered pursuant to, Sections 503(b) or 507(b) or any other provision of the Bankruptcy Code. Subject to the Carve-Out, the DIP Liens (a) shall constitute first priority liens pursuant to 11 U.S.C. § 364(c)(2) in and to all DIP Collateral that is not subject to valid, perfected, enforceable and non-avoidable liens in existence as of the Petition Date; (b) pursuant to 11 U.S.C. § 364(c)(3), shall be immediately junior in priority to any and all valid, perfected, enforceable and non-avoidable consensual liens (other than the Primed Liens (as defined below)) on the assets of the Borrower and each Guarantor in existence as of and properly perfected prior to the Petition Date, but only to the extent that such liens are senior in priority to the Primed Liens (collectively, the "Non-Primed Liens"); (c) pursuant to 11 U.S.C. § 364(d)(1), shall be senior to and prime (x) those liens on the DIP Collateral in favor of the Prepetition Agent with respect to the obligations of the Borrower and each Guarantor under the Prepetition Credit Agreement (the "Prepetition Obligations") and (y) the Adequate Protection Liens (as defined below) and all other adequate protection replacement liens granted under the Financing Orders or otherwise (collectively, the "Primed Liens").

Carve-Out:

In the DIP Credit Agreement, the Carve-Out is defined by reference to the Interim Order. The Interim Order provides that upon the occurrence and during the continuation of a default with respect to which the DIP Agent provides written notice to the Debtors that the Carve-Out is invoked (a "Carve-Out Trigger Notice"), to the extent unencumbered funds are not available to pay administrative expenses in full, the DIP Liens, the superpriority claims of the DIP Lenders, and the Primed Liens shall be subject to the payment of the Carve-Out. The Carve-Out means (i) all statutory fees payable pursuant to 28 U.S.C. § 1930(a)(6) and (ii) after the delivery of a Carve-Out Trigger Notice, the sum of (a) the amount of any unpaid professional fees and expenses specified in the Budget that were incurred prior to the delivery of such Carve-Out Trigger Notice by the professionals retained by the Debtors, the official committee of unsecured creditors, and any trustee, examiner or other representative appointed in the Chapter 11 Cases (collectively, the "Professionals") and that are subsequently allowed by order of this Court (provided that such amount shall be reduced by the aggregate amount of retainers for professional fees and expenses that are unapplied as of the delivery of such Carve-Out Trigger Notice) and (b) $250,000 for payment of professional fees and expenses that are incurred by the Professionals after the delivery of such Carve-Out Trigger Notice and that are subsequently allowed by order of this Court.

Adequate Protection:

As adequate protection for any diminution in the value of the Prepetition Agent's and the Prepetition Secured Lenders' interests in the Prepetition Collateral resulting from (i) the use of such collateral and cash constituting proceeds of such collateral by the Borrower and the Guarantors during the Chapter 11 Cases, (ii) the granting of the DIP Liens that prime the Primed Liens, and (iii) the imposition of the automatic stay pursuant to 11 U.S.C. §362(a), the Prepetition Agent, for the benefit of the Prepetition Lenders, shall be granted, subject to the Carve-Out, adequate protection in the form of (1) replacement security interests in and liens and mortgages upon the DIP Collateral, whether now existing or hereafter acquired or arising ("Adequate Protection Liens") and (2) a superpriority administrative

priority claim under 11 U.S.C. §507(b) to the extent of such diminution (the "Adequate Protection Priority Claim"), which priority claim shall be junior to the superpriority claim under Section 364(c)(1) of the Bankruptcy Code in favor of the DIP Lenders but senior to any other claims arising under Section 503(b) or Section 507(b) of the Bankruptcy Code. The Adequate Protection Liens shall be junior to the DIP Liens, junior to the Non-Primed Liens and senior to any other liens, including, without limitation, to any other adequate protection replacement liens.

As additional adequate protection, (i) the Prepetition Lenders shall be entitled to (a) the payment on the Closing Date of all accrued and unpaid interest (at the non-default rate) and all fees then owing under the Prepetition Credit Agreement, and (b) the current payment of post-petition interest (at the non-default rate) and fees as and when due and payable under the Prepetition Credit Agreement; (ii) the Prepetition Agent shall be entitled to the payment of its costs and expenses, including the fees and expenses of legal counsel and other professionals retained by the Prepetition Agent, as and when due and payable under the Prepetition Credit Agreement; and (iii) the Borrower shall be prohibited from at any time incurring additional indebtedness having priority claims or liens equal or senior in priority to the DIP Obligations or the Prepetition Obligations, or the liens securing such obligations. The Prepetition Lenders shall reserve the right to seek the payment of all default rate interest accruing under the Prepetition Credit Agreement. All payments of interest and fees under the Prepetition Credit Agreement shall be subject to final allowance pursuant to section 506(b) of the Bankruptcy Code and possible recharacterization by the Bankruptcy Court as payments of principal.

Financial And Other Reporting:

The Borrower must provide to the DIP Agent certain financial statements and other reports, including (a) monthly financial reports, (b) notices of any defaults, (c) notice of lawsuits, (d) notice of certain labor matters, (e) reports made available to the Borrower's securities holders, (f) environmental notices, (g) variance reports, (h) receipts of cash collections, (i) the budgets required under the DIP Credit Agreement, and (j) copies of all pleadings, motions, applications, financial information and other documents filed by or on behalf of the Debtors in these chapter 11 cases, or distributed to an official committee of the United States Trustee.

Voluntary Payments: Subject to the terms of the DIP Credit Agreement, the Borrower may borrow, repay and reborrow loans under the DIP Facility at any time prior to the termination of the facility.

Conditions Precedent: Customary for credit facilities of this nature, including the delivery of certain documents to the DIP Agent.

Interest Rate: Outstanding advances under the DIP Facility shall bear interest at the Prime Rate + 3.00%. From and after the occurrence and during the continuance of an Event of Default, outstanding advances under the DIP Facility shall bear interest at the Prime Rate + 5.00%.

Interest will be calculated on the basis of actual days elapsed and a 365-day year in all cases and will be payable monthly in arrears in cash.

Closing And Arrangement Fees:	$40,000 closing fee payable in cash to the DIP Agent for the ratable benefit of the DIP Lenders and a $25,000 arrangement fee payable to the DIP Agent on the Closing Date, which fees shall be fully earned as of the Closing Date and non-refundable upon payment thereof.
Unused Facility Fee:	Unused facility fee equal to 0.50% of the average unused Maximum Amount (calculated on the basis of a 365-day year and actual days elapsed) shall be due and payable in cash (on a monthly basis in arrears) to the DIP Agent for the ratable benefit of the DIP Lenders.
Financing Orders:	The DIP Financing Orders shall be in form and substance acceptable in all respects to the DIP Agent and shall include, without limitation, provisions (i) modifying the automatic stay to the extent necessary to permit or effectuate the terms of the Financing Orders and the documentation for the DIP Facility, including, without limitation, to permit the creation and perfection of DIP Agent's liens on the DIP Collateral, (ii) providing for the automatic lifting of the stay to permit the enforcement of DIP Agent's and the DIP Lenders' remedies under the DIP Facility, (iii) in the Final Order (but not the Interim Order) prohibiting the assertion of claims arising under Section 506(c) of the Bankruptcy Code against the DIP Agent, any DIP Lender, the Prepetition Agent, or any Prepetition Lender, or the commencement of other actions adverse to the DIP Agent, any DIP Lender, the Prepetition Agent, or any Prepetition Lender, or their respective rights and remedies under the DIP Facility or the Prepetition Credit Agreement; (iv) prohibiting the incurrence of debt with priority equal to or greater than that under the DIP Facility or the Prepetition Credit Agreement, (v) prohibiting any granting or imposition of liens other than purchase money priority liens and other liens acceptable to the DIP Agent; and (vi) prohibiting the Borrower's use of cash collateral other than as expressly contemplated by the Financing Orders prior to the indefeasible payment in full of the DIP Obligations and the termination of the Commitments.
Events Of Default:	Customary for credit facilities of this nature.
Relief From Stay:	The Interim Order and the Final Order shall provide that, upon the occurrence and during the continuation of an Event of Default under the Financing Facility, the automatic stay shall be deemed lifted without any further action by the Bankruptcy Court, (i) permitting the termination of the Borrower's authority to use cash collateral, the acceleration of all obligations under the DIP Facility, the termination of all Commitments under the Financing Facility, and the exercise of other post-default remedies under the credit agreement and other loan documents for the DIP Facility (other than those described in clause (ii) below), and (ii) upon three (3) business days' notice to the Borrower, counsel to any creditors' committee, and the United States Trustee, permitting the DIP Agent and the DIP Lenders to exercise any and all enforcement remedies with respect to the DIP Collateral, including, without limitation, the disposition of the DIP Collateral solely for application to the DIP Obligations, provided that the Borrower shall have no further right to use cash collateral until the DIP Obligations have been repaid in full.
Costs And Expenses; Indemnification:	All out-of-pocket costs and expenses of the DIP Agent (including, without limitation, reasonable fees and disbursements of legal counsel, financial advisors and third-party appraisers and consultants advising the DIP Agent) shall be payable by the Borrower on demand whether or not the

transactions contemplated hereby are consummated. Borrower shall indemnify the DIP Agent and the DIP Lenders (and their respective representatives) against any liability arising in connection with the transactions contemplated hereby (other than in the case of the gross negligence or willful misconduct of any indemnified person).

C. Timetable for Chapter 11 Cases

Assuming that the Bankruptcy Court approves the Debtors' scheduling motion with respect to the Disclosure Statement and Confirmation Hearing, the Debtors anticipate that the Disclosure Statement and Confirmation Hearing would occur within forty-five days (45) of the Petition Date. There can be no assurance, however, that the Bankruptcy Court's orders to be entered on the Petition Date will permit the Chapter 11 Cases to proceed as expeditiously as anticipated.

VII. SUMMARY OF THE PLAN OF REORGANIZATION

The primary objectives of the Plan are to (i) alter the Debtors' debt and capital structures to permit them to emerge from their Chapter 11 Cases with a viable capital structure, (ii) maximize the value of the ultimate recoveries to all creditor groups on a fair and equitable basis, and (iii) settle, compromise or otherwise dispose of certain Claims and Interests on terms that the Debtors believe to be fair and reasonable and in the best interests of their respective estates and creditors. The Plan provides for, among other things: (A) the cancellation of certain indebtedness in exchange for new debt and equity and (B) the discharge of certain Claims and cancellation of Interests.

The Debtors believe that (i) through the Plan, Holders of Allowed Claims will obtain a substantially greater recovery from the estates of the Debtors than the recovery they would receive if the Debtors filed their Chapter 11 petitions without prior approval of the Plan by a majority of their creditors and (ii) the Plan will afford the Debtors the opportunity and ability to continue their business as a viable going concern and preserve ongoing employment for the Debtors' employees.

The statements contained in this Disclosure Statement include summaries of the provisions contained in the Plan and in documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms and provisions of the Plan or documents referred to therein, and reference is made to the Plan and to such documents for the full and complete statements of such terms and provisions.

The Plan itself and the documents referred to therein control the actual treatment of Claims against and Interests in the Debtors under the Plan and will, upon the Effective Date, be binding upon all Holders of Claims against and Interests in the Debtors and their Estates, the Reorganized Debtors and other parties in interest. In the event of any conflict between this Disclosure Statement, on the one hand, and the Plan or any other operative document, on the other hand, the terms of the Plan and such other operative document are controlling.

A. Overview of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11 of the Bankruptcy Code, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and interest holders. Another goal of chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated interest holders with respect to the distribution of a debtor's assets.

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

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any creditor of or equity security holder in the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, the confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan, and terminates all rights and interests of equity security holders.

B. Overall Structure of the Plan

The Debtors believe that the Plan provides the best and most prompt possible recovery to the Debtors' Claim Holders. Under the Plan, Claims against and Interests in the Debtors are divided into different classes. If the Plan is confirmed by the Bankruptcy Court and consummated, on the Distribution Date, and at certain times thereafter as Claims are resolved, liquidated or otherwise allowed, the Debtors will make distributions in respect of certain Classes of Claims as provided in the Plan. The Classes of Claims against and Interests in the Debtors created under the Plan, the treatment of those Classes under the Plan and distributions, if any, to be made under the Plan are described below.

C. Classification and Treatment of Claims and Interests

1. Administrative Claims

Subject to the provisions of sections 330(a), 331, and 503(b) of the Bankruptcy Code, each Allowed Administrative Claim will be paid by the Debtors or the Reorganized Debtors, as the case may be, in full, in Cash, upon the later of (i) the Effective Date, (ii) the due date thereof in accordance with its terms, (iii) the date upon which such Administrative Claim becomes an Allowed Claim, (iv) in respect of liabilities incurred in the ordinary course of business, the date upon which such liabilities are payable in the ordinary course of such Debtor's business, consistent with past practices or (v) such other date as may be agreed upon between the Holder of such Allowed Administrative Claim and the Debtors or the Reorganized Debtors, as the case may be.

2. DIP Facility Claims

On the Effective Date, the DIP Facility Claims will be paid in full in Cash.

3. Priority Tax Claims

Priority Tax Claims are Claims for taxes entitled to priority in payment under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

Unless the Holder of such claim and the applicable Debtor (with the consent of the Prepetition Agent) agree to a different treatment, on the Effective Date, each Holder of an Allowed Priority Tax Claim will have its Claim Reinstated.

4. Class 1: Non-Tax Priority Claims

Unless the Holder of such Claim and the applicable Debtor (with the consent of the Prepetition Agent) agree to a different treatment, on the Effective Date, each Holder of an Allowed Non-Tax Priority Claim will have its Claim Reinstated.

5. Class 2: Other Secured Claims

Unless the Holder of such Claim and the applicable Debtor (with the consent of the Prepetition Agent) agree to a different treatment, on the Effective Date, each Holder of an Allowed Other Secured Claim will have its Claim Reinstated.

6. Class 3: Unimpaired Unsecured Claims

Unless the Holder of such Claim and the applicable Debtor (with the consent of the Prepetition Agent) agree to a different treatment, on the Effective Date, each Holder of a General Unsecured Claim will have its Claim Reinstated.

7. Class 4: Prepetition Secured Lender Claims

The Prepetition Secured Lender Claims shall be deemed Allowed on the Effective Date in the aggregate principal amount of $40,811,000, plus (i) all accrued and unpaid interest owing under the Prepetition Secured Credit Agreement, (ii) all accrued and unpaid fees and expenses that are chargeable or reimbursable under the Prepetition Secured Credit Documents, including the professional fees and expenses of the Prepetition Agent, and (iii) all undrawn letters of credit issued under the Prepetition Secured Credit Agreement and all unpaid letter of credit fees thereon. On the Effective Date, each Holder of an Allowed Prepetition Secured Lender Claim will receive its pro rata share of (a) the New Secured Term Loan Notes and (b) the New Preferred Member Interests. In addition, (x) the unpaid fees and expenses of attorneys and financial advisors retained by the Prepetition Agent (including any unpaid fees and expenses of such attorneys and financial advisors that were incurred prior to the Petition Date) shall be paid in full in cash on the Effective Date, (y) the Holders of Allowed Prepetition Secured Lender Claims shall be entitled to retain all payments of Prepetition Secured Obligations made by the Debtors prior to the Effective Date, and (z) on or as soon as practicable after the Effective Date, each letter of credit issued under the Prepetition Secured Credit Agreement shall be (1) returned to the issuer undrawn and marked canceled and (2) replaced with a letter of credit issued under either the Exit Facility Credit Agreement or the New Secured Term Loan Notes Issuance Agreement.

By voting as a Class to accept the Plan, the Prepetition Secured Lenders have consented to and authorized a transfer out of the proceeds of the collateral securing the Prepetition Secured Lender Claims of: (a) 100% of the New Common Member Interests to the Intermediate Holding Company, which shall be 100% owned by the Creditor/Equityholder Trust; (b) 80% of the Creditor/Equityholder Trust Interests to the Holders of Allowed Impaired Unsecured Claims who timely submit Class 5 Release Forms; and (c) 20% of the Creditor/Equityholder Trust Interests to the Holders of ESOT Allocated Stock Interests who timely submit Class 7 Release Forms.

8. Class 5: Impaired Unsecured Claims

The Holders of Impaired Unsecured Claims, as a Class, will not receive or retain any property on account of such Impaired Unsecured Claims under this Plan and are therefore conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. On the Effective Date, however, each Holder of an Allowed Impaired Unsecured Claim that has timely submitted an executed Class 5 Release Form in accordance with Section 5.12 of the Plan will receive, in consideration for the releases and other consideration set forth in the Class 5 Release Form, its pro rata share of 80% of the Creditor/Equityholder Trust Interests equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Impaired Unsecured Claim bears to the aggregate amount of all Allowed Impaired Unsecured Claims whose Holders timely submit executed Class 5 Release Forms in accordance with Section 5.12 of the Plan. Holders of Allowed Impaired Unsecured Claims that fail to timely submit an executed Class 5 Release Form in accordance with Section 5.12 of the Plan will not receive any Creditor/Equityholder Trust Interests.

9. Class 6: Intercompany Interests

On the Effective Date, the common stock and membership interests of each of the Reorganized Debtors (other than Reorganized Antioch) and each of the Non-Debtor Affiliates will be Reinstated in consideration for Reorganized Antioch's agreement to provide management services to such Reorganized Debtors and Non-Debtor Affiliates from and after the Effective Date.

10. Class 7: ESOT Allocated Stock Interests

The Holders of ESOT Allocated Stock Interests, as a Class, will not receive or retain any property on account of such ESOT Allocated Stock Interests under this Plan and are therefore conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. However, each Holder of an Allowed ESOT Allocated Stock Interest that has timely submitted an executed Class 7 Release Form in accordance with Section 5.12 of the Plan will receive, in consideration for the releases and other consideration set forth in the Class 7 Release Form, its pro rata share of 20% of the Creditor/Equityholder Trust Interests equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed ESOT Allocated Stock Interest bears to the aggregate amount of all Allowed ESOT Allocated Stock Interests whose Holders timely submit executed Class 7 Release Forms in accordance with Section 5.12 of the Plan. Holders of Allowed ESOT Allocated Stock Interests that fail to timely submit an executed Class 7 Release Form in accordance with Section 5.12 of the Plan will not receive any Creditor/Equityholder Trust Interests.

11. Class 8: Old Equity Interests

On the Effective Date, all Old Equity Interests will be deemed cancelled and the Holders of Old Equity Interests will not receive or retain any property under the Plan on account of such Other Interests and are therefore conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code..

D. Method of Distribution Under the Plan

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

2. Distributions for Claims Allowed as of the Effective Date. Except as otherwise provided herein or as ordered by the Bankruptcy Court, distributions to be made on account of Allowed Claims as of the Effective Date,

will be made on the Effective Date or as soon thereafter as is practicable. Any distribution required to be made on the Effective Date pursuant to the Plan will be deemed as having been made on the Effective Date if such distribution is made on the Effective Date or as soon thereafter as is practicable. Any payment or distribution required to be made under the Plan on a day other than a Business Day will be made on the next succeeding Business Day. Notwithstanding the date on which any distribution of securities is made to a Holder of an Allowed Claim, as of the date of the distribution such Holder will be deemed to have the rights of a Holder of such securities (subject to the terms and conditions of the Plan) distributed as of the Effective Date.

3. No Interest on Claims. Unless otherwise specifically provided for in the Plan, the Confirmation Order or other order of the Bankruptcy Court, 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.

4. Distributions by the Disbursing Agent. Other than as specifically set forth below, all distributions required to be made under this Plan shall be made by the Reorganized Debtors as the Disbursing Agent. Distributions on account of Prepetition Secured Lender Claims shall be made by the Reorganized Debtors either to the Prepetition Agent, for the benefit of the Holders of Prepetition Secured Lender Claims, or directly to the individual Holders of Prepetition Secured Lender Claims. The Reorganized Debtors may act as Disbursing Agent or may employ or contract with other entities to assist in or make the distributions required by this Plan.

5. Delivery of Distributions and Undeliverable or Unclaimed Distributions

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

(b) *Undeliverable and Unclaimed Distributions*.

(i) Holding and Investment of Undeliverable and Unclaimed Distributions. If the distribution to any Holder of an Allowed Claim is returned to the Reorganized Debtors or the Disbursing Agent as undeliverable or is otherwise unclaimed, no further distributions will be made to such Holder unless and until the Reorganized Debtors or the Disbursing Agent is notified in writing of such Holder's then current address.

(ii) After Distributions Become Deliverable. The Disbursing Agent will make all distributions that have become deliverable or have been claimed since the Distribution Date as soon as practicable after such distribution has become deliverable.

(iii) Failure to Claim Undeliverable Distributions. Any Holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable or unclaimed distribution within one (1) year after the Effective Date will be deemed to have forfeited its claim for such undeliverable or unclaimed distribution and will be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed distribution against the Debtors or their Estates, the Reorganized Debtors or their property. In such cases, any Cash for distribution on account of such claims for undeliverable or unclaimed distributions will become the property of the Reorganized Debtors free of any liens, claims, and encumbrances thereon and notwithstanding any federal or state escheat laws to the contrary. Nothing contained in the Plan will require any Disbursing Agent, including, but not limited to, the Reorganized Debtors, to attempt to locate any Holder of an Allowed Claim.

6. Means of Cash Payment. Payments of Cash made pursuant to the Plan will be in U.S. dollars and will be made, at the option and in the sole discretion of the Reorganized Debtors, by (a) checks drawn on or (b) wire transfer from a domestic bank selected by the Reorganized Debtors. Cash payments to foreign creditors may be

made, at the option of the Reorganized Debtors, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

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

8. Setoffs. The Reorganized Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy laws, but will not be required to, set off against any Claim, the payments or other distributions to be made pursuant to the Plan in respect of such Claim, or claims of any nature whatsoever that the Debtors or the Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder will constitute a waiver or release by the Reorganized Debtors of any such claim that the Debtors or the Reorganized Debtors may have against such Holder. Absent the consent of the Debtors or the Reorganized Debtors or unless otherwise authorized pursuant to the order of the Bankruptcy Court, no party receiving a distribution under the Plan may offset such distribution against any obligations such party may have to the Debtors or the Reorganized Debtors. Without limiting any other rights of the Debtors or the Reorganized Debtors provided for in the Plan, and except as otherwise set forth in the Plan (including, without limitation, with respect to the Released Parties) any distributions under the Plan will also remain subject to any causes of action, counterclaims, security interests, or other rights of the Debtors or the Reorganized Debtors with respect to such distributions and the matters giving rise to such distributions.

9. Fractional Member Interests. No fractional New Preferred Member Interests will be distributed. Where a fractional share would otherwise be called for, the actual issuance will reflect a rounding up (in the case of .50 or more than .50) of such fraction to the nearest whole New Preferred Member Interests or a rounding down of such fraction (in the case of less than .50).

E. Resolution of Dispute, Contingent and Unliquidated Claims

1. Objection Deadline; Prosecution of Objections

No later than 60 days after the Effective Date (unless such deadline is extended by an order of the Bankruptcy Court), the Debtors or the Reorganized Debtors, as the case may be, will file objections to Claims with the Bankruptcy Court and serve such objections upon the Holders of each of the Claims to which objections are made; provided, however, that neither the Debtors nor the Reorganized Debtors will object to any Claims that are Allowed pursuant to the Plan. The Debtors and the Reorganized Debtors will be authorized to, and will, resolve all Disputed Claims through settling or by litigating to judgment in the Bankruptcy Court or such other court having jurisdiction the validity, nature, and/or amount thereof. After the Effective Date, the Reorganized Debtors will have the exclusive authority to object, settle, compromise, withdraw, assign or litigate to judgment any and all claims, including Administrative Claims, without the need for any application to or approval of the Bankruptcy Court.

2. No Distributions Pending Allowance

Notwithstanding any other provision of the Plan, no payments or distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been

settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

3. Distribution After Allowance

The Disbursing Agent will make any applicable payment or distribution to the Holder of any Disputed Claim that has become an Allowed Claim as soon as practicable after the date such Disputed Claim becomes an Allowed Claim.

4. Reservation of Right to Object to Allowance or Asserted Priority of Claims

Nothing in the Plan will waive, prejudice or otherwise affect the rights of the Debtors, the Reorganized Debtors or the Holders of any Claim to object at any time, including after the Effective Date, to the allowance or asserted priority of any Claim.

F. Means for Implementation of the Plan

1. Transactions Authorized Under the Plan

(a) *General.* On and after the Effective Date, subject to the terms and conditions of the New Limited Liability Company Operating Agreement, the Exit Facility Credit Agreement, the New Secured Term Loan Notes Issuance Agreement, and the New Secured Term Loan Notes, the applicable Debtors and Reorganized Debtors will be authorized to enter into such transactions and may take such actions as may be necessary or appropriate to effect a corporate restructuring of their respective businesses, to otherwise simplify the overall corporate structure of the Reorganized Debtors, or to reincorporate certain of the Affiliate Debtors under the laws of jurisdictions other than the laws of the jurisdictions in which the applicable Affiliate Debtors are presently incorporated, or to effect the conversion of certain Debtors into limited liability companies.

Such restructuring may include one or more mergers, consolidations, conversions, restructurings, dispositions, liquidations, or dissolutions, as the Reorganized Debtors may determine to be necessary or appropriate (collectively, the "Restructuring Transactions"). The actions to effect the Restructuring Transactions may include (i) the execution and delivery of appropriate agreements or other documents of merger, consolidation, conversion, restructuring, disposition, liquidation, or dissolution containing terms that are consistent with the terms of the Plan and that satisfy the applicable requirements of applicable state law and such other terms to which the applicable entities may agree; (ii) the execution and delivery of appropriate instruments of transfer, assignment, assumption, or delegation of any asset, property, right, liability, duty, or obligation on terms consistent with the terms of the Plan and having such other terms to which the applicable entities may agree; (iii) the filing of appropriate certificates or articles of merger, consolidation, conversion, or dissolution pursuant to applicable state law including, without limitation, any documents necessary to effect the conversion of one or more Debtors into limited liability companies; and (iv) all other actions that the applicable entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with such transactions.

The Restructuring Transactions may include one or more mergers, consolidations, conversions, restructurings, dispositions, liquidations, or dissolutions, as may be determined by the Reorganized Debtors to be necessary or appropriate to result in substantially all of the respective assets, properties, rights, liabilities, duties, and obligations of certain of the Reorganized Debtors vesting in one or more surviving, resulting, or acquiring entities or continuing in one or more converted entities. In each case in which the surviving, resulting, or acquiring entity in any such transaction is a successor to a Reorganized Debtor, such surviving, resulting, or acquiring corporation will perform the obligations of the applicable Reorganized Debtor pursuant to the Plan to pay or otherwise satisfy the Allowed Claims against such Reorganized Debtor, except as provided in any contract, instrument, or other agreement or document effecting a disposition to such surviving, resulting, or acquiring corporation, which may provide that another Reorganized Debtor will perform such obligations.

(b) *Reorganized Antioch.* Prior to the Effective Date, The Antioch Company will (i) organize Reorganized Antioch as a limited liability company under the laws of the State of Delaware and a wholly-owned subsidiary of The Antioch Company and (ii) contribute all of its assets, and assign all Priority Tax Claims, Non-Priority Tax Claims, Other Secured Claims, and Unimpaired Unsecured Claims, to Reorganized Antioch in exchange for the New Common Member Interests and the New Preferred Member Interests. On the Effective Date, The Antioch Company will merge with and into Reorganized Antioch, with Reorganized Antioch surviving the merger. Prior to the merger of The Antioch Company and Reorganized Antioch, the Antioch Company will distribute the New Common Member Interests and the New Preferred Member Interests in accordance with Section 5.6 of this Plan.

(c) *Intermediate Holding Company.* On or prior to the Effective Date, the Debtors will form the Intermediate Holding Company. On the Effective Date, the Intermediate Holding Company Stock will be issued to the Creditor/Equityholder Trust pursuant to Section 5.12(b) of this Plan.

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

From and after the Effective Date the Reorganized Debtors will continue to exist as separate corporations or limited liability companies in accordance with the applicable law in the respective jurisdictions in which they are incorporated or otherwise organized, and pursuant to their respective certificates of incorporation, by-laws, articles of formation, operating agreement, and other governing documents in effect prior to the Effective Date, except to the extent such certificates of incorporation, by-laws, articles of formation, operating agreement, and other governing documents are amended, modified, or replaced pursuant to the Plan. Except as otherwise provided in the Plan, on and after the Effective Date, all property of the Debtors' Estates, including all claims, rights, and causes of action and any property acquired by the Debtors under or in connection with the Plan, will vest in the Reorganized Debtors free and clear of all Claims, liens, charges, other encumbrances, and Interests, subject to the Restructuring Transactions defined in Section 5.2 of the Plan. On and after the Effective Date, the Reorganized Debtors may operate their businesses and may use, acquire, and dispose of property and compromise or settle any Claims without supervision of or approval by the Bankruptcy Court and free and clear of any restrictions of the Bankruptcy Code or the Bankruptcy Rules, other than restrictions expressly imposed by the Plan or the Confirmation Order. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur on or after the Effective Date for professionals' fees, disbursements, expenses, or related support services without application to the Bankruptcy Court.

3. Corporate Governance, Directors and Officers and Corporate Action

(a) *New Limited Liability Operating Agreement.* On or prior to the Effective Date, the New Limited Liability Company Operating Agreement of Reorganized Antioch will become effective. The New Limited Liability Company Operating Agreement will, among other things, authorize the issuance and distribution of New Common Member Interests and New Preferred Member Interests as contemplated by the Plan. In addition, on the Effective Date, the certificates of incorporation, by-laws, articles of formation, operating agreements, and other organizational documents of the Affiliate Debtors will be amended, modified, or replaced as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. After the Effective Date, the Reorganized Debtors may amend and restate their certificates or articles of incorporation and by-laws as permitted by applicable law.

(b) *Directors and Officers of the Reorganized Debtors.* Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, as of the Effective Date, the initial directors and officers of Reorganized Antioch will be the persons identified in the Plan Supplement. The board of directors of Reorganized Antioch will have five (5) members. The Holders of a majority of the Prepetition Secured Lender Claims will designate three (3) directors (the "Preferred Designated Directors") prior to the Effective Date. After the Effective Date, the Intermediate Holding Company, as the Holder of a majority of the New Common Member Interests will designate two (2) directors, each of whom will be independent and will be otherwise acceptable to the holders of a majority of the New Preferred Member Interests. Reorganized Antioch will be the 100% owner and sole manager of each of the Reorganized Debtors other than Reorganized Antioch. Pursuant to section 1129(a)(5), the Debtors will disclose in the Plan Supplement the identity and affiliations of any person designated by the Prepetition Secured Lenders to serve on the initial board of directors of Reorganized Antioch, and,

to the extent such person is an insider other than by virtue of being a director, the nature of any compensation for such person. Each such director will serve from and after the Effective Date pursuant to the terms of the New Limited Liability Company Operating Agreement, any other applicable constituent documents of the Reorganized Debtors, and applicable law. Each member of the board of directors of each of the Debtors will be deemed to have resigned on the Effective Date.

(c) *Corporate Action*. On the Effective Date, the adoption of the New Limited Liability Company Operating Agreement, the selection of directors and officers for the Reorganized Debtors, and all other actions contemplated by the Plan will be authorized and approved in all respects (subject to the provisions of the Plan). All matters provided for in the Plan involving the corporate or limited liability company structure of the Debtors or the Reorganized Debtors, and any corporate or limited liability company action required by the Debtors or the Reorganized Debtors in connection with the Plan, will be deemed to have timely occurred in accordance with applicable law and will be in effect, without any requirement of further action by the security holders or directors of the Debtors or the Reorganized Debtors. On the Effective Date, the appropriate officers of the Reorganized Debtors shall be authorized and directed to issue, execute, and deliver the agreements, documents, securities, and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors.

4. Substantive Consolidation

(a) *Substantive Consolidation*. The Plan contemplates and is predicated upon entry of an order substantively consolidating the Debtors solely for the purposes of the Plan, that is, for voting, confirmation, and distribution purposes. The Plan does not contemplate the substantive consolidation of the Debtors for any other purpose. On the Effective Date, (i) all guaranties of any Debtor of the payment, performance, or collection of another Debtor will be deemed eliminated and cancelled, (ii) any obligation of any Debtor and all guarantees executed by one (1) or more of the other Debtors will be treated as a single obligation and any obligation of two (2) or more Debtors, and all multiple Impaired Claims against such entities on account of such joint obligations will be treated and Allowed only as a single Impaired Claim against the consolidated Debtors, and (iii) each Claim filed or to be filed against any Debtor will be deemed filed against the consolidated Debtors and will be deemed a single Claim against and a single obligation of the consolidated Debtors. On the Effective Date, and in accordance with the terms of the Plan and the consolidation of the assets and liabilities of the Debtors, all Claims based upon guarantees of collection, payment, or performance made by the Debtors as to the obligations of another Debtor will be released and of no further force and effect. Except as set forth in Section 5.1 of the Plan, such substantive consolidation will not (other than for purposes related to the Plan) (i) affect the legal and corporate structures of the Reorganized Debtors, subject to the right of the Reorganized Debtors or Reorganized Antioch to effect Restructur¬ing Transactions as provided in Section 5.2 of the Plan, (ii) cause any Debtor to be liable for any Impaired Claim or Unimpaired Claim under the Plan for which it otherwise is not liable, and the liability for any such Claim will not be affected by such substantive consolidation, (iii) affect Claims of Debtors against Debtors, (iv) affect Interests in Affiliate Debtors, (v) affect any obligations under any leases or contracts assumed in the Plan or otherwise subsequent to the filing of the Chapter 11 Cases, or (vi) affect any obligations to pay quarterly fees to the United States Trustee. On the Effective Date, except as otherwise expressly provided for in the Plan, the Intercompany Interests will be Reinstated.

(b) *Substantive Consolidation Order*. Unless the Bankruptcy Court has approved the substantive consolidation of the Chapter 11 Cases by a prior order, the Plan will serve as, and will be deemed to be, a motion for entry of an order substantively consolidating the Debtors as provided in Section 5.1 of the Plan. If no objection to substantive consolidation is timely filed and served by any Holder of an Impaired Claim affected by the Plan on or before the deadline for objection to confirmation of the Plan, the Substantive Consolidation Order (which may be the Confirmation Order) may be entered by the Bankruptcy Court. If any such objections are timely filed and served, a hearing with respect to the substantive consolidation of the Chapter 11 Cases and the objections thereto will be scheduled by the Bankruptcy Court, which hearing may, but is not required to, coincide with the Confirmation Hearing.

(c) Discussion of Substantive Consolidation

(i) General Description. Substantive consolidation of the estates of multiple debtors in a bankruptcy case effectively combines the assets and liabilities of the

multiple debtors for certain purposes under a plan. The effect of consolidation is the pooling the assets of, and claims against, the consolidated debtors; satisfying liabilities from a common fund; and combining the creditors of the debtors for purposes of voting on reorganization plans. In re Augie/Restivo Baking Co., 860 F.2d 515, 518 (2d Cir. 1988). see also In re Creditors Serv. Corp., 195 B.R. 680, 688-89 (Bankr. S.D. Ohio 1996), aff'd, 182 F.3d 916 (6th Cir. 1999) (authorizing substantive consolidation under § 105(a) of the Bankruptcy Code); In re Brentwood Golf Club, LLC 329 B.R. 802, 812 (Bankr. E.D. Mich., 2005) (citing First National Bank of Barnesville v. Rafoth (In re Baker & Getty Financial Services, Inc.) 974 F.2d 712, 720 (6th. Cir. 1992)) (finding that substantive consolidation is appropriate where it is warranted by the circumstances). There is no statutory authority specifically authorizing substantive consolidation. The authority of a bankruptcy court to order substantive consolidation is derived from its general equitable powers under section 105(a) of the Bankruptcy Code, which provides that the court may issue orders necessary to carry out the provisions of the Bankruptcy Code. Id.; see also In re DRW Property Co., 54 B.R. 489, 494 (Bankr. N.D. Tex. 1985). Nor are there statutorily prescribed standards for substantive consolidation. Instead, judicially developed standards control whether substantive consolidation should be granted in any given case.

(ii) Legal Standards for Substantive Consolidation. The propriety of substantive consolidation must be made on a case by case basis. E.g., FDIC v. Colonial Realty Co., 966 F.2d 57 (2d Cir. 1992). In re Baker & Getty Fin. Services, Inc., 974 F.2d 712, 720 (6th Cir. 1992) (substantive consolidation appropriate when warranted by the circumstances of the case and when it is in the best interest of the unsecured creditors); Creditors Serv., 195 B.R. at 690 (same). In deciding whether to consolidate, a number of earlier cases relied on the presence or absence of certain "elements" that are similar to factors relevant to piercing the corporate veil under applicable state law. E.g., In re Gulfco Inv. Corp., 593 F.2d 921 (10th Cir. 1979). More recent cases, however, while not ignoring these elements, have applied a less mechanical approach. Thus, for example, the Second Circuit Court of Appeals, in In re Augie/Restivo, concluded that the extensive list of elements and factors frequently cited and relied upon by other courts in determining the propriety of substantive consolidation are "merely variants on two critical factors," namely, "(1) whether creditors dealt with the entities as a single economic unit and 'did not rely on their separate identity in extending credit, . . .' or (ii) whether the affairs of the debtors are so entangled that consolidation will benefit all creditors . . . ." 860 F.2d at 518. More recently the Eleventh Circuit, in Eastgroup Properties v. Southern Motel Assoc., Ltd., 935 F.2d 245 (11th Cir. 1991), viewed those elements and factors "as examples of information that may be useful to courts charged with deciding whether there is substantial identity between the entities to be consolidated and whether consolidation is necessary to avoid some harm or to realize some benefit." Id. at 250. Under the Eastgroup test, a proponent of substantive consolidation must show that there is substantial identity between the entities to be consolidated and that consolidation is necessary to avoid some harm or realize some benefit. Once the proponent makes this showing, a presumption arises that creditors have not relied solely on the credit of one of the entities involved, and the burden shifts to an objecting creditor to show that (i) it has relied on the separate credit of one of the entities to be consolidated and (ii) it will be prejudiced by substantive consolidation. Eastgroup, 935 F.2d at 251; Reider v. FDIC (In re Reider), 31 F.3d 1102, 1108 (11th Cir. 1994); see also, Baker, 974 F.2d at 720-21; In re Eagle-Picher Indus., Inc., 192 B.R. 903, 907 (Bankr. S.D. Ohio 1996).

Regardless of which of the "two similar but not identical tests . . . for assessing the propriety of substantive consolidation in the corporate context" is applied, In re Reider, 31 F.3d at 1107, the "elements" enumerated in the earlier cases remain relevant, but not necessarily dispositive, as to whether substantive consolidation should be granted. These elements include:

- the degree of difficulty in segregating and ascertaining the individual assets and liabilities of the entities to be consolidated;
- the presence or absence of consolidated financial statements among the entities to be consolidated;
- the commingling of assets and business functions among the entities to be consolidated;

- the unity of interests and ownership among the various entities;
- the existence of parent and intercorporate guarantees on loans to the various entities; and
- the transfer of assets to and from the various entities without formal observance of corporate formalities.

In re Vecco Constr. Indus., 4 B.R. 407, 410 (Bankr. E.D. Va. 1980) (cited with approval by Creditors Serv., 195 B.R. at 689-90).

(iii) Factual Basis for and Result of a Substantive Consolidation of the Debtors' Estates.

The facts and circumstances surrounding the historical business operations of Antioch and the Subsidiary Debtors support substantive consolidation in these Chapter 11 Cases. The Antioch Company directly or indirectly owns all of the other filing entities. Antioch and its Subsidiary Debtors have common officers and directors, share key employees and outside professionals, including, but not limited to, employees of Antioch who performed human resources, legal, and risk management services for the benefit of all the Debtors and accounting firms, law firms and consultants who rendered services to all of the Debtors, and maintain common insurance policies which cover all the filing entitles. All the entities also share physical space and office equipment.

The Debtors' cash management system is effectively centralized and has been constructed to provide a substantially unified system for all of the Debtors that allows for an integrated method for accounting for revenues and expenses to be collected and paid. While some of the Subsidiary Debtors maintain their own deposit accounts, all of the cash is funneled through the same master account. This allows Antioch to have overall corporate control of funds and the ability to manage the Debtors' various business lines.

Furthermore, all obligations under the Prepetition Secured Credit Agreements are secured by all assets of each Subsidiary Debtor, and the total valuation of the Company as set forth in Article XI of this Disclosure Statement is less than the amount of such obligations. Consequently, the Debtors believe that substantive consolidation is warranted in light of the criteria established by the courts in ruling on the propriety of substantive consolidation in other cases.

Substantive consolidation is an equitable remedy that a bankruptcy court may be asked to apply in Chapter 11 Cases involving subsidiary debtors. Substantive consolidation involves the pooling of the assets and liabilities of the affected debtors. All of the debtors in the substantively consolidated group are treated as if they were a single corporate and economic entity. Consequently, a creditor of one of the substantively consolidated debtors is treated as a creditor of the substantively consolidated group of debtors, and issues of individual corporate ownership of property and individual corporate liability on obligations are ignored. Substantive consolidation of two or more debtors' estates generally results in the deemed consolidation of the assets and liabilities of the debtors, the elimination of multiple and duplicative creditor claims, joint and several liability claims and guarantees and the payment of allowed claims from a common fund. The Debtors believe that substantive consolidation is warranted in light of the criteria established by the courts in ruling on the propriety of substantive consolidation in other cases. In the event that the Plan does not become effective, nothing in the Plan or this Disclosure Statement will be construed as an admission of any kind by any party regarding the propriety of substantive consolidation under circumstances other than implementation of the Plan.

5. Issuance and Distribution of New Securities and Related Matters

(a) *Issuance and Distribution of New Securities.* On the Effective Date, (i) The Antioch Company shall distribute (subject to Section 5.6(b) of this Plan) the New Common Member Interests and the New Preferred Member Interests without the need for further approval under any applicable law, regulation, order, or rule, (ii) the Reorganized Debtors shall issue or distribute all other instruments, certificates and other documents, including the New Secured Term Loans Notes, required to be issued or distributed by the Reorganized Debtors pursuant to this Plan without the need for further approval under any applicable law, regulation, order, or rule and (iii) the Intermediate Holding Company shall issue the Intermediate Holding Company Stock without the need for further approval under any applicable law, regulation, order, or rule. The issuance of the New Common Member Interests, the New Preferred Member Interests, the New Secured Term Loan Notes, and the Intermediate Holding Company Stock, and the distribution thereof under this Plan, shall be exempt from registration under

applicable securities laws pursuant to Section 1145(a) of the Bankruptcy Code and, with respect to the New Secured Term Loan Notes, Section 4(2) of the Securities Act. Without limiting the effect of Section 1145 of the Bankruptcy Code, all documents, agreements, and instruments entered into on or as of the Effective Date contemplated by or in furtherance of this Plan, including, without limitation, the Exit Facility Credit Agreement, the New Secured Term Loan Notes Issuance Agreement, the New Secured Term Loan Notes, the New Limited Liability Company Operating Agreement, and any other agreement entered into in connection with the foregoing, shall become effective and binding in accordance with their respective terms and conditions upon the parties thereto.

(b) *Execution and Delivery of the New Limited Liability Company Operating Agreement and Distribution of the New Common Member Interests and New Preferred Member Interests.* The Antioch Company shall distribute the New Common Member Interests to the Intermediate Holding Company following (but only upon) the execution and delivery to Reorganized Antioch of the New Limited Liability Company Operating Agreement by the Intermediate Holding Company. The Antioch Company shall distribute the New Preferred Member Interests to the Holders of Prepetition Secured Lender Claims following (but only upon) the execution and delivery to Reorganized Antioch of the New Limited Liability Company Operating Agreement by each Holder of a Prepetition Secured Lender Claim. During the period after the Effective Date, pending distribution of the New Common Member Interests and the New Preferred Member Interests pursuant to the terms of this Plan, the parties entitled to receive the New Common Member Interests and the New Preferred Member Interests shall be bound by, have the benefit of and be entitled to enforce the terms and conditions of, the New Limited Liability Company Operating Agreement and shall be entitled to vote, receive any dividends or other distributions payable in respect of such parties' New Common Member Interests or New Preferred Member Interests (including receiving any proceeds of any transfer of such New Common Member Interests or New Preferred Member Interests), and to exercise all other rights in respect of the New Common Member Interests or New Preferred Member Interests (so that such party shall be deemed for tax purposes to be the owner of the New Common Member Interests or New Preferred Member Interests issued in the name of such party).

(c) *Principal Terms of the New Preferred Member Interests*. The New Preferred Member Interests will be issued in the stated value of $11.011 million. The New Preferred Member Interests will pay "payment-in-kind" dividends, capitalized on a quarterly basis, at the following rates: (a) during the first year following the Effective Date, at the per annum rate of 10%, (b) during the second year following the Effective Date, at the per annum rate of 15%, and (c) thereafter at the per annum rate of 20%. The New Preferred Member Interests can be redeemed by the Reorganized Debtors at par plus all accrued but unpaid dividends at any time after (i) the New Secured Term Loan Notes have been paid in full and (ii) all borrowings under the Exit Credit Agreement have been paid in full and any commitments in respect thereof have been terminated. If the New Preferred Member Interests has not been redeemed by the Reorganized Debtors by the first annual anniversary of the Effective Date (the "Trigger Date"), then holders of the New Preferred Member Interests shall be entitled immediately and until such time as the New Preferred Member Interests has been redeemed in full, including accrued and unpaid dividends thereon, to (x) achieve voting control of the board of directors of Reorganized Antioch for all purposes by replacing directors, electing additional directors and any other steps as shall be satisfactory to the holders of the the New Preferred Member Interests, and (y) achieve voting control of the voting membership interests of Reorganized Antioch for all purposes in a manner satisfactory to the holders of the New Preferred Member Interests.

6. Exit Financing

(a) *Issuance, Initial Aggregate Principal Amount and Maturity Date*

On the Effective Date of the Plan, the Company will enter into a Credit Agreement (the "Exit Credit Agreement") with certain lenders (collectively, the "Exit Facility Lenders") and Bank of America, N.A., as Administrative Agent for the Exit Facility Lenders (the "Administrative Agent"). The Exit Credit Agreement will provide for a three year committed revolving line of credit (with a letter of credit subfacility) by the Exit Facility Lenders in favor of the Company. The outstanding principal balance of the loans and the letters of credit issued under the Exit Credit Agreement shall not exceed (i) $4,000,000 during the period from the Effective Date of the Plan until December 31, 2009 and (ii) $2,000,000 from and after January 1, 2010. All outstanding obligations under the Exit Credit Agreement are due and payable on the earlier of (x) the third anniversary of the execution of the Exit Credit Agreement and (y) the date such obligations are declared due and payable in accordance with the terms of the Exit Credit Agreement. The Exit Credit Agreement includes various conditions to the extension of any

loans or letters of credit thereunder (including, without limitation, the accuracy of certain representations and warranties and the absence of any "Default" or "Unmatured Default").

(b) *Interest; Letter of Credit Fees and Commitment Fees.*

The loans extended under the Exit Credit Agreement will bear interest at a floating rate per annum equal to 3% above the higher of (x) Prime Rate as announced from time to time by the Note Agent and (b) the Federal Funds Effective Rate plus 0.50% per annum. Interest will be payable in cash in arrears on the last day of each calendar month and will be computed on the basis of a 365-day year. During the continuance of a Default under the Exit Credit Agreement, the interest rate otherwise payable on such Loans will be increased by an additional 2% per annum.

The Company will be required to pay fees under the Exit Credit Agreement to each Exit Facility Lender issuing any letter of credit under the Exit Credit Agreement in an amount equal to 3% per annum (plus 2.0% if a Default has occurred and is continuing under the Exit Credit Agreement) on the face amount of such letter of credit. Such letter of credit fees shall be payable in arrears on the last day of each calendar month. In addition, the Company shall pay in arrears on the last day of each month, to each Exit Facility Lender issuing any letter of credit under the Exit Credit Agreement, a letter of credit fronting fee equal to 0.125% per annum on the average daily outstanding face amount available for drawing under each letter of credit issued by such Exit Facility Lender.

The Company shall pay to the Exit Facility Lenders a commitment fee accruing at the rate of 0.50% on the average daily unused amount of the commitments in effect under the Exit Credit Agreement. On the Closing Date of the Exit Credit Agreement, the Company shall pay to the Exit Facility Lenders a one-time closing fee of $40,000. Each such fee shall be allocated among the Exit Facility Lenders in accordance with the Exit Facility Lenders' pro rata shares of the commitments under the Exit Credit Agreement.

All scheduled principal payments on the loans extended under the Exit Credit Agreement, as well as all optional and mandatory prepayments and redemptions, if any, will be paid *pro rata* to the Exit Facility Lenders based on the Exit Facility Lenders' s pro rata shares of the commitments under the Exit Credit Agreement. If any principal or interest payment date is not a business day, then such payment will be made on the next succeeding business day and such extension will be included in computing the amount of interest so payable.

(c) *Optional and Mandatory Prepayments*

The loans extended under the Exit Credit Agreement may be prepaid in whole or in part at any time. The Exit Credit Agreement provides for certain mandatory prepayments of the loans extended under the Exit Credit Agreement.

(d) *Security and Guaranty*

Payment of the obligations under the Exit Credit Agreement and the documents executed in connection therewith, and the performance of the covenants set forth in the Exit Credit Agreement and the documents executed in connection therewith, will be secured by a perfected first priority security interest in favor of the Administrative Agent for the benefit of the Exit Facility Lenders on the assets of the Company and its subsidiaries constituting the Exit Facility Collateral to the extent and in the manner set forth in such mortgages, pledge and security agreements, guarantees and related documents and instruments to be executed as of the Effective Date, including a guaranty of such obligations by certain subsidiaries of the Company.

(e) *Certain Covenants*

The Exit Credit Agreement and the other documents executed in connection therewith include covenants that, *inter alia,* require the Company to issue periodic financial reports, maintain certain financial coverage ratios and, subject to various permitted exceptions, limit the ability of the Company and its subsidiaries to: (i) incur additional indebtedness; (ii) sell assets; (iii) create liens; (iv) make investments; (v) enter into contingent obligations; (vi) make restricted payments; (vii) make acquisitions and enter into mergers; (viii) enter into affiliate transactions; (ix) restrict the ability of such subsidiaries to make distributions to the Company; (x) change its line of business; or (xi) make capital expenditures in excess of certain quarterly, annual and cumulative limits.

7. New Secured Term Loan Notes

(a) *Issuance, Initial Aggregate Principal Amount and Maturity Date*

On the Effective Date of the Plan, the Company will issue its Senior Secured Notes due 2011 (referred to in the Plan as the "New Secured Term Loan Notes") to the Holders of Allowed Prepetition Secured Lender Claims pursuant to a Note Issuance Agreement to be dated as of the Effective Date (the "New Secured Term Loan Notes Issuance Agreement") and entered into by and among the Company, such Holders of Allowed Prepetition Secured Lender Claims (referred to herein, along with any permitted transferees of the New Secured Term Loan Notes, as the "New Secured Term Loan Noteholders"), and Bank of America, N.A., in its capacity as note agent thereunder (the "Note Agent"). The New Secured Term Loan Notes will be issued in an aggregate principal amount of $30,000,000 and will mature on December 31, 2011 (the "New Secured Term Loan Note Maturity Date"), at which time the amount of principal outstanding on such Notes not previously paid (as described below) will become due and payable in full. Each New Secured Term Loan Note will be governed by the terms and provisions of the New Secured Term Loan Notes Issuance Agreement as well as the terms and provisions contained in such New Secured Term Loan Note issued thereunder.

(b) *Principal and Interest Payments*

Principal payments on the New Secured Term Loan Notes will be due and payable by the Company in the aggregate principal amount on each principal payment date (including the New Secured Term Loan Note Maturity Date) set forth in the table below, until the aggregate outstanding principal balance of the New Secured Term Loan Notes is paid in full:

Principal Payment Date	Principal Payment
September 30, 2009	$200,000
December 31, 2009	$600,000
March 31, 2010	$1,200,000
June 30, 2010	$1,200,000
September 30, 2010	$1,300,000

December 31, 2010	$1,500,000
March 31, 2011	$1,500,000
June 30, 2011	$1,500,000
September 30, 2011	$1,800,000
December 31, 2011	$19,200,000
Total	$30,000,000

The New Secured Term Loan Notes will bear interest on the unpaid principal amount thereof until due and paid at a floating rate per annum equal to 3% above the Prime Rate as announced from time to time by the Note Agent. Interest will be payable in cash in arrears on the last day of each calendar month and will be computed on the basis of a 360-day year consisting of twelve 30-day months. During the continuance of a New Secured Term Loan Notes Default (as discussed below), the interest rate otherwise payable on the New Secured Term Loan Notes will be increased by an additional 2% per annum.

All scheduled principal payments on the New Secured Term Loan Notes, as well as all optional and mandatory prepayments and redemptions, if any, will be paid pro rata to the New Secured Term Loan Noteholders based on the ratio of (i) the sum of the principal amount outstanding on the New Secured Term Loan Notes held by such New Secured Term Loan Noteholder and the total commitment of such New Secured Term Loan Noteholder, as a lender, under the Exit Facility Credit Agreement, to (ii) the sum of the principal amount outstanding on all the New Secured Term Loan Notes and the total commitment of all New Secured Term Loan Noteholders, as lenders, under the Exit Facility Credit Agreement. If any principal or interest payment date is not a business day, then such payment will be made on the next succeeding business day and such extension will be included in computing the amount of interest so payable.

(c) *Subordination to Senior Debt*.

The New Secured Term Loan Notes will be issued subject to the provisions of that certain Subordination and Intercreditor Agreement to be dated as of the Effective Date (the "Intercreditor Agreement") and entered into by and among the Company, certain of its subsidiaries, the Note Agent and Bank of America, N.A. in its capacity as administrative agent under the Exit Facility Credit Agreement, pursuant to which the New Secured Term Loan Notes will be junior in right of payment to the prior payment in full of the indebtedness under the Exit Facility Credit Agreement (as may be refinanced by other senior indebtedness) to the extent and in the manner set forth in the Intercreditor Agreement.

(d) *Security and Guaranty*.

Payment of the New Secured Term Loan Notes, and the performance of the covenants set forth in the New Secured Term Loan Notes Issuance Agreement, will be secured by a perfected second priority security interest in favor of the New Secured Term Loan Notes Agent and the New Secured Term Loan Noteholders with respect to the assets of the Company and its subsidiaries constituting the Exit Facility Collateral to the extent and in the manner set forth in such mortgages, pledge and security agreements, guarantees and related documents and instruments to be executed as of the Effective Date, including the guaranty of such obligations by certain subsidiaries of the Company pursuant to a New Secured Term Loan Notes Guaranty.

(e) *Certain Covenants.*

The New Secured Term Loan Notes Issuance Agreement includes covenants that, inter alia, require the Company to issue periodic financial reports, maintain certain financial coverage ratios and, subject to various permitted exceptions, limit the ability of the Company and its subsidiaries to: (i) incur additional indebtedness; (ii) sell assets; (iii) create liens; (iv) make investments; (v) enter into contingent obligations; (vi) make restricted payments; (vii) make acquisitions and enter into mergers; (viii) enter into affiliate transactions; (ix) restrict the ability of such subsidiaries to make distributions to the Company; (x) change its line of business; or (xi) make capital expenditures in excess of certain quarterly, annual and cumulative limits.

(f) *Default and Acceleration.*

A default under the New Secured Term Loan Notes Issuance Agreement (a "New Secured Term Loan Notes Default") will occur, inter alia, upon (i) the failure of the Company to pay when due principal, interest, Prepayment Premium or fees or, within fifteen business days of the due date, any other obligation under the New Secured Term Loan Notes Issuance Agreement; (ii) breaches of reporting covenants or other affirmative covenants that remain unremedied for fifteen business days or breaches of negative covenants or financial covenants; (iii) breaches of representations and warranties; (iv) other covenant defaults that remain unremedied for thirty business days; (v) default in the payment of other material indebtedness or, if resulting in the acceleration or redemption of such other material indebtedness, any other default with respect thereto; (vi) certain acts of voluntary or involuntary bankruptcy; (vii) the dissolution of the Company or any of its subsidiaries; (viii); a termination or revocation of any of the New Secured Term Loan Notes Documents; (ix) a termination or revocation, or breach of the material terms of, the New Secured Term Loan Notes Guaranty; or (x) subject to certain permitted exceptions, the failure of the collateral documents to create and maintain a valid and perfected second priority security interest in the Exit Facility Collateral. In the event of a New Secured Term Loan Notes Default, the Required New Secured Term Loan Noteholders (as defined below) may declare the New Secured Term Loan Notes due and payable or, in the case of a voluntary or involuntary bankruptcy, the New Secured Term Loan Notes will become due and payable without further action by the New Secured Term Loan Noteholders.

8. Management Incentive Plan

On the Effective Date, without any requirement of further action by security holders or directors of the Debtor or Reorganized Antioch, Reorganized Antioch will be authorized and directed to enter into and execute the Management Incentive Plan. Pursuant to the Management Incentive Plan, certain members of Reorganized Antioch's management team will be eligible to receive cash bonus awards after the Effective Date.

9. Professional Fees

All unpaid Professional fees incurred prior to the Effective Date will be subject to final allowance or disallowance upon application to the Bankruptcy Court pursuant to sections 330 or 503(b)(4) of the Bankruptcy Code. Final applications for Professional Fees for services rendered in connection with the Chapter 11 Cases will be filed with the Bankruptcy Court no later than thirty (30) days after the Effective Date.

10. Creditor/Equityholder Trust

(a) *Establishment of the Creditor/Equityholder Trust.* On the Effective Date, the Creditor/Equityholder Trust shall (i) be established on the terms set forth in the Creditor/Equityholder Trust Agreement and (ii) become effective without any further documentation or need for approval by the Bankruptcy Court. The Creditor/Equityholder Trust shall be managed and operated by the Creditor/Equityholder Trustee. The Creditor/Equityholder Trustee shall be selected by the Debtors, in consultation with the Prepetition Agent, prior to the Confirmation Hearing and such selection shall be approved by the Bankruptcy Court at the Confirmation Hearing. The Creditor/Equityholder Trust shall not be funded by any property of the Debtors' Estates or be entitled to seek reimbursement from the Debtors or Reorganized Debtors for any reason; provided, however, that the Reorganized Debtors shall pay the fees and out-of-pocket expenses of the Creditor/Equityholder Trustee in accordance with the terms set forth in the Creditor/Equityholder Agreement. The Creditor/Equityholder Trustee shall have the right and power to enter into agreements binding upon the Creditor/Equityholder Trustee and upon the Creditor/Equityholder Trust, and to execute, acknowledge, and deliver any and all instruments which are necessary, required, or deemed advisable by the Creditor/Equityholder Trustee in connection with the performance of his duties, in each case in accordance with the terms of the Creditor/Equityholder Trust Agreement

(b) *Transfer of Intermediate Holding Company Stock*. On the Effective Date, without any further act or deed of the Creditor/Equityholder Trustee and without the need for any further approval of the Bankruptcy Court, the Intermediate Holding Company Stock shall be issued to the Creditor/Equityholder Trust, free and clear of all liens, claims and interests, and shall become the corpus of the Creditor/Equityholder Trust. On the Effective Date, the Intermediate Holding Company shall execute and deliver such instruments and other documents as are necessary, appropriate or deemed to be advisable by the Creditor/Equityholder Trustee to assign or transfer title to the Intermediate Holding Company Interests to the Creditor/Equityholder Trust. The Creditor/Equityholder Trust shall hold and administer the Intermediate Holding Company Stock in accordance with the terms of the Creditor/Equityholder Trust Agreement. The Creditor/Equityholder Trustee shall not be allowed to sell, assign, encumber or otherwise transfer the Intermediate Holding Company Stock other than as expressly permitted under the Creditor/Equityholder Trust Agreement.

(c) *Creditor/Equityholder Trust Interests.* The Creditor/Equityholder Trust Interests shall vest in accordance with the terms of this Plan and the Creditor/Equityholder Trust Agreement. To the extent that the vesting of a Creditor/Equityholder Trust Interest is deemed to be a "security" that is issued or distributed to the holder thereof, such issuance or distribution of the Creditor/Equityholder Trust Interests (or any redistribution of such interests in accordance with the terms of the Creditor/Equityholder Trust Agreement) shall be exempt from registration under applicable securities laws pursuant to Section 1145(a) of the Bankruptcy Code.

(d) *Election to Receive Creditor/Equityholder Trust Interests.* Each Holder of an Allowed Impaired Unsecured Claim may elect to receive such Holder's applicable share of 80% of the Creditor/Equityholder Trust Interests by submitting an executed Class 5 Release Form in accordance with the instructions contained therein no later than three (3) days prior to the Confirmation Hearing. Each Holder of an ESOT Allocated Stock Interest may elect to receive such Holder's applicable share of 20% of the Creditor/Equityholder Trust Interests by submitting an executed Class 7 Release Form in accordance with the instructions contained therein no later than ninety (90) days after the Effective Date. Notwithstanding the foregoing, the Debtors (with the consent of the Prepetition Agent) shall be authorized to treat any Class 5 Release Form as timely submitted for purposes of this Plan if such Class 5 Release Form is received by the Debtors on or before the Effective Date.

G. Treatment of Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts and Unexpired Leases

On the Effective Date, all executory contracts or unexpired leases to which any of the Debtors is a party will be deemed automatically assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such executory contracts or unexpired leases (i) will have been previously rejected by the Debtors by Final Order of the Bankruptcy Court, (ii) will be the subject of a motion to reject pending

on or before the Effective Date, (iii) are listed on the schedule of rejected executory contracts or unexpired leases attached hereto as Plan Schedule 7.2, or (iv) are otherwise rejected pursuant to the terms of the Plan. The Debtors reserve the right to amend Plan Schedule 7.2 at any time prior to the Confirmation Date. Entry of the Confirmation Order by the Bankruptcy Court will constitute approval of the rejections and assumptions contemplated hereby pursuant to sections 365(a) and 1123 of the Bankruptcy Code as of the Effective Date. Each executory contract and unexpired lease assumed pursuant to this Article VII will revest in and be fully enforceable by the respective Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption or applicable federal law. Neither the exclusion nor the inclusion by the Debtors of a contract or lease on Plan Schedule 7.2 nor anything contained in the Plan will constitute an admission by the Debtors that such lease or contract is an unexpired lease or executory contract that any Debtor or Affiliate Debtor has any liability thereunder. The Debtors reserve the right, subject to notice, to amend, modify, supplement, or otherwise change Plan Schedule 7.2 on or before the Effective Date. The Debtors reserve the right to file a motion on or before the Effective Date to assume or reject any executory contract or unexpired lease.

2. Claims Based on Rejection of Executory Contracts and Unexpired Leases

Plan Schedule 7.2 lists the executory contracts and non-residential real property leases to be rejected by the Debtors and the Rejection Claim Amount with respect to each such contract or lease. Plan Schedule 7.2 will be filed not later than five (5) Business Days after the Petition Date and will be updated prior to the Confirmation Date (if necessary) to reflect changes required as a result of the process set forth below. The Debtors will provide each Holder of a Rejection Claim with notice of its Allowed Rejection Claim Amount. If a Holder of a Rejection Claim disagrees with the Allowed Rejection Claim Amount set forth by the Debtors, such Holder will file a proof of claim with respect to Claims arising from the rejected executory contract or unexpired lease within twenty (20) days after receipt of such notice, or such other period as ordered by the Bankruptcy Court. If a proof of claim is filed within such time, any Claims arising from the rejected executory contract or unexpired lease and not included in such proof of claim (other than those Claims set forth on Plan Schedule 7.2) will be forever barred from assertion against the Debtors or Reorganized Debtors, their Estates, or property unless otherwise ordered by the Bankruptcy Court or provided for in the Plan. If a proof of claim is received, then the Debtors will attempt to reconcile the Allowed Rejection Claim Amount set forth on Plan Schedule 7.2 with the amount set forth in the proof of claim. If the Debtors and the party filing a proof of claim are unable to reach a resolution, the Debtors will set a hearing date, which hearing may be the Confirmation Hearing, at which time the Bankruptcy Court will determine the Allowed Rejection Claim Amount.

3. Cure of Defaults of Assumed Executory Contracts and Unexpired Leases

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

4. Compensation and Benefits Programs

Except as otherwise expressly provided under the Plan, all employment and severance contracts and policies, and all compensation and benefit plans, policies, and programs of the Debtors applicable to their employees, retirees, and non employee directors, and the employees and retirees of their Affiliates, including, without limitation, all savings plans, retirement plans, healthcare plans, disability plans, severance benefit plans, incentive plans, life, and accidental death and dismemberment insurance plans and contracts, are treated as executory contracts under the Plan and on the Effective Date will be assumed pursuant to the provisions of sections

365 and 1123 of the Bankruptcy Code, except for those compensation and benefit programs set forth on Plan Schedule 7.4, which will be deemed rejected as of the Effective Date such that neither the Debtors nor the Reorganized Debtors shall have any further obligations or liabilities arising from or pertaining to such programs. From and after the Effective Date, the Reorganized Debtors will have the authority, consistent with applicable non-bankruptcy law and their respective corporate or limited liability company governance documents, to terminate, amend or enter into employment, retirement, indemnification and other agreements with their respective directors, officers and employees and to terminate, amend or implement incentive compensation plans, welfare benefit plans, retirement plans, and other benefit plans.

5. Indemnification of Directors and Officers

The Reorganized Debtors will indemnify, to the fullest extent required by the Reorganized Debtors' constituent documents and applicable non-bankruptcy law, any person serving as a director or officer of the Reorganized Debtors for any act or omission of such person as a director or officer of the Debtors, regardless of whether such act or omission occurred prior to or after the Petition Date, and such indemnification obligations of the Debtors and Reorganized Debtors will constitute Unimpaired Unsecured Claims for purposes of this Plan.

H. Confirmation and Effectiveness of the Plan

1. Conditions to Confirmation

Confirmation of the Plan is subject to satisfaction of the following conditions at or prior to the time the Confirmation Order is entered:

(a) The Confirmation Order will be reasonably acceptable in form and substance to the Debtors and the Prepetition Agent.

(b) The Confirmation Date will have occurred not later than the ninetieth (90th) day following the Petition Date.

2. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date:

(a) The Confirmation Order confirming the Plan, as such Plan may have been modified with the consent of the Prepetition Agent, will have been entered and become a Final Order in form and substance reasonably satisfactory to the Debtors and the Prepetition Agent.

(b) The following agreements, in form and substance satisfactory to the Debtors and the Prepetition Agent, will have been executed and delivered by all parties thereto, and all conditions precedent thereto will have been satisfied:

(i) the New Limited Liability Company Operating Agreement, and the amended certificates of incorporation or formation, by-laws and operating agreements of all of the Affiliate Debtors;

(ii) the Exit Facility Credit Documents; and

(iii) the New Secured Term Loan Notes Documents.

(c) The amended certificates of incorporation or formation, by-laws, and operating agreements of the Affiliate Debtors, will have been filed with the applicable authorities of the relevant jurisdictions of incorporation in accordance with such jurisdictions' laws.

(d) Reorganized Antioch shall have been formed, and The Antioch Company shall have merged with and into Reorganized Antioch.

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

(f) At least three (3) members of the board of directors of Reorganized Antioch will have been selected and will have expressed a willingness to serve on the board of directors of Reorganized Antioch.

(g) All other documents and agreements necessary to implement the Plan on the Effective Date will have been executed and delivered and all other actions required to be taken in connection with the Effective Date will have occurred.

3. Waiver of Conditions

Each of the conditions set forth in Section 9.1 or 9.2 of the Plan may be waived in whole or in part by the Debtors, with consent of the Prepetition Secured Lenders, without any other notice to parties in interest or the Bankruptcy Court and without a hearing.

I. Effect of Plan Confirmation

1. Preservation of Rights of Action; Settlement of Litigation Claims

Except as otherwise provided in the Plan, the Confirmation Order, or in any document, instrument, release, or other agreement entered into in connection with the Plan, in accordance with section 1123(b) of the Bankruptcy Code, the Debtors and their Estates will retain the Litigation Claims. The Reorganized Debtors, as the successors in interest to the Debtors and the Estates, may enforce, sue on, settle, or compromise (or decline to do any of the foregoing) any or all of the Litigation Claims without application to the Bankruptcy Court. Notwithstanding the foregoing, from and after the Effective Date, neither the Reorganized Debtors nor anyone else acting on behalf of the Debtors or the Estates may commence any suit or other proceeding for the enforcement of Avoidance Actions; provided, however, that, notwithstanding any statute of limitations (including, without limitation, section 546 of the Bankruptcy Code), the Debtors and the Reorganized Debtors will have the right to assert or raise any Litigation Claims (including Avoidance Actions) (a) as defenses or counterclaims (up to the amount asserted in the Claims against the Debtors), and (b) in connection with the Claims objection process, in which case such Litigation Claims shall be raised as objections to allowance of Claims and not as defenses or counterclaims.

2. Releases

(a) *Releases by the Debtors*. As of the Effective Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors and the Reorganized Debtors, on their own behalf and as representatives of and on behalf of the Estates, will be deemed to release forever, waive, and discharge the Released Parties from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen, or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that the Debtors, the Reorganized Debtors, the Estates, or their Affiliates would have been legally entitled to assert in their own right against any Released Party (whether individually or collectively) based on or relating to, or in any manner arising from, in whole or in part, any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Estates, the Chapter 11 Cases, the Plan, or the Disclosure Statement, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests in the Chapter 11 Cases, the negotiation, formulation, or

preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that constitutes willful misconduct (including fraud) or gross negligence.

(b) *Releases by Holders of Claims and Interests*. On the Effective Date, (a) each Holder of an Impaired Unsecured Claim that executes and timely submits a Class 5 Release Form and (b) each ESOP Participant that executes and timely submits a Class 7 Release Form will, in consideration for the obligations of the Debtors and the Reorganized Debtors under the Plan and the transfers provided for under the Plan, (i) forever release, waive, and discharge the Released Parties from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen, or unforeseen, then existing or thereafter arising, in law, equity, or otherwise, that such Holder would have been legally entitled to assert in its own right against any Released Party (whether individually or collectively) based on or relating to, or in any manner arising from, in whole or in part, any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtors, the Reorganized Debtors, the Estates, the Chapter 11 Cases, the Plan, the Disclosure Statement, the business or contractual arrangements between any Debtor and any Released Party, the restructuring of Claims and Interests in the Chapter 11 Cases, the negotiation, formulation, or preparation of the Plan and Disclosure Statement, or related agreements, instruments, or other documents, or upon any other act or omission, transaction, agreement, event, or other occurrence taking place on or before the Effective Date, and (ii) irrevocably assign to the Prepetition Secured Lenders the right to receive any recoveries to which such Holder may be entitled under the Bankruptcy Code (for the avoidance of doubt, the proceeds of any surety agreement or insurance policy guaranteeing the payment of the ESOP Notes shall not be included in the foregoing assignment).

(c) *Injunction Related to Releases.* The Confirmation Order will permanently enjoin the commencement or prosecution by any entity, whether directly, derivatively or otherwise, of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released pursuant to the Plan, including but not limited to the claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities released in this Section 10.2.

(d) *Special Provisions Regarding Releases.* Notwithstanding anything in Section 10.2 to the contrary, any person or entity may assert any claim released or purported to be released in Section 10.2 as a defense or counterclaim (but no affirmative recovery may be obtained) to any suit or action that (i) is commenced by a person or entity that grants or that was purported to be deemed to have granted a release under Section 10.2 of the Plan and (ii) asserts a claim or cause of action released or purported to be released under Section 10.2 of the Plan.

3. Cancellation of the ESOP and ESOP Plan Documents; Release of the ESOT Trustee

On or as soon as practicable after the Effective Date, upon the distribution of any remaining assets held by the ESOT, without the need for (i) any further act by any party or (ii) any further approval of the Bankruptcy Court or any governmental entity, the ESOP will be terminated pursuant to Section 21 of the ESOP, each of the other ESOP Plan Documents will be terminated, and the ESOT Trustee shall be released from its duties under the ESOP, the ESOP Plan Documents, and any other agreements related thereto. The ESOT Allocated Stock Interests shall be treated as provided in Article III of this Plan.

4. Discharge of Claims and Termination of Interests

Except as otherwise provided in the Plan or in the Confirmation Order, all consideration distributed under the Plan will be in exchange for, and in complete satisfaction, settlement, discharge, and release of, all Claims and Interests (other than those Claims and Interests that are Unimpaired under the Plan) of any nature whatsoever against the Debtors or any of their assets or properties, and regardless of whether any property will have been distributed or retained pursuant to the Plan on account of such Claims and Interests. Upon the Effective Date,

each of the Debtors and the Reorganized Debtors will be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims and Interests (other than Claims and Interests that are not Impaired under the Plan), including, but not limited to, demands and liabilities that arose before the Confirmation Date, and all debts of the kind specified in section 502(g), 502(h), or 502(i) of the Bankruptcy Code, the ESOT Allocated Stock Interests, and the Old Equity Interests will be terminated.

5. Exculpation and Limitation of Liability

None of the Exculpated Parties will have or incur any liability to, or be subject to any right of action by, any Holder of a Claim or an Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the commencement or any other aspect of the Chapter 11 Cases, formulating, negotiating, or implementing the Plan, the solicitation of acceptances of the Plan, the pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for their gross negligence or willful misconduct, and in all respects will be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

6. Injunction

(a) Except as otherwise provided in the Plan, the Confirmation Order will provide, among other things, that from and after the Confirmation Date all Persons who have held, hold, or may hold Claims against or Interests in the Debtors that are discharged or terminated under the Plan are permanently enjoined from taking any of the following actions against the Debtors, their Estates, the Reorganized Debtors, any of their property, any of the Released Parties, or any of the Exculpated Parties, on account of any such Claims or Interests: (A) commencing or continuing, in any manner or in any place, any action, or other proceed¬ing; (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, right of subrogation, or recoupment of any kind against any debt, liability or obligation due to 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 herein will preclude such persons from exercising their rights pursuant to and consistent with the terms of the Plan.

(b) By accepting distributions pursuant to the Plan, each Holder of an Allowed Claim or an Allowed Interest will be deemed to have specifically consented to the injunctions set forth in this Section 10.6.

7. Termination of Subordination Rights and Settlement of Related Claims

The classification and manner of satisfying all Claims and Interests under the Plan take into consideration all subordination rights, whether arising by contract or under general principles of equitable subordination, section 510(b) or 510(c) of the Bankruptcy Code, or otherwise. Except as provided in Section 8.5 of the Plan, all subordination rights that a Holder of a Claim or Interest may have with respect to any distribution to be made pursuant to the Plan will be discharged and terminated, and all actions related to the enforcement of such subordination rights will be permanently enjoined. Accordingly, distributions pursuant to the Plan to Holders of Allowed Claims will not be subject to payment to a beneficiary of such terminated subordination rights, or to levy, garnishment, attachment, or other legal process by a beneficiary of such terminated subordination rights.

J. Summary of Other Provisions of the Plan

The following paragraphs summarize certain other significant provisions of the Plan. The Plan should be referred to for the complete text of these and other provisions of the Plan.

1. Exemption From Certain Transfer Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer, or exchange of notes or equity securities under the Plan; (b) the creation of any mortgage, deed of trust, lien, pledge, or other security interest; (c) the making or assignment of any lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, any merger agreements; agreements of consolidation, restructuring, disposition, liquidation, or dissolution; deeds; bills of sale; and transfers of tangible property, will not be subject to any stamp tax, recording tax, personal property tax, real estate transfer tax, sales, or use tax or other similar tax. Unless the Bankruptcy Court orders otherwise, all sales, transfers, and assignments of owned and leased property approved by the Bankruptcy Court on or prior to the Effective Date, will be deemed to have been in furtherance of, or in connection with, the Plan.

2. Cancellation of Notes, Instruments, Debentures, Preferred Stock, and Common Stock

On the Effective Date, except as otherwise provided for herein, (a) the Prepetition Secured Credit Documents, ESOP Notes, Subordinated Notes, ESOT Allocated Stock Interests, ESOP Plan Documents, Old Equity Interests, and any other notes, bonds (with the exception of surety bonds outstanding), indentures, or other instruments or documents evidencing or creating any indebtedness or obligations of a Debtor that are Impaired under the Plan will be cancelled, and (b) the obligations of the Debtors under any agreements, indentures, or certificates of designation governing the Prepetition Secured Lender Claims, Impaired Unsecured Claims, ESOT Allocated Stock Interests, the ESOP, Old Equity Interests, and any other Claims or any notes, bonds, indentures, or other instruments or documents evidencing or creating any Claims against a Debtor that are Impaired under the Plan will be discharged. As of the Effective Date, all ESOT Allocated Stock Interests and Old Equity Interests that have been authorized to be issued but that have not been issued will be deemed cancelled and extinguished without any further action of any party.

3. Effectuating Documents, Further Transactions and Corporate Action

Each of the Debtors or the Reorganized Debtors will be authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and any notes or securities issued pursuant to the Plan.

4. Corporate Action

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

5. Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is determined by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the

remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

6. Revocation, Withdrawal or Non Consummation

The Debtors reserve the right to revoke or withdraw the Plan as to any or all of the Debtors prior to the Confirmation Date and to file subsequent plans of reorganization. If the Debtors revoke or withdraw the Plan as to any or all of the Debtors, or if confirmation or consummation as to any or all of the Debtors does not occur, then, with respect to such Debtors, (a) the Plan will be null and void in all respects, (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases affected by the Plan, and any document or agreement executed pursuant to the Plan will be deemed null and void, and (c) nothing contained in the Plan will (i) constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person, or (iii) constitute an admission of any sort by the Debtors or any other Person.

VIII. RISK FACTORS TO BE CONSIDERED

Holders of Claims against the Debtors should read and consider carefully the information set forth below, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference, including any filings made by the Company with the Securities Exchange Commission), prior to voting to accept or reject the Plan. This information, however, should not be regarded as the only risks involved in connection with the Plan and/or its implementation.

A. Certain Bankruptcy Considerations

1. Failure to Satisfy Vote Requirement

If the Company obtains the requisite votes to accept the Plan in accordance with the requirements of the Bankruptcy Code, the Debtors intend to file voluntary petitions for reorganization under chapter 11 of the Bankruptcy Code and to seek, as promptly as practicable thereafter, confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may or may not file a petition for relief under chapter 11 of the Bankruptcy Code. In such event, the Debtors may seek to accomplish an alternative restructuring of its capitalization and its obligations to creditors.

2. Non-Confirmation or Delay of Confirmation of the Plan

The Bankruptcy Court, which sits as a court of equity, may exercise substantial discretion. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, that the confirmation of the Plan not be followed by a need for further financial reorganization and that the value of distributions to dissenting creditors and shareholders not be less than the value of distributions such creditors and shareholders would receive if the Company were liquidated under chapter 7 of the Bankruptcy Code. Although the Company believes that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court would reach the same conclusion.

3. Non-Consensual Confirmation

In the event any impaired Class of Claims does not accept a plan, a bankruptcy court may nevertheless confirm such plan at the proponent's request if at least one impaired class of claims has accepted the plan (with such acceptances being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan of reorganization "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. Because the Plan deems Classes 5 and 7 to have rejected the Plan, these requirements must be satisfied with respect to Classes 5 and 7. The Company believes that the Plan satisfies these requirements.

4. Risk of Non-Occurrence of the Effective Date

Although the Company believes that the Effective Date will occur reasonably soon after the Confirmation Date, there can be no assurance as to such timing or as to whether it will occur.

5. General Effect

The filing of a bankruptcy petition by the Debtors, and the publicity attendant thereto, may adversely affect the Debtors' business. The Debtors believe that any such adverse effects may worsen during the pendency of a protracted bankruptcy case if the Plan is not confirmed as expected.

6. Failure to Establish Procedures for Providing Utilities Adequate Assurance

The Debtors believe that their payment history combined with existing deposits, current cash on hand and the existence of the DIP Financing during the pendency of the case should be enough to provide their utility providers adequate assurance of future performance. To the extent the Debtors are unable to obtain relief with respect to setting up procedures for providing utilities additional adequate assurance of future performance, the Debtors may be faced with materially reduced liquidity as a result of providing additional deposits.

7. Effect of the Company's Chapter 11 Cases on Relations with Trade Vendors

Although the Company believes that it has good relationships with its suppliers and trade vendors and intends to seek authority from the Bankruptcy Court on the Petition Date to pay all prepetition claims of suppliers and trade vendors, there can be no assurance that such suppliers and vendors will continue to provide such goods and services to the Company after the commencement of the Chapter 11 Cases. Therefore, the Chapter 11 Cases may adversely affect the Company's business and cause certain trade suppliers and vendors to cease shipping goods or providing services to the Company.

8. Risk of Failure to Obtain Authority to Pay Prepetition Unsecured Claims in the Ordinary Course of Business

Under the Plan, Unimpaired Unsecured Claims are Unimpaired. In order to effectuate this treatment, the Debtors intend to seek authority from the Bankruptcy Court to continue to satisfy their obligations to such unsecured creditors in the ordinary course of business, including obligations arising prior to the filing of the Debtors' Chapter 11 Cases. If the Debtors are unable to obtain such authority, the Plan may have to be amended to provide different treatment for the Holders of Unimpaired Unsecured Claims.

9. Methods of Solicitation

Section 1126(b) of the Bankruptcy Code provides that the Holder of a claim against, or interest in, a debtor who accepts or rejects a plan of reorganization before the commencement of a chapter 11 case is deemed to

have accepted or rejected such plan under the Bankruptcy Code so long as the solicitation of such acceptance was made in accordance with applicable non-bankruptcy law governing the adequacy of disclosure in connection with such solicitations, or, if such laws do not exist, such acceptance was solicited after disclosure of "adequate information," as defined in section 1125 of the Bankruptcy Code.

In addition, Bankruptcy Rule 3018(b) states that a Holder of a claim or interest who has accepted or rejected a plan before the commencement of the case under the Bankruptcy Code will not be deemed to have accepted or rejected the plan if the court finds after notice and a hearing that the plan was not transmitted in accordance with reasonable solicitation procedures. Section 1126(b) of the Bankruptcy Code provides that a Holder of a claim or interest that has accepted or rejected a plan before the commencement of a case under the Bankruptcy Code is deemed to have accepted or rejected the plan if (i) the solicitation of such acceptance or rejection was in compliance with applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation or (ii) there is no such law, rule or regulation, and such acceptance or rejection was solicited in accordance with section 1125(b) of the Bankruptcy Code.

The Debtors believe that the use of the Disclosure Statement and Ballots for the purpose of obtaining acceptances of the Plan and the Solicitation is in compliance with the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will decide that the Solicitation meets the requirements of section 1126(b) of the Bankruptcy Code. If the Bankruptcy Court determines that the solicitation does not comply with the requirements of section 1126(b) of the Bankruptcy Code, the Company may seek to resolicit acceptances, and, in such event, Confirmation of the Plan could be delayed and possibly jeopardized.

10. Classification and Treatment of Claims and Equity Interests

Section 1122 of the Bankruptcy Code requires that the Plan classify Claims against, and Interests in, the Debtors. The Bankruptcy Code also provides that the Plan may place a Claim or Interest in a particular Class only if such Claim or Interest is substantially similar to the other Claims or Interests of such Class. The Debtors believe that all Claims and Interests have been appropriately classified in the Plan.

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtors presently anticipate that they would seek (i) to modify the Plan to provide for whatever classification might be required for confirmation and (ii) to use the acceptances received from any creditor pursuant to this solicitation for the purpose of obtaining the approval of the Class or Classes of which such creditor ultimately is deemed to be a member. Any such reclassification of creditors, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in which such creditor was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required for approval of the Plan. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification. Except to the extent that modification of classification in the Plan requires resolicitation, the Debtors will, in accordance with the Bankruptcy Code and the Bankruptcy Rules, seek a determination by the Bankruptcy Court that acceptance of the Plan of any Holder of Claims pursuant to this solicitation will constitute a consent to the Plan's treatment of such Holder regardless of the Class as to which such Holder is ultimately deemed to be a member. The Debtors believe that under the Federal Rules of Bankruptcy Procedure the Debtors would be required to resolicit votes for or against the Plan only when a modification adversely affects the treatment of the claim of any creditor or equity holder.

The Bankruptcy Code also requires that the Plan provide the same treatment for each Claim or Interest of a particular Class unless the Holder of a particular Claim or Interest agrees to a less favorable treatment of its Claim or Interest. The Debtors believe that they have complied with the requirement of equal treatment. To the extent that the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court could deny confirmation of the Plan.

Issues or disputes relating to classification and/or treatment could result in a delay in the Confirmation and Consummation of the Plan and could increase the risk that the Plan will not be consummated.

B. Certain Business Considerations

1. Increased Competition in the Scrapbooking Industry

Despite the Company's brand recognition and operational efficiencies, it has become increasingly difficult to compete against large, financially strong competitors with well-known brands. The scrapbooking industry has seen the entry of several significant players during recent years. While the Creative Memories brand remains very strong within the industry, the level of competition in the scrapbook industry has increased since the Company's enjoyed its years of peak revenues in 2003-2004.

2. Reliance on Debtors' Consultants

One of the Debtors' primary assets is their group of highly skilled professionals, who have the ability to leave the Debtors and so deprive them of the skill and knowledge essential for performance of new and existing contracts. The Debtors operate a direct sales business which is highly dependent on their consultants' and potential consultants' belief that the Debtors will uphold and honor their obligations of the highest standards over an extended period of time. Continued deterioration of the Debtors' business, or loss of a significant number of key consultants and ultimately customers, will have a material adverse effect on the Debtors and may threaten their ability to survive as going concerns.

IX. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain anticipated U.S. Federal income tax consequences of the Plan to the Debtors and certain Holders of Claims or Interests. This summary is provided for information purposes only and is based on the Internal Revenue Code of 1986, as amended (the "Tax Code"), Treasury regulations promulgated thereunder, judicial authorities, and current administrative rulings and practice, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect, that could adversely affect the U.S. Federal income tax consequences described below.

This summary does not address all aspects of U.S. Federal income taxation that may be relevant to a particular Holder of a Claim or Interest in light of its particular facts and circumstances or to certain types of Holders of Claims or Interests subject to special treatment under the Tax Code (for example, non-U.S. taxpayers, financial institutions, broker-dealers, life insurance companies, tax-exempt organizations, real estate investment trusts, regulated investment companies, grantor trusts, persons holding a Claim as part of a "hedging," "integrated," or "constructive" sale or straddle transaction, persons holding claims through a partnership or other passthrough entity, persons that have a "functional currency" other than the U.S. dollar, and persons who have acquired an equity interest or a security in a Debtor in connection with the performance of services). This summary does not address the tax considerations applicable to Holders who obtained their Claims or Interests (or the rights underlying such Claims or Interests) in connection with the performance of services. In addition, this summary does not discuss any aspects of state, local, or non-U.S. taxation, nor does this summary address the U.S. Federal income tax consequences to Holders of Claims or Interests that are unimpaired under the Plan and Holders of Claims or Interests that are not entitled to receive or retain any property under the Plan.

A substantial amount of time may elapse between the date of this Disclosure Statement and the receipt of a final distribution or transfer under the Plan. Events occurring after the date of this Disclosure Statement,

such as additional tax legislation, court decisions, or administrative changes, could affect the U.S. Federal income tax consequences of the Plan and the transactions contemplated thereby. There can be no assurance that the Internal Revenue Service (the "IRS") will not take a contrary view with respect to one or more of the issues discussed below. No ruling will be sought from the IRS with respect to any of the tax aspects of the Plan, and no opinion of counsel has been or will be obtained by the debtors with respect thereto.

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, EACH HOLDER IS HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF U.S. FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY ANY HOLDER FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON A HOLDER UNDER THE TAX CODE; (B) SUCH DISCUSSION IS INCLUDED HEREBY BY THE DEBTORS IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) EACH HOLDER SHOULD SEEK ADVICE BASED ON ITS PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. Certain Tax Consequences of the Plan

As discussed above, certain Holders of Claims will receive, either directly or through their ownership interests in the Creditor/Equityholder Trust, New Preferred Member Interests and New Common Member Interests (collectively, the "New Member Interests"). The U.S. federal income tax treatment of the parties will depend, in part, on which of two alternative tax treatments are adopted. Under the first alternative tax treatment ("Alternative 1"), Reorganized Antioch will be treated as a corporation for U.S. Federal income tax purposes and the Intermediate Holding Company will elect to be taxed as an entity that is disregarded as separate from the Credit/Equityholder Trust for such purposes. Under the second alternative tax treatment ("Alternative 2"), Reorganized Antioch will be taxed as a partnership for U.S. Federal income tax purposes and the Intermediate Holding Company will elect to be taxed as a corporation for such purposes. The U.S. Federal income tax treatment applicable to each Alternative, including the tax classification of each of Reorganized Antioch and the Credit/Equityholder Trust, will take effect on the Effective Date.

The amount of the distributions or transfers made to a Holder of a Claim or Interest pursuant to the Plan will not be affected by the Alternative ultimately adopted. The choice of Alternative may, however, materially affect the tax treatment of the Debtors and certain Holders of Claims and Interests as described below.

1. U.S. Federal Income Tax Consequences to the Debtors

The Antioch Company is a corporate entity for U.S. Federal income tax purposes. For U.S. Federal income tax purposes, all Debtors other than The Antioch Company are disregarded as entities separate from The Antioch Company, and any transfer of assets or liabilities by, or any discharge of the liabilities of, any such Debtor shall be treated as a transfer or discharge by The Antioch Company. Accordingly, the discussion below only addresses the U.S. Federal income tax consequences of the Plan to The Antioch Company.

(a) Tax Consequences to Reorganized Antioch Under Alternative 1

If Alternative 1 is adopted, the issuance of the New Member Interests pursuant to the Plan would likely constitute, for U.S. Federal income tax purposes, a "reorganization" of The Antioch Company. A "reorganization" of The Antioch Company generally will not be taxable to The Antioch Company. Following the "reorganization," Reorganized Antioch would take a carryover basis in the assets transferred by the Debtors to Reorganized Antioch. In addition, as discussed more fully below, The Antioch Company would recognize cancellation of indebtedness ("COD") income attributable to the discharge of debt claims against the Debtors.

Under the Tax Code, a U.S. taxpayer generally must include in gross income the amount of any COD income recognized during the taxable year. COD income generally equals the excess of the adjusted issue price of the indebtedness discharged over the sum of (i) the amount of cash, (ii) the issue price of any new debt, and (iii) the fair market value of any other property transferred by the debtor in satisfaction of such discharged indebtedness (including, in this case, the New Member Interests). COD income also includes any interest that has been previously accrued and deducted but remains unpaid at the time the indebtedness is discharged.

The Tax Code permits a debtor in bankruptcy to exclude its COD income from gross income, but requires the debtor and its corporate successor, in the case of certain reorganization transactions, to reduce its tax attributes – such as net operating loss ("NOL") carryforwards, current year NOLs, tax credits, and tax basis in assets (collectively, "Tax Attributes") – by the amount of the excluded COD income. It is likely that The Antioch Company will recognize a significant amount of COD income upon the consummation of the Plan. The Antioch Company will not be required to include COD income in its gross income because the indebtedness will be discharged while The Antioch Company is under the jurisdiction of a court in a Title 11 case. Instead, Reorganized Antioch will be required to reduce its Tax Attributes, including the Tax Attributes of subsidiary entities that are disregarded as separate from Reorganized Antioch for U.S. Federal income tax purposes, by the amount of the COD income recognized in the manner described above.

The Antioch Company elected to be treated as an "S corporation" for U.S. Federal income tax purposes beginning with its 1998 taxable year, and it intends to take the position that it qualified for taxation as an S corporation through the Effective Date. Following the Effective Date, Reorganized Antioch will be classified as a taxable C corporation for U.S. Federal income tax purposes. Because The Antioch Company will classify itself as an S corporation prior to the Effective Date, neither the Debtors nor Reorganized Antioch are expected to have NOLs, loss carryforwards, or credit carryforwards. As a result, Reorganized Antioch will have to reduce the tax basis in its assets to account for the recognition of COD income by The Antioch Company, and the basis reduction could, depending on the circumstances, apply to current assets such as inventory and accounts receivable. Because those assets could have a post-reduction tax basis that is less than their fair market values, Reorganized Antioch, as a taxable C corporation, could be subject to U.S. Federal income tax on the post-Effective Date sale of inventory and the collection of accounts receivable. This tax could reduce the amount available for distribution to holders of New Member Interests following the Effective Date.

The rules governing "reorganization" transactions are complex and unclear, and there is little authority governing transactions such as the Plan and Alternative 1. Accordingly, no assurance can be given that Alternative 1 would, if adopted, be treated as a reorganization. If Alternative 1 is not treated as a reorganization, the tax consequences to the Debtors would be as described under Alternative 2.

(b) Tax Consequences to Reorganized Antioch Under Alternative 2

If Alternative 2 is adopted, The Antioch Company will be treated as selling its assets to the members of Reorganized Antioch in a fully taxable transaction in which The Antioch Company recognizes gain or loss equal to the difference between the fair market value and adjusted tax basis of its assets, including the assets owned by any of its disregarded subsidiaries. The Antioch Company believes, and intends to take the position that, the transactions deemed to occur in connection with Alternative 2 will result in a loss for U.S. Federal income tax purposes. That conclusion is based on, among other things, the Debtors' assumptions concerning the fair market values of their respective assets and the nature and magnitude of their respective Tax Attributes, particularly the tax bases of their assets. If the IRS were to successfully challenge one or more of those assumptions, The Antioch Company could recognize taxable gain for U.S. Federal income tax purposes. If The Antioch Company is treated as an S corporation for U.S. Federal income tax purposes for the taxable year that includes the Effective Date, it would not be subject to tax on any such gain; instead, such gain would be "passed through" to the pre-Effective Date shareholders of The Antioch Company. If, however, The Antioch Company were to be treated as a taxable "C corporation" for U.S. Federal income tax purposes for the taxable year that includes the Effective Date, any such

gain would be subject to tax at the Debtor level, and such tax would be classified as an Administrative Claim. Although The Antioch Company intends to take the position that it qualifies for taxation as an S corporation through the Effective Date, that position is uncertain for the 2007 and 2008 taxable years due to uncertainty concerning the U.S. Federal income tax status of the ESOP for those years. Accordingly, if the IRS were to successfully challenge both (i) the Debtors' assumptions concerning the fair market values of their respective assets and the nature and magnitude of their respective Tax Attributes, and (ii) The Antioch Company's status as an S corporation, the transactions used to consummate the Plan could result in an Administrative Claim that could render the Debtors administratively insolvent.

2. U.S. Federal Income Tax Consequences to Claimholders

The U.S. Federal income tax consequences to Holders of Claims or Interests arising from the distributions to be made in satisfaction of their claims pursuant to the Plan may vary, depending upon, among other things: (a) the type of consideration received by the Holder of a Claim or Interest in exchange for the Claim or Interest; (b) the nature of the indebtedness owed to it; (c) whether the Holder has previously claimed a bad debt or worthless security deduction in respect of its Claim or Interest against the corporation; (d) whether such Claim or Interest constitutes a security; (e) whether the Holder of a Claim or Interest is a citizen or resident of the United States for tax purposes, or otherwise subject to U.S. Federal income tax on a net income basis; (f) whether the Holder of a Claim or Interest reports income on the accrual or cash basis; (g) whether the Holder of a Claim or Interest receives distributions under the Plan in more than one taxable year; and (h) the Alternative adopted with respect to the Plan. For tax purposes, the modification of a Claim or Interest may represent an exchange of the Claim or Interest for a new Claim or Interest, even though no actual transfer takes place. In addition, where gain or loss is recognized by a Holder of a Claim or Interest, the character of such gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss will be determined by a number of factors, including the tax status of the Holder, whether the Claim or Interest constitutes a capital asset in the hands of the Holder and how long the Claim or Interest has been held or is treated as having been held, whether the Claim or Interest was acquired at a market discount, and whether and to what extent the Holder previously claimed a bad debt or worthless stock or securities deduction with respect to the underlying Claim or Interest. A Holder who purchased its Claim or Interest from a prior holder at a market discount may be subject to the market discount rules of the Tax Code. Under those rules, assuming that the Holder has made no election to amortize the market discount into income on a current basis with respect to any market discount instrument, any gain recognized on the exchange of its Claim or Interest (subject to a de minimis rule) generally would be characterized as ordinary income to the extent of the accrued market discount on such Claim or Interest as of the date of the exchange.

(a) Accrued but Unpaid Interest

In general, to the extent a holder of a debt instrument receives property in satisfaction of interest accrued during the holding period of such instrument, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, such a holder generally recognizes a deductible loss to the extent that any accrued interest claimed or amortized original issue discount ("OID") was previously included in its gross income and is not paid in full.

The extent to which property received by a holder of a debt instrument will be attributable to accrued but unpaid interest is unclear. Pursuant to the Plan, all distributions or transfers in respect of any Claim or Interest will be allocated first to the principal amount of such Claim or Interest and thereafter to accrued but unpaid interest, if any. However, there is no assurance that such allocation will be respected by the IRS for U.S. Federal income tax purposes.

Each Holder of a Claim or Interest is urged to consult its tax advisor regarding the allocation of consideration and the deductibility of previously included unpaid interest and OID for tax purposes.

(b) Holders of Impaired Unsecured Claims and ESOT Allocated Stock Interests

As discussed above, in connection with the Plan: (i) the Creditor/Equityholder Trust will be formed for the benefit of Holders of Impaired Unsecured Claims and ESOT Allocated Stock Interests; (ii) the Intermediate Holding Company will be formed as a wholly owned subsidiary of the Creditor/Equityholder Trust; and (iii) New Common Member Interests will be issued in full repayment of the Impaired Unsecured Claims and the ESOT Allocated Stock Interests.

The relevant agreements will provide that, for U.S. Federal income tax purposes, the transactions consummated in connection with the Plan shall be treated as: (i) a conversion of The Antioch Company into Reorganized Antioch; followed by (ii) a transfer of Impaired Unsecured Claims and ESOT Allocated Stock Interests by the Holders of those Claims to Reorganized Antioch in exchange for the New Common Member Interests; followed by (iii) a contribution of the New Common Member Interests by the Holders of Impaired Unsecured Claims and ESOT Allocated Stock Interests to the Creditor/Equityholder Trust; and (iv) only if Alternative 2 is adopted, a contribution of the New Common Member Interests by the Creditor/Equityholder Trust to the Intermediate Holding Company. The parties anticipate that the deemed contribution transactions described in clause (iii) and, if Alternative 2 is adopted, clause (iv) as well, should qualify for tax-deferred treatment under the Tax Code. No assurance can be given that the IRS will not attempt to reorder or recharacterize those transactions for U.S. Federal income tax purposes. If the IRS were to reorder the transactions for such purposes, it is possible that, if Alternative 2 is adopted, the Intermediate Holding Company could recognize taxable income in connection with the Plan and therefore incur a tax liability as result of the Plan. The consequences of the transaction described in clause (ii) are discussed below.

(i) Treatment of Holders of Impaired Unsecured Claims and Upon the Consummation of the Plan

(i) Tax Consequences under Alternative 1

If Alternative 1 is adopted, the tax treatment of Holders of Impaired Unsecured Claims will depend in part on whether the Plan constitutes a "reorganization" and such Claims constitute "securities" for U.S. Federal income tax purposes.

Whether an instrument constitutes a "security" for United States Federal income tax purposes is determined based on all of the facts and circumstances. Certain authorities have held that one factor to be considered is the length of the initial term of the debt instrument. These authorities generally have indicated that an initial term of less than five years is evidence that the instrument is not a security, whereas an initial term of ten years or more is evidence that it is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including, but not limited to, whether repayment is secured, the level of creditworthiness of the obligor, whether or not the instrument is subordinated, whether the holders have the right to vote or otherwise participate in the management of the obligor, whether the instrument is convertible into an equity interest, whether payments of interest are fixed, variable or contingent and whether such payments are made on a current basis or are accrued.

If an Impaired Unsecured Claim constitutes a “security” and the Plan constitutes a reorganization for U.S. Federal income tax purposes, then a Holder of an Impaired Unsecured Claim that constitutes a “security” generally would not recognize any gain or loss as a result of the deemed exchange of such Claim for New Common Member Interests (except as discussed above with respect to accrued but unpaid interest and market discount). The tax basis of the New Common Member Interests received in such an exchange generally would equal the Impaired Unsecured Claim Holder’s adjusted tax basis in the Claim immediately before the exchange, and the Holder’s

holding period with respect to its New Common Member Interests received in the exchange generally would include the holding period for the Claim surrendered in exchange therefor.

A Holder of an Impaired Unsecured Claim that is not a "security" would recognize gain or loss upon the receipt of New Common Member Interests pursuant to the Plan in an amount equal to the difference between (i) the fair market value of such interest, except to the extent, if any, that such consideration is attributable to accrued but unpaid interest on such Holder's Claim, which would be taxed as such, and (ii) such Holder's adjusted tax basis in its surrendered Claim. A Holder's tax basis in the New Common Member Interests received in satisfaction of a Impaired Unsecured Claim would equal the fair market value of such interest as of the Effective Date. An Impaired Unsecured Claim Holder's holding period for any such interest generally would begin the day following the Effective Date.

The rules governing "reorganization" transactions are complex and unclear, and there is little authority governing transactions such as the Plan and Alternative 1. Accordingly, no assurance can be given that Alternative 1 would, if adopted, be treated as a reorganization. If Alternative 1 is not treated as a reorganization, the tax consequences to the Holders of Impaired Unsecured Claims would be as described under Alternative 2.

(ii) Tax Consequences under Alternative 2

If Alternative 2 is adopted, a Holder of an Impaired Unsecured Claim will recognize gain or loss upon the deemed receipt of New Common Member Interests in an amount equal to the difference between (i) the fair market value of such interest, except to the extent, if any, that such interest is attributable to accrued but unpaid interest on such Holder's Claim, which would be taxed as such, and (ii) such Holder's adjusted tax basis in its surrendered Claim. A Holder's tax basis in the New Common Member Interests will equal the fair market value of such interests as of the Effective Date. A Holder's holding period for any such interests generally will begin the day following the Effective Date.

(ii) Tax Treatment of Holders of ESOT Allocated Stock Interests

The Plan provides that the ESOP will be terminated on, or as soon as practicable following the Effective Date. In connection with such termination, the participants in the ESOP as of the Effective Date will be entitled to a distribution of (i) New Common Member Interests received in respect of shares of The Antioch Company Common Stock allocated to their ESOP accounts and (ii) any other assets remaining in the trust maintained pursuant to the ESOP (the "ESOP Trust") after giving effect to the payment of fees and expenses incurred by the ESOP Trust. In addition, the Plan provides that participants in The Antioch Company Employee Savings Plan (the "Savings Plan") that hold shares of The Antioch Company common stock under the Savings Plan as of the Effective Date will be entitled to a distribution of New Common Member Interests received in respect of those shares (such ESOP and Savings Plan participants are collectively referred to as the "Holders of ESOT Allocated Stock Interests"). The only Savings Plan participant that is the Holder of an ESOT Allocated Stock Interest previously incurred a separation from service from The Antioch Company, but has not yet received a distribution of his account balance under the Savings Plan.

No actual distribution of shares of The Antioch Company common stock will take place since, pursuant to the Plan, these shares will be cancelled and, in exchange, the Holders of ESOT Allocated Stock Interests will be entitled to receive interests in the Creditor/Equityholder Trust. It is contemplated that the Holders of ESOT Allocated Stock Interests will receive interests in the Creditor/Equityholder Trust as part of their distribution from the ESOP or Savings Plan, as applicable.

Although not entirely clear, the process by which these shares of The Antioch Company common stock will be cancelled in exchange for New Common Member Interests should be treated as (i) a distribution of those shares from the ESOP or Savings Plan, as applicable, to the Holders of ESOT Allocated Stock Interests, which, except as noted below, should be includible in the gross income of each of the Holders of ESOT Allocated Stock Interests, followed by (ii) an exchange of those shares of The Antioch Company common stock for New Common Member Interests of equal value, which exchange should be treated either as (a) a transaction that is not taxable for U.S. federal income tax purposes, if Alternative 1 is adopted, or (b) a transaction that is taxable for U.S. federal income tax purposes, but which results in no gain or loss, if Alternative 2 is adopted.

Assuming that the ESOP or Savings Plan, as applicable, is a qualified plan and the trust thereunder is tax-exempt under the Tax Code at the Effective Time, the receipt of New Common Member Interests that is described above may be eligible for tax-free rollover treatment. This summary is not intended to provide tax advice regarding whether the Holders of ESOT Allocated Stock Interests should undertake such a rollover. Accordingly, the Holders of ESOT Allocated Stock Interests are urged to consult their tax advisors regarding whether a rollover is available or appropriate. If, in consultation with their tax advisor, the Holder of an ESOT Allocated Stock Interest decides to engage in a rollover, such Holder must contact Evolve Bank & Trust, the ESOP Trustee, at 1-866-367-2617, or T.RowePrice, the Savings Plan Administrator, at 1-800-922-9945, as applicable, to implement the rollover.

The distribution to ESOP participants of any remaining assets held in the ESOP Trust after giving effect to the payment of fees and expenses will be made pro-rata based on the number of shares of The Antioch Company Common Stock allocated to the participant's ESOP account immediately prior to the Effective Time. Any such distribution should be treated as a taxable distribution, which may be subject to rollover treatment, as described above.

(iii) Tax Treatment of the Creditor/Equityholder Trust and the Intermediate Holding Company

The Debtors intend to take the position that the Creditor/Equityholder Trust should be treated as a "complex trust" for U.S. Federal income purposes. Income or gain realized by a complex trust is taxable to the complex trust unless such income is distributed in the year in which it was earned. Distributions of current income by a complex trust are taxable to the distributee and deductible by the trust. A distribution of accumulated income is taxable to the distributee, but the tax owed by the distributee on such amount is reduced by the tax previously paid by the complex trust on such income. A distribution of the trust corpus is taxed to the distributee in the same manner that a direct payment from the debtor to the distributee would have been taxed.

The rules governing the classification of an entity as a complex trust are both complex and unclear. Accordingly, no assurance can be given that the Creditor/Equityholder Trust will be treated as a complex trust. If the Creditor/Equityholder Trust is not treated as a complex trust, it may be treated as a partnership or a corporation.

Subject to the discussion below, if the Creditor/Equityholder Trust is treated as a partnership for U.S. federal income tax purposes, the Creditor/Equityholder Trust will not itself be subject to U.S. federal income tax. Rather, each beneficiary of the Creditor/Equityholder Trust, in computing its U.S. federal income tax, will include its allocable share of the Creditor/Equityholder Trust's items of income, gain, loss, deduction and expense for the taxable year of the Creditor/Equityholder Trust ending within or with the taxable year of such beneficiary. It is possible that a beneficiary's U.S. federal income tax liability with respect to its allocable share of the Creditor/Equityholder Trust's earnings in a particular taxable year could exceed the cash distributions to the beneficiary for the year, thus giving rise to an out-of-pocket payment by the beneficiary.

It is important to note that the discussion above assumes that, if the Creditor/Equityholder Trust is treated as a partnership, interests in the Creditor/Equityholder Trust will not be treated as traded on an established securities market or the substantial equivalent thereof within the meaning of Section 7704 of the Tax Code. If such interests are treated as being traded, then the Creditor/Equityholder Trust will be classified as a publicly traded partnership ("PTP") that is treated as a taxable C corporation for U.S. Federal income tax purposes. The determination of whether the Creditor/Equityholder Trust is classified as a PTP for U.S. Federal income tax purposes is complex and unclear, and generally depends on a variety of facts and circumstances, including the number of holders (direct and indirect) of, and the level of trading in, Creditor/Equityholder Trust interests. If the Creditor/Equityholder Trust was treated as a PTP that is taxable as a C Corporation, the Creditor/Equityholder Trust would be subject to a separate corporate level tax on its income, and that tax could reduce the amount of distributions made by the Creditor/Equityholder Trust to its beneficiaries. No assurance can be given that, in the event the Creditor/Equityholder Trust is treated as a partnership, it will not be treated as a PTP that is taxed as a corporation.

If the Creditor/Equityholder Trust is treated as a corporation or a PTP that is taxed as a corporation, then: (i) the Creditor/Equityholder Trust will be subject to tax as a corporation and will not be entitled to a deduction for distributions paid to its beneficiaries; (ii) if Alternative 2 is adopted, the Creditor/Equityholder Trust and the Intermediate Holding Company will become members of a consolidated group of corporations for Federal income tax purposes; and (iii) beneficiaries of the Creditor/Equityholder Trust may, depending on the earnings and profits of the Creditor/Equityholder Trust, be subject to tax (including withholding tax) on the receipt of distributions from the Creditor/Equityholder Trust.

It should be noted that, if Alternative 2 is adopted, the Intermediate Holding Company will elect to be taxed as a C corporation that is subject to U.S. Federal income tax on its items of income or gain. Thus, if Alternative 2 is adopted, then, regardless of the classification of the Creditor/Equityholder Trust for tax purposes, the Holders of Impaired Unsecured Claims and ESOT Allocated Stock Interests will hold their interests in Reorganized Antioch indirectly through an entity that is subject to U.S. Federal income tax. The imposition of a corporate level income tax on the items of income or gain earned by the Intermediate Holding Company (or, if the Creditor/Equityholder Trust is treated as a corporation or a PTP that is taxed as a corporation, the consolidated group consisting of the Creditor/Equityholder Trust and the Intermediate Holding Company) will reduce the amount, if any, available for distribution to the beneficiaries of the Creditor/Equityholder Trust.

Conversely, under Alternative 1, the Intermediate Holding Company will elect to be taxed as an entity that is disregarded as separate from the Credit/Equity Holders Trust for U.S. Federal income tax purposes, and therefore the Intermediate Holding Company will not be subject to U.S. Federal income tax. In that case, however, Reorganized Antioch would be treated as a taxable corporation, and any tax imposed on Reorganized Antioch would reduce any amount that would otherwise be available for distribution to the Credit/Equityholder Trust.

(c) Holders of Prepetition Secured Lender Claims

The Debtors have not analyzed the tax consequences of the Plan, or any Alternative used to consummate the Plan, to the Holders of Prepetition Secured Lender Claims. Each Holder of a Prepetition Secured Lender Claim has been represented by its own counsel in connection with the negotiation and implementation of the Plan and the analysis of the tax consequences of the Plan and each Alternative thereunder. Holders of Prepetition Secured Lender Claims are encouraged to consult their own tax advisors concerning the tax consequences of the Plan and each Alternative.

3. Information Reporting and Backup Withholding

Certain payments, including the payments with respect to Claims pursuant to the Plan, may be subject to information reporting to the IRS. Moreover, under certain circumstances, Holders of Impaired Unsecured Claims and ESOT Allocated Stock Interests may be subject to "backup withholding" with respect to payments made pursuant to the Plan, unless such Holder either (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact, or (ii) provides a correct United States taxpayer identification number and certifies under penalty of perjury that the Holder is a United States person, the taxpayer identification number is correct and the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a Holder of an Impaired Unsecured Claim and ESOT Allocated Stock Interest's U.S. Federal income tax liability, and such Holder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a U.S. Federal income tax return).

In addition, Treasury regulations generally require disclosure by a taxpayer on its U.S. Federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer claiming a loss in excess of specified thresholds. Each Holder of an Impaired Unsecured Claim and ESOT Allocated Stock Interest is strongly urged to consult its tax advisor regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the Holder of an Impaired Unsecured Claim and ESOT Allocated Stock Interest's tax returns.

4. Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES OF THE PLAN ARE IN MANY CASES COMPLEX, UNCLEAR AND UNCERTAIN AND MAY VARY DEPENDING ON A NUMBER OF DIFFERENT FACTORS, INCLUDING A CLAIMHOLDER'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIMHOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

X. FEASIBILITY OF THE PLAN AND BEST INTEREST OF CREDITORS

A. Feasibility of the Plan

The Bankruptcy Code requires that the Bankruptcy Court determine that confirmation of a Plan is not likely to be followed by liquidation or the need for further financial reorganization of the Debtor. For purposes of showing that the Plan meets this feasibility standard, The Antioch Company and CRG Partners have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and retain sufficient liquidity and capital resources to conduct their business.

The Debtors believe that with a deleveraged capital structure and a restructuring of the restrictive covenants associated with their current borrowings, the Debtors will be able to support their Financial Forecasts.

Based on the terms of the Plan,[3] at emergence Reorganized Antioch will have approximately $29.8 million of debt, consisting of $30.0 million in New Secured Term Loan Notes, plus an estimated $1.8 million in additional debt drawn from the $4 million Exit Facility, minus $2.0 million of cash on hand. This is in contrast to the more than $131 million of debt plus accrued interest prior to the restructuring.

To support the belief in the feasibility of the Plan, the Debtors have relied upon Pro Forma Financial Forecasts for the Fiscal Years 2009 through 2012, which are set forth in Appendix C of this Disclosure Statement. The Financial Forecasts indicate that the Reorganized Debtors should have sufficient cash flow to pay and service debt obligations and to fund their operations. Accordingly, the Debtors believe that the Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

The Financial Forecasts were not prepared with a view toward compliance with the published guidelines of the American Institute of Certified Public Accountants or any other regulatory or professional agency or body or generally accepted accounting principles. Furthermore, the Debtors' independent certified public accountants have not compiled or examined the Financial Forecasts and accordingly do not express any opinion or any other form of assurance with respect thereto and assume no responsibility for the Financial Forecasts.

The Financial Forecasts assume that (i) the Plan will be confirmed and consummated in accordance with its terms, (ii) there will be no material change in legislation or regulations, or the administration thereof, including environmental legislation or regulations, that will have an unexpected effect on the operations of the Reorganized Debtors, (iii) there will be no change in the United States regarding generally accepted accounting principles that will have a material effect on the reported financial results of the Reorganized Debtors, and (iv) there will be no material contingent or unliquidated litigation or indemnity claims applicable to the Reorganized Debtors. To the extent that the assumptions inherent in the Financial Forecasts are based upon future business decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and considered reasonable by the Debtors when taken as a whole, the assumptions and estimates underlying the Financial Forecasts are subject to significant business, economic and competitive uncertainties and contingencies, many of which will be beyond the control of the Reorganized Debtors. Accordingly, the Financial Forecasts are only an estimate that are necessarily speculative in nature. It can be expected that some or all of the assumptions in the Financial Forecasts will not be realized and that actual results will vary from the Financial Forecasts, which variation may be material and are likely to increase over time. The Financial Forecasts should therefore not be regarded as a representation by the Debtors or any other person that the results set forth in the Financial Forecasts will be achieved. In light of the foregoing, readers are cautioned not to place undue reliance on the Financial Forecasts. The Financial Forecasts should be read together with the information in Article VIII of this Disclosure Statement entitled "Risk Factors to Be Considered," which sets forth important factors that could cause actual results to differ from those in the Financial Forecasts.

The Debtors do not intend to update or otherwise revise the Financial Forecasts, including any revisions to reflect events or circumstances existing or arising after the date of this Disclosure Statement or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtors do not intend to update or revise the Financial Forecasts to reflect changes in general economic or industry conditions.

B. Acceptance of the Plan

As a condition to confirmation, the Bankruptcy Code requires that each Class of Impaired Claims vote to accept the Plan, except under certain circumstances.

[3] It is assumed that the Effective Date will occur on or about the end of December 2008.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two thirds (2/3) in dollar amount and more than one half (½) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the Plan. Thus, Class 4 votes to accept the Plan only if two thirds (2/3) in amount and a majority in number actually voting in such Class cast their Ballots in favor of acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting a plan.

C. Best Interests Test

Even if a plan is accepted by the holders of each class of claims and interests, the Bankruptcy Code requires a Bankruptcy Court to determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a Bankruptcy Court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the Debtors were liquidated under chapter 7, a Bankruptcy Court must first determine the aggregate dollar amount that would be generated from a debtor's assets if its Chapter 11 Cases were converted to chapter 7 cases under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the debtor's assets by a chapter 7 trustee.

If a liquidation were to occur in these cases, the costs and expenses associated with a liquidation and the claims of the Prepetition Secured Lenders, who are undersecured, would erode any liquidation value available to unsecured creditors. More specifically, costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in the Chapter 11 Cases (such as compensation of attorneys, financial advisors and accountants) that are allowed in the chapter 7 cases, litigation costs, and claims arising from the operations of the debtor during the pendency of the Chapter 11 Cases. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general claims or to make any distribution in respect of equity interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection claims.

Once the court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity securityholders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

D. Liquidation Analysis

In order to determine the amount of liquidation value available to creditors, the Company, with the assistance of CRG Partners, prepared a liquidation analysis that provides an estimate of the proceeds that may be generated as a result of a hypothetical chapter 7 liquidation for the Company commencing on November 1, 2008 (the "Liquidation Analysis"). While the Debtors and CRG Partners believe that the assumptions underlying the Liquidation Analysis are reasonable, it is possible that certain of those assumptions would not be realized in an actual liquidation. The Liquidation Analysis is set forth as Appendix B to the Disclosure Statement.

Notwithstanding the foregoing, the Debtors believe that any liquidation analysis with respect to the Debtors is inherently speculative. The liquidation analysis for the Debtors necessarily contains estimates of the net proceeds that would be received from a forced sale of assets and/or business units, as well as the amount of Claims that will ultimately become Allowed Claims. The estimate of the amount of Allowed Claims set forth in the liquidation analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan.

E. Valuation of Reorganized Antioch

At the request of the Debtors, CRG Partners performed a discounted cash flow valuation analysis of Reorganized Antioch. The total enterprise value of Reorganized Antioch was assumed for the purposes of the Plan by the Debtors, based on advice from CRG Partners, to be between approximately $31.6 million to $38.0 million (with a baseline midpoint of $34.5 million) as of an assumed Effective Date on or about the end of December 2008.[4] Based upon the total enterprise value of Reorganized Antioch's business and an assumed total debt of approximately $30 million, the Debtors have calculated a range of equity values for Reorganized Antioch of approximately $1.6 million to $8.0 million (with a baseline midpoint of $4.5 million). This analysis was based on the Debtors' Financial Forecasts, as well as current market conditions and statistics. The values are based upon information available to, and analyses undertaken by, CRG Partners as of November 3, 2008. The foregoing reorganization equity value (ascribed as of the date of this Disclosure Statement) reflects, among other factors discussed below, current financial market conditions and the inherent uncertainty as to the achievement of the Financial Forecasts.

The foregoing valuations are based on a number of assumptions, including a successful reorganization of the Debtors' finances in a timely manner, the achievement of the forecasts reflected in the Financial Forecasts, the availability of certain tax attributes, the outcome of certain expectations regarding market conditions, and the Plan becoming effective in accordance with its terms. The estimates of value represent hypothetical total enterprise values of Reorganized Antioch as the continuing operator of its business and assets, and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any securities to be issued pursuant to the Plan, which may be significantly different than the amounts set forth herein. The value of an operating business such as the Debtors' business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business.

In addition to the foregoing, CRG Partners relied upon the following assumptions with respect to the valuation of the Debtors:

- The Effective Date occurs on or about the end of December, 2008.
- The valuation date is as of December 31, 2008.
- The Debtors are able to recapitalize with adequate liquidity as of the Effective Date.

[4] The valuation date is as of December 31, 2008. While the Effective Date may occur before or after the valuation date, the Company does not believe that the difference between the assumed Effective Date used in preparing the valuation and the actual Effective Date would have a material impact on the enterprise value of Reorganized Antioch set forth in the valuation.

- The total debt of the Debtors will be approximately $30 million (not including mortgage liabilities since "cash rent" is deducted from EBITDA for purposes of the valuation).

- The potential value of NOL's is not included in this valuation.

- The cash flow forecast assumes that the Reorganized Debtor adopts C corporation status.

- General financial and market conditions as of the Effective Date will not differ materially from those conditions prevailing as of the date of this Disclosure Statement.

In preparing a range of the estimated total enterprise value of Reorganized Antioch and the going concern value of the Debtors' business, CRG Partners: (i) reviewed certain historical financial information of the Debtors for recent years and interim periods; (ii) reviewed certain internal financial and operating data of the Debtors, including financial and operational Financial Forecasts developed by management relating to its business and prospects; (iii) met with certain members of senior management of the Debtors to discuss operations and future prospects; (iv) reviewed the Financial Forecasts as prepared by the Debtors and CRG Partners; (v) reviewed publicly available financial data; (vi) considered certain economic and industry information relevant to the operating business; and (vii) conducted such other analyses as CRG Partners deemed appropriate. Although CRG Partners conducted a review and analysis of the Debtors' business, operating assets and liabilities and strategic initiatives being pursued by current management, CRG Partners assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors and publicly available information. In addition, CRG Partners did not independently verify the assumptions underlying the Financial Forecasts in connection with such valuation. No independent evaluations or appraisals of the Debtors' assets were sought or were obtained in connection therewith.

In performing its analysis, CRG Partners used the discounted cash flow methodology. This valuation technique determines the value today (or present value) of the Debtors' current and planned strategic initiatives and operations by discounting the expected future cash flows of the Reorganized Debtor at an appropriate discount rate, or cost of capital. The discount rates, growth rates and expected future capital structure used by CRG Partners to arrive at the going concern value of the Debtors' business were based on the public market valuation of selected public companies deemed generally comparable to the operating businesses of the Debtors and general capital market conditions. In selecting such comparable companies, CRG Partners considered factors such as the focus of the comparable companies' businesses, assets and capital structures as well as such companies' current and projected operating performance relative to the Debtors and the turnaround required for the Debtors to perform as projected.

An estimate of total enterprise value is not entirely mathematical, but rather it involves complex considerations and judgments concerning various factors that could affect the value of an operating business. Moreover, the value of an operating business is subject to uncertainties and contingencies that are difficult to predict and will fluctuate with changes in factors affecting the financial conditions and prospects of such a business. As a result, the estimate of total enterprise value set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, none of the Company, CRG Partners or any other person assumes responsibility for their accuracy. Depending on the results of the Debtors' operations or changes in the financial markets, CRG Partners' valuation analysis as of the Effective Date may differ from that disclosed herein.

In addition, the valuation of newly issued securities is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial

securities holdings of prepetition creditors, some of which may prefer to liquidate their investment rather than hold it on a long-term basis, and other factors that generally influence the prices of securities. Actual market prices of such securities also may be affected by the Debtors' history in chapter 11, conditions affecting the Debtors' competitors or the industry generally in which the Debtors participate or by other factors not possible to predict. Accordingly, the total enterprise value estimated by CRG Partners does not necessarily reflect, and should not be construed as reflecting, values that will be attained in the public or private markets. The value ascribed in the analysis does not purport to be an estimate of the post reorganization market trading value. Such trading value may be materially different from the total enterprise value ranges associated with CRG Partners' valuation analysis. Indeed, there can be no assurance that a trading market will develop for the new securities issued pursuant to the reorganization.

Furthermore, in the event that the actual distributions to Holders of Claims differ from those assumed by the Debtors in their recovery analysis, the actual recoveries realized by Holders of Claims in those Divisions could be significantly higher or lower than estimated by the Debtors.

F. Application of the 'Best Interests' of Creditors Test to the Liquidation Analyses and the Valuation

Under the Plan, Holders of Claims in all classes receiving distributions, except Class 4, will receive distributions equaling 100% of their Allowed Claims. With respect to Class 4, it is impossible to determine with any specificity the value that will be distributed to holders of such claims. This difficulty in estimating the value of recoveries is due to the lack of any public market for the New Common Member Interests.

Notwithstanding the difficulty in quantifying recoveries to holders of Allowed Claims in Class 4 with precision, the Debtors believe that the financial disclosures and Financial Forecasts contained herein imply a greater or equal recovery to holders of Claims in Class 4 than the recovery available in a chapter 7 liquidation. As set forth in the Liquidation Analysis for the Debtors, holders of Allowed Claims in Classes 4 are estimated to receive a recovery of 34% in a chapter 7 liquidation. Based upon the valuation of the New Common Member Interests set forth above, under the Plan, Class 4 Claim holders are estimated to receive a recovery of not less than 75%.

As set forth in the liquidation analysis, holders of Interests in Classes 5, 6, 7, and 8 would receive no recovery in a hypothetical chapter 7 case. Under the Plan, holders of Class 6 Equity Interests in Debtors' Subsidiaries will retain such Equity Interests in Debtors' Subsidiaries.

Accordingly, the Debtors believe that the "best interests" test of section 1129 of the Bankruptcy Code is satisfied because the Debtors believe that the members of each Impaired Class will receive greater or equal value under the Plan than they would in a liquidation. Although the Debtors believe that the Plan meets the "best interests test" of section 1129(a)(7) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will determine that the Plan meets this test.

G. Confirmation Without Acceptance of All Impaired Classes: The 'Cramdown' Alternative

In view of the deemed rejection by holders of Class 5 Impaired Unsecured Claims and Class 7 Old Equity Interests, the Debtors will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of the debtors if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

The Debtors believe the Plan does not discriminate unfairly with respect to holders of Class 5 Impaired Unsecured Claims, Class 7 Old Common Stock Interests, and Class 8 Old Equity Interests. Holders of Claims in Classes 5 and 7 and 8 are not receiving any distribution under the plan, and are not entitled to payment under the absolute priority rule until all senior creditors have been paid in full.

A plan is fair and equitable as to a class of unsecured claims which rejects a plan if the plan provides (i) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (i) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest; or (ii) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtors believe that they will meet the "fair and equitable" requirements of section 1129(b) of the Bankruptcy Code with respect to holders of Class 5 Impaired Unsecured Claims, Class 7 Old Common Stock Interests, and Class 8 Old Equity Interests. No Claim or Interest Holder junior to Holders in Classes 5, 7, or 8 is receiving any recovery pursuant to their claim or interest, thereby satisfying section 1129(b) with respect to Classes 5, 7 and 8. While Class 6 Equity Interests in the Debtor's Subsidiaries are being reinstated pursuant to an agreement to distribute membership interests in the Reorganized Debtors, that treatment is not on account of the Claims or interests of Class 6. The agreement was formulated pursuant to discussions with the Prepetition Secured Lenders, and reflects their interest in the future corporate structure of the Debtors. Thus, the treatment of Class 6 is not being made on account of the claims of that class, but upon the wishes of the Prepetition Secured Lenders.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords Holders of Claims the potential for the greatest recovery and, therefore, is in the best interests of such Holders. The Plan as presented is the result of considerable negotiations among the Debtors and the Prepetition Secured Lenders.

If, however, the requisite acceptances are not received, or the Plan is not confirmed and consummated, the theoretical alternatives include: (i) formulation of an alternative plan of reorganization or (ii) liquidation of the Debtors under chapter 7 or 11 of the Bankruptcy Code.

A. Alternative Plan(s) of Reorganization

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtors may file their chapter 11 petitions and attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plan(s) might involve either a reorganization and continuation of the Debtors' businesses or an orderly liquidation of assets.

The Debtors' business could suffer from increased costs, erosion of customer confidence and liquidity difficulties if they remained debtors in possession during a lengthy chapter 11 process while trying to negotiate a plan of reorganization.

The Debtors believe that the Plan, which is the result of extensive negotiations between the Debtors and the Prepetition Secured Lenders, enables creditors to realize the greatest possible value under the circumstances and that, compared to any later alternative plan of reorganization, the Plan has the greatest chance to be confirmed and consummated.

B. Liquidation Under Chapter 7 or Chapter 11

If no plan is confirmed, the Debtors may be forced to liquidate under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtors' assets for distribution to creditors in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective Holders of Claims against or Interests in the Debtors.

The Debtors believe that in a liquidation under chapter 7, before creditors received any distribution, additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees would cause a substantial diminution in the value of the Debtors' Estates. Outstanding letters of credit which would otherwise not be drawn would be drawn. The assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtors' assets.

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

Although preferable to a chapter 7 liquidation, the Debtors believe that any alternative liquidation under chapter 11 is a much less attractive alternative to creditors than the Plan because of the greater return the Debtors believe is provided to creditors under the Plan.

XII. THE SOLICITATION; VOTING PROCEDURE

A. Parties in Interest Entitled to Vote

Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be "impaired" under a plan unless (i) the plan leaves unaltered the legal, equitable, and contractual rights to which such claim or interest entitles the holder thereof or (ii) 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 (i) the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest, and (ii) the claim or interest is impaired by the plan. If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such claims and interests do not actually vote on the plan. Holders of Claims and Interests in Classes 5, 7, and 8 will not receive or retain any property under the Plan, and are therefore deemed to reject the Plan and are not entitled to vote. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan. Claims and Interests in Classes 1, 2, 3, and 6 are unimpaired under the Plan, and Holders of such Claims and Interests are therefore not entitled to vote. Accordingly, only Holders of Claims in Class 4 are entitled to vote on the Plan.

Unless otherwise indicated by checking the box in Item 3 of the Ballots, by signing and returning the Ballot, each Holder of a Class 4 Claim will be representing to the Debtors that either (i) such Holder is an "accredited investor" as defined in Rule 501(a) under the Securities Act or (ii) that such Holder has sufficient knowledge and experience in financial and business matters so as to be capable of evaluating the merits and risks of its participating in the Plan and is capable of bearing the economic risks of such investment, including a complete loss of its investment. See the Ballots for a more detailed description of "accredited investors."

By signing and returning the Ballot, each Holder of a Class 4 Claim will also be confirming that (i) such Holder and/or legal and financial advisors acting on its behalf has had the opportunity to ask questions of, and receive answers from, the Debtors concerning the terms of the Plan, the businesses of the Debtors and other related matters, (ii) the Debtors have made available to such Holder or its agents all documents and information relating to the Plan and related matters reasonably requested by or on behalf of such Holder and (iii) except for information provided by the Debtors in writing, and by its own agents, such Holder has not relied on any statements made or other information received from any person with respect to the Plan.

By signing and returning the Ballot each Holder of a Class 4 Claim also acknowledges that the securities being offered pursuant to the Plan are not being offered pursuant to a registration statement filed with the Securities and Exchange Commission and represents that any such securities will be acquired for its own account and not with a view to any distribution of such securities in violation of the Securities Act. It is expected that when issued pursuant to the Plan such securities will be exempt from the registration requirements of the Securities Act by virtue of section 1145 of the Bankruptcy Code and may be resold by the Holders thereof subject to the provisions of such section 1145.

B. Waivers of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined by the Debtors in their sole discretion, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of Ballots must be delivered via facsimile to the Debtors prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal. The Debtors also reserve the right to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been

cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

C. Withdrawal of Ballots; Revocation

Any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Debtors at any time prior to the Voting Deadline. A notice of withdrawal, to be valid, must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn and (iv) be received by the Debtors in a timely manner at the address set forth below. The Debtors will determine whether any withdrawals of Ballots were received and whether the Requisite Acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of Ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of Ballots which is not received in a timely manner by the Debtors will not be effective to withdraw a previously cast Ballot.

Any party who has previously submitted to the Debtors prior to the Voting Deadline a properly completed Ballot may revoke such Ballot and change his or its vote by submitting to the Debtors prior to the Voting Deadline a subsequent properly completed Ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed Ballot is received, only the Ballot which bears the latest date of receipt by the Debtors will be counted for purposes of determining whether the Requisite Acceptances have been received.

D. Further Information; Additional Copies

If you have any questions or require further information about the voting procedure for voting your Claim or about the packet of material you received, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d)), please contact Epiq Bankruptcy Solutions, LLC:

The Antioch Company, Ballot Processing
c/o EPIQ BANKRUPTCY SOLUTIONS, LLC
757 Third Avenue, Third Floor
New York, NY 10017
Telephone: (646) 282-2500
Facsimile: (646) 282-2501
E-Mail: epiqteamblue@epiqsystems.com
Website: http://chapter11.epiqsystems.com/antioch

XIII. CONCLUSION AND RECOMMENDATION

The Debtors believe that confirmation and implementation of the Plan is preferable to any of the alternatives described above because it will result in the greatest recoveries to Holders of Claims and Interests. Other alternatives would involve significant delay, uncertainty and substantial additional administrative costs.

Consequently, the Debtors urge all Holders of Claims to vote to accept the Plan and to evidence their acceptance by duly completing and returning their Ballots so that they will be received by Epiq Bankruptcy Solutions, LLC on or before 7:00 p.m., Prevailing Eastern Time, on November 12, 2008.

Dated: November 12, 2008

Respectfully Submitted,

The Antioch Company
(for itself and on behalf of the Subsidiary Debtors)

By: */s/* Michael Epstein
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DEBTORS AND DEBTORS IN POSSESSION