~~THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF DELAWARE UNDER 11 U.S.C. § 1125(b) FOR USE IN THE SOLICITATION OF ACCEPTANCES OF THE PLAN DESCRIBED HEREIN. ACCORDINGLY, THE FILING AND DISTRIBUTION OF THIS DISCLOSURE STATEMENT IS NOT INTENDED, AND SHOULD NOT BE CONSTRUED, AS A SOLICITATION OF ACCEPTANCES OF SUCH PLAN. THE INFORMATION CONTAINED HEREIN SHOULD NOT BE RELIED UPON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THIS DISCLOSURE STATEMENT CONTAINS "ADEQUATE INFORMATION" WITHIN THE MEANING OF SECTION 11 U.S.C. § 1125(a).~~[1]

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
Adoc Holdings, Inc. (f/k/a Coda Holdings, Inc.), *et al.*,	)	Case No. 13-11153 (CSS)
	)	
	)	(Jointly Administered)
	)	
Debtors.[21, 32]		

~~FIRST~~ SECOND AMENDED DISCLOSURE STATEMENT PURSUANT TO 11 U.S.C. § 1125 WITH RESPECT TO PLAN OF LIQUIDATION OF ADOC HOLDINGS, INC. AND ITS AFFILIATED DEBTORS

Dated: Wilmington, Delaware
September ~~20~~24, 2013

FOX ROTHSCHILD LLP
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Counsel for the Debtors

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[1] ~~Legend to be removed upon entry by the Clerk of the Bankruptcy Court of Order of the Bankruptcy Court approving this First Amended Disclosure Statement.~~

[21] The Debtors in these chapter 11 cases, along with the last four digits of their respective federal employer identification numbers, are: Adoc Holdings, Inc. (1892); Adoc Automotive, Inc. (6800); Adoc Energy LLC (3053); Adoc Automotive (CA); EnergyCS LLC (1359); Lio Energy Systems Holdings LLC (3158); and Miles Electric Vehicles Limited (a Hong Kong entity).

[32] On July 16, 2013, the Bankruptcy Court entered an order approving a modification to the caption of the Debtors' cases. Pursuant to the Purchase Agreement and Sale Order, the Debtors were required to cease using the "Coda" name after closing of the Sale.

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EXHIBITS

ARTICLE I.

INTRODUCTION

The Debtors[43] in these Chapter 11 Cases pending before the Bankruptcy Court hereby collectively and jointly submit this ~~First~~ Second Amended Disclosure Statement (hereinafter, the "Disclosure Statement") pursuant to section 1125 of chapter 11 of the Bankruptcy Code with respect to the ~~Plan~~Second Amended Chapter 11 Plan of Liquidation of Adoc Holdings, Inc. and Its Affiliated Debtors (the "Plan"). This Disclosure Statement is to be used in connection with the solicitation of votes on the Plan by the Debtors.

Attached as Exhibits to this Disclosure Statement are the following documents:

- The Plan (Exhibit A)~~.~~
- Order Approving Disclosure Statement & Voting Procedures ~~[to be provided]~~ (Exhibit B)
- Liquidation Analysis to be provided (Exhibit C)
- Claims Summary (Exhibit D)

In addition, if you are entitled to vote to accept or reject the Plan, the Ballot for acceptance or rejection of the Plan is enclosed with this Disclosure Statement.

ARTICLE II.

NOTICE TO HOLDERS OF CLAIMS AND EQUITY INTERESTS

The purpose of this Disclosure Statement is to enable you, as a creditor whose Claim is impaired under the Plan, to make an informed decision in exercising your right to accept or reject the Plan.

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

THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION ("SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. SUMMARIES OF THE PLAN AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE PLAN AND TO THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE

[43] Unless otherwise defined herein, terms used herein have the meaning ascribed thereto in the Plan (*see* Article I of the Plan entitled "Definitions and Interpretation").

DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF. TO THE EXTENT ANY INCONSISTENCIES EXIST BETWEEN THE SUMMARY CONTAINED IN THIS DISCLOSURE STATEMENT AND THE TERMS SET FORTH IN THE PLAN, THE PLAN CONTROLS.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER APPLICABLE NON-BANKRUPTCY LAW. PERSONS TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS OF THE DEBTORS SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

IN THE EVENT THAT THE PLAN IS NOT CONFIRMED, OR IS CONFIRMED BUT DOES NOT BECOME EFFECTIVE, THIS DISCLOSURE STATEMENT AND THE STATEMENTS CONTAINED HEREIN SHALL HAVE NO FORCE OR EFFECT, AND NEITHER THE DISCLOSURE STATEMENT NOR ANY STATEMENT CONTAINED HEREIN SHALL BE ADMISSIBLE IN ANY COURT OR LEGAL FORUM FOR ANY PURPOSE WHATSOEVER. NOTHING IN THIS DISCLOSURE STATEMENT SHALL BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTORS AND DEBTORS-IN-POSSESSION IN THESE CASES.

On September [redacted]24, 2013, after notice and a hearing, the Bankruptcy Court entered the Disclosure Statement Order, among other things, approving this Disclosure Statement because it contains information of a kind, in sufficient detail, and adequate to enable a hypothetical, reasonable investor typical of the solicited Class of Claims to make an informed judgment with respect to the acceptance or rejection of the Plan.

APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT OF THE FAIRNESS OR MERITS OF THE PLAN OR OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

Each holder of a Claim entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No solicitation of votes to accept or reject the Plan may be made *except* pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. Except for the Debtors, no Person has been authorized to use or promulgate any information concerning the Debtors, their businesses, or the Plan other than the information contained in this Disclosure Statement and if given or made, such information may not be relied upon as having been authorized by the Debtors. You should not rely on any information relating to the Debtors, their businesses, or the Plan other than the information contained in this Disclosure Statement and the exhibits hereto.

HOLDERS OF OTHER SECURED CLAIMS, PREPETITION SECURED PARTIES CLAIMS, GENERAL UNSECURED CLAIMS AND WARN CLAIMS SHOULD CAREFULLY READ AND CONSIDER THE PLAN AND THIS DISCLOSURE STATEMENT.

After carefully reviewing this Disclosure Statement, including the attached exhibits, if you are entitled to vote to accept or reject the Plan, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot for acceptance or rejection of the Plan and return the same to the address set forth on the Ballot, in the enclosed, postage prepaid, return envelope so that it will be received by the balloting agent (the "Balloting Agent") no later than 4:00, Prevailing ~~Eastern~~ Pacific Time, on ~~[~~**October 25, 2013**~~]~~ (the "Voting Deadline").

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

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE ACTUALLY RECEIVED NO LATER THAN **4:00 p.m.**, PREVAILING ~~EASTERN~~ PACIFIC TIME ON ~~[~~**October ~~, 2013]~~25, 2013**. For the voting procedures in detail, see the Order Approving Disclosure Statement and Voting Procedures ~~Order~~ attached hereto as **Exhibit B**. A general description of the voting instructions and the name, address and phone number of the person you may contact if you have questions regarding the voting procedures is as follows:

Balloting & Voting Agent: Adoc Holdings, Inc. Ballot Processing Center, c/o Kurtzman Carson Consultants~~,~~ LLC~~, Attn: Adoc Voting~~, 2335 Alaska Avenue, El Segundo, California 90245.

Voting Deadline: All ballots must be completed and returned by mail to the Balloting & Voting Agent in accordance with the Voting Procedures Order no later than 4:00 p.m. prevailing Pacific Time on October 25, 2013

If you have questions concerning the voting procedures, please contact Joshua T. Klein, Fox Rothschild LLP, 2000 Market Street, 20th Floor, Philadelphia, PA 19027 (215) 299-2000 jklein@foxrothschild.com

Section 5.4.4. of this Disclosure Statement and Article 12 of the Plan contains releases in favor of certain parties. All ballots provide holders of Claims the option to opt-out of such releases. Failure to opt-out of these releases will result in a Claim holder being bound by such releases.

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a Confirmation Hearing on~~[~~ **November 1, 2013 at ~~]~~11:00 a.m.**, Prevailing Eastern Time, before the Honorable Christopher S. Sontchi, United States Bankruptcy Judge. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and

served on or before ~~[~~**October ~~[~~ 25, 2013 at 4:00 p.m.,~~]~~** Prevailing Eastern Time, in the manner described in the related order.

THE DEBTORS BELIEVE THAT THE PLAN IS IN THE BEST INTERESTS OF AND PROVIDES THE HIGHEST AND MOST EXPEDITIOUS RECOVERIES TO HOLDERS OF ALL CLASSES OF CLAIMS. THE DEBTORS ARE PROPONENTS OF THE PLAN, SUPPORT CONFIRMATION OF THE PLAN AND URGE ALL PARTIES ENTITLED TO VOTE TO ACCEPT THE PLAN. THE CREDITORS' COMMITTEE SUPPORTS CONFIRMATION OF THE PLAN AND URGES ALL HOLDERS OF GENERAL UNSECURED CLAIMS TO VOTE IN FAVOR OF THE PLAN.

ARTICLE III.

EXPLANATION OF CHAPTER 11

3.1 Overview of Chapter 11

Chapter 11 of the Bankruptcy Code permits the filing of a chapter 11 plan of liquidation. A chapter 11 plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of a debtor's assets. In either event, upon confirmation of the chapter 11 plan, it becomes binding on a debtor and all of its creditors and equity interest holders, and the obligations owed by a debtor to such parties are compromised and exchanged for the obligations specified in the chapter 11 plan. The Plan sets forth the means for satisfying the holders of Claims against and interests in the Debtors' estates.

After a chapter 11 plan has been filed, the holders of impaired claims against and interests in a debtor may be permitted to vote to accept or reject the chapter 11 plan. Before soliciting acceptances of a proposed chapter 11 plan, section 1125 of the Bankruptcy Code requires the proponents of the chapter 11 plan to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the chapter 11 plan. However, Equity Interests in the Debtors are not permitted to vote here. **This Disclosure Statement is presented to holders of Claims against and Equity Interests in the Debtors to satisfy the requirements of section 1125 of the Bankruptcy Code in connection with the solicitation of votes by the Debtors on the Plan.**

The Bankruptcy Court may confirm a chapter 11 plan even though fewer than all of the classes of impaired claims and equity interests accept such chapter 11 plan. For a chapter 11 plan to be confirmed, despite its rejection by a class of impaired claims or equity interests, the chapter 11 plan must be accepted by at least one class of impaired claims (determined without counting the vote of insiders) and the proponent of the chapter 11 plan must show, among other things, that the chapter 11 plan does not "discriminate unfairly" and that the chapter 11 plan is "fair and equitable" with respect to each impaired class of claims or equity interests that has not accepted the chapter 11 plan. **This Plan has been structured so that it will satisfy the foregoing requirements as to any rejecting Class of Claims or Equity Interests.**

ARTICLE IV.

HISTORY OF THE DEBTORS

4.1 Overview

As set forth below the Debtors began operations in 2009. Their all-electric passenger vehicle business segment did not meet expectations and has discontinued operations. As described below, the Energy Storage business and the proceeds of the tangible automotive assets were sold pursuant to section 363 of the Bankruptcy Code pursuant to a Bankruptcy Court approved sale process.

4.2 Debtors' Background and Business Operations

In 2009, Debtor, Adoc Holdings, Inc. ("Holdings") was organized as a corporation under the laws of the state of Delaware as successor to Miles Automotive Group Ltd. ("Miles Automotive"), a corporation organized under the laws of the state of Delaware in 2005. Holdings is the direct or indirect parent of all other Debtors.[54] Together, these entities comprised a corporate group (the "Company") operated for the purposes of designing, developing, and selling all-electric vehicles ("EVs"), electric drive propulsion systems and stationary energy storage systems. The Company's mission was to make EVs compelling and accessible to the mass market and to leverage its battery expertise to commercialize stationary energy storage systems. In connection with the Company's pursuit of this mission, the Debtors developed a proprietary battery management systems ("BMS"), which provided valuable energy storage, supply, protection and flexibility to users in a wide range of stationary and EV applications.

4.2.1. Stationary Energy Management Solutions

In September 2011, Holdings acquired Energy Control Systems Engineering Corp. ("ECS"). The ECS acquisition brought the BMS and related expertise in-house. In stationary applications, BMS was one of the key components of the Company's battery Energy Storage Systems (the "Energy Storage"). The Energy Storage permitted electricity generators to provide a stable electricity supply at the lowest cost. Using Energy Storage, providers to the electricity grid could rapidly modulate supply by maintaining standby reserve capacity to offset shortages caused by offline generators, variable environmental conditions in wind and solar generation applications or spikes in demand, and reduce the need for expensive excess generation and capacity. Additionally, Energy Storage allowed generators to maintain the stability in frequency and voltage of the grid and to integrate renewable sources without diminishing reliability. The Company's Energy Storage similarly allowed electricity consumers to modulate their electricity demand patterns, allowing them to store electricity during off-peak times when rates are lower and to draw down stored electricity during peak rate periods when

[54] Unless otherwise noted, the term "Debtors" shall collectively mean (i) Adoc Holdings, Inc.; Adoc Automotive, Inc.; Adoc Energy LLC; Adoc Automotive (CA), Inc.; and EnergyCS LLC (collectively, the "Original Debtors") whose chapter 11 petitions were filed on May 1, 2013; and (ii) Lio Energy Systems Holdings LLC and Miles Electric Vehicles Ltd. (collectively, the "New Debtors") whose chapter 11 petitions were filed on June 11, 2013.

rates are higher, effectively reducing or eliminating "demand" charges incurred upon reaching certain levels of consumption at particular times. The Energy Storage could also serve as emergency power sources and allowed constant power availability in standalone micro-grid systems relying solely on wind or solar energy sources. The Company designed and developed two primary stationary lines for its Energy Storage, each of which were scalable to suit a particular application: (1) a compact tower configuration, suitable for a range of consumer and commercial uses; and (2) a shipping container configuration, suitable for heavy commercial and industrial uses. The Company owned all critical intellectual property underlying its Energy Storage, including patents and pending patents for hardware and software.

4.2.2. Passenger Vehicle Development

In January 2009, the Debtors began developing highway-speed EVs. After commencing its highway speed EV development project, the Company acquired extensive expertise in designing and engineering the key powertrain components of EVs, having developed best-in-class EV propulsion system technologies. The Company's business model for monetizing these technologies was centered on applying them to established internal combustion engine vehicle platforms with the objective of introducing mass market EVs more quickly and cost-effectively than the Company's competitors in the EV space. Following this model, the Company developed the CODA Sedan, which was based on the Hafei Saibao, a passenger car first marketed in China in 2004 with a conventional internal combustion engine. Due to unanticipated delays relating to the adaption of the Hafei Saibao platform for EV use and to meet U.S. regulatory standards, final production on the CODA Sedan did not begin until November 2011, approximately a year later than initially projected. Despite this delay, owing in large part to the Company's BMS, the CODA Sedan boasted a longer and more dependable range than any non-luxury EV passenger car currently on the market. In addition to the CODA Sedan, the Company began development on a five-passenger compact crossover vehicle featuring core propulsion attributes similar to the CODA Sedan. This developmental-stage vehicle was based on the Great Wall Motors C20R, a sleek, modern vehicle first marketed in China in 2010 with a conventional internal combustion engine.

4.2.3. Passenger Vehicle Commercialization

By March 2012, the Company launched its final assembly operations in Benicia, California, and began distributing the CODA Sedan to dealers. The Company entered into agreements with four automotive retailers in California to market the CODA Sedan and such other CODA products as the Company would subsequently develop. After bringing the CODA Sedan to market, the Company sold fewer than 100 vehicles, falling well short of the Company's expectations. The Company attributed the challenges it has faced in marketing the CODA Sedan to a combination of factors, including (i) loss of competitive advantage resulting from delays in bringing the vehicle to market; (ii) insufficient capitalization to effectively market and sell the CODA Sedan; (iii) slower than anticipated growth in demand for EVs, owing in large part to slower than anticipated development of public charging networks; and (iv) adverse macroeconomic market conditions. Consequently, the Company has discontinued its EV business segment. The circumstances behind the discontinuation of the EV business, and the Company's eventual filing for bankruptcy is provided in section 4.4.

4.3 Pre-Petition Capital Structure

4.3.1. The Company's Equity Structure

Since 2007 Holdings and its predecessor, Miles Automotive, funded operations through private placements of equity, convertible preferred stock and convertible debt securities. As of the Petition Date, Holdings was authorized to issue a total of 1,350,000,000 shares of common stock and 107,203,510 shares of preferred stock. As a result of the conversion of certain of its preferred shares on or about September 30, 2012, as of the Petition Date, Holdings had 59,665,037 shares of common stock issued and outstanding and 5,860,845 shares of Series F preferred stock issued and outstanding. Equity investments made in Holdings since its founding total approximately $344 million.

4.3.2. The Company's Debt Structure

In addition, the Debtors incurred secured indebtedness as set forth below.

a. The Notes

From August through October 2010, Holdings issued approximately $60 million of secured convertible notes payable to certain of its existing investors. On January 31, 2012, Holdings, pursuant to the terms of that certain Amended and Restated Note Purchase Agreement dated October 18, 2010 (the "Notes Amendments"), issued certain Amended and Restated Secured Convertible Promissory Notes (the "Notes; the holders thereof are hereafter referred to as the "Noteholders") in exchange for the original notes.

The Notes were secured by security interest in substantially all of the assets of Holdings in favor of aeris CAPITAL Archer, L.P. ("Aeris"), as agent for the Noteholders (in such capacity, the "Notes Agent"). Pursuant to the Notes Amendments, the Note are guaranteed by each of the remaining Debtors (the "Guarantors") pursuant to that certain Amended and Restated Guaranty dated as of October 18, 2010. These guaranteed obligations were secured by a security interest in certain intellectual property rights, deposit accounts and equity interests of the Guarantors. FCO MA Coda Holdings, LLC ("FCO") has replaced Aeris as the Notes Agent.

As of April 29, 2013, immediately prior to the bankruptcy filing, Holdings' outstanding obligations in respect of the Notes (the "Note Obligations") included principal in the approximate amount of $59,133,380.31 and accrued interest in the approximate amount of $3,551,937.43.

b. The Term Loan

On February 10, 2012, Holdings entered into that certain Term Loan Letter Agreement (the "Term Loan Agreement") by and among Holdings, as agent (in such capacity, the "Term Loan Agent") and Aeris, as lender (in such capacity, the "Term Loan Lender"). Holdings borrowed a total of approximately $10 million (the "Term Loan").

The Term Loan was secured by a security interest in substantially all of the assets of Holdings in favor of the Term Loan Agent. The Term Loan was guaranteed by Debtors:

Adoc Automotive, Inc. ("Automotive"); Adoc Automotive (CA). Inc.("Automotive (CA)"); Adoc Energy LLC ("Energy"); and EnergyCS LLC ("EnergyCS") pursuant to that certain Guaranty dated as of February 10, 2012. These guaranty obligations were secured by a security interest and lien in certain intellectual property rights, accounts and equity interests of the Guarantors.

As of April 29, 2013, the outstanding Term Loan included principal in the approximate amount of $10,000,000 and accrued interest in the approximate amount of $1,349,657.35. All of the obligations relating to the Term Loan Agreement, including all principal and interest are referred to herein as the "Term Loan Obligations."

c. The Second Term Loan

On June 5, 2012, Automotive entered into that certain Term Loan Letter Agreement (the "Second Term Loan Agreement") by and between Automotive and Aeris, as lender (in such capacity, the "Second Term Loan Lender") whereby Automotive borrowed approximately $3.5 million (the "Second Term Loan").

The Second Term Loan was secured by a security interest in the accounts and inventory of Automotive granted in favor of the Second Term Loan Lender. The Second Term Loan's obligations were guaranteed by Holdings, Automotive (CA), Energy, and EnergyCS pursuant to that certain Guaranty dated as of June 5, 2012.

As of April 29, 2013, Holdings' outstanding obligations in respect of the Second Term Loan Agreement (the "Second Term Loan Obligations") included principal in the approximate amount of $2,568,834.60 and accrued interest in the approximate amount of $252,583.71.

d. The Bridge Loan

On December 7, 2012, Holdings entered into that certain Loan and Security Agreement (the "Bridge Agreement") with FCO as administrative and collateral agent for the lenders thereunder (in such capacity, the "Bridge Agent"). The lender parties to the Bridge Agreement (collectively, the "Bridge Lenders") are comprised of certain Noteholders that were willing to provide additional debt financing to the Debtors in order to fund a prepetition sales process. The Bridge Lenders received "enhanced priority" for some of their Notes (the "Priority Enhanced Notes") as a result of their willingness to fund the Bridge Agreement pursuant to the Intercreditor Agreement (defined below).

The obligations of Holdings under the Bridge Agreement (the "Bridge Loan Obligations") were secured by a security interest in substantially all of the assets of Holdings in favor of the Bridge Agent. The Bridge Loan Obligations are guaranteed by the Guarantors pursuant to that certain Guaranty dated as of December 7, 2012 and secured by a security interest and certain intellectual property rights, deposit accounts and equity interests of such Guarantors. The security interests securing the obligations of the Debtors in respect of the Bridge Loan Obligations are referred to as the "Bridge Liens."

Holdings' aggregate borrowing under the Bridge Agreement was approximately $9.4 million (the "Bridge Loan"), of which approximately $665,000 remained outstanding as of the Petition Date. The Bridge Loan has since been repaid in its entirety.

e. Intercreditor Agreement

The relative priority of the Bridge Loan Obligations, the Note Obligations, the Term Loan Obligations and the Second Term Loan Obligations are set forth in an Amended and Restated Intercreditor Agreement dated December 7, 2012 (the "Intercreditor Agreement"). The Intercreditor Agreement provides the Bridge Lenders (which are also Noteholders) with an "enhanced priority" over the Noteholders that did not participate in the Bridge Loans (notably, all Noteholders were offered the right to do so). The relative priority of the liens securing the Bridge Loans, the Notes and Term Loan Agreement were set forth in the Intercreditor Agreement. In short, the Bridge Agent had a first priority lien in the collateral securing the Bridge Loans, the Notes Agent had a second priority lien (behind the Bridge Lenders) in the collateral securing the Notes, except for the accounts receivable of Holdings, in which they had a third priority lien. The Term Loan lender had a second priority lien (behind the Bridge Lenders) in the accounts receivable of Holdings and a third priority lien in their remaining collateral. The Second Term Loan lenders were originally not included in the Intercreditor Agreement but are now parties thereto and have third priority liens (behind the Bridge Agent and Notes Agent) in the accounts receivable and inventory of Automotive.

4.4 Events Leading up to the Debtors' Chapter 11 Filings and Pre-Petition Sale Efforts

The Company's difficulties in bringing the CODA Sedan to market, combined with the muted market response to the vehicle once final production began, resulted in substantially greater expenses and lower revenues than anticipated in their Passenger Vehicle business.

In the fall of 2012, it became clear that the Company would lack the liquidity required to properly develop and market its products. Accordingly, the Company determined to substantially reduce its operations while it sought to raise new capital or identify a buyer or buyers for some or all of its assets. The Company engaged, initially, Duff & Phelps Corporation ("Duff & Phelps"), and, later, Houlihan Lokey Capital, Inc. ("Houlihan Lokey") to assist the Company in these efforts.

As of December 2012, the Company had been unable to locate any new investors or any purchasers for its assets. During this time frame the Company was negotiating the sale of its interest in the Lishen JV, described more fully below. Faced with mounting losses during its marketing process, the Company required a cash infusion in order to continue its marketing efforts. First, the Company entered into the above-described Bridge Agreement to bring it additional liquidity to sustain this process. This source of additional cash was the only financing available.

Additionally, the Company took certain steps to reduce headcount to a level reasonably necessary to market and administer its assets as well as carry out such limited

operations necessary to facilitate an orderly sale. The Company made an initial reduction in staff in December 2012, and implemented a furlough program in January 2013. The Company's furlough was implemented with the expectation that, within approximately four months, either the Company or any buyer or buyers of the Company's assets would likely seek to reactivate the furloughed employees in connection with operations. On April 12, 2013, the Company determined that it could not continue its automotive business and laid off the approximately 44 furloughed employees that were exclusively devoted to the automotive business. The furloughed employees required for the ES business remained on furlough. As of the Petition Date, there were approximately 54 employees that remain furloughed that the Company expected to recall in the event of a sale transaction and resumption of business operations.

As a result of these reductions in staff, the Company relied upon an active staff of approximately 39 individuals during these Chapter 11 Cases. Those employees constituted a core team of individuals possessing the institutional knowledge and skills necessary to administer an orderly sale of the Company's assets, including the potential sale of the Company's ES Business pursuant to the stalking horse bid from the Stalking Horse Bidder (as defined below) if no higher or better bid was received, as part of the Company's continuing efforts to maximize value.

The Bridge Agreement provided the Company with sufficient liquidity to continue to extensively market its assets. Additionally, this financing permitted the Company to close the sale of its interest in a Chinese joint venture, Lishen Miles Power Battery Systems Co., Ltd. (the "Lishen JV"). In September 2012, Debtor Miles Electric Vehicles, Ltd., sold its 40% interest in the Lishen JV to its Chinese joint venture partner, Tianjin Lishen Battery Joint-Stock Co., Ltd. ("Tianjin Lishen"). The sale closed in February of 2013, and the Debtor Miles Electric Vehicles Ltd. received approximately $24 million in net proceeds in connection with such sale and such proceeds were used to fund the sale process and maintain the Company's operations while also paying down the Bridge Loan and some of the Priority Enhanced Notes. However, as of the Petition Date, the Company was still owed approximately $2.8 million from the sale of its Lishen JV interest.[65] Tianjin Lishen, in turn, has asserted certain claims against Adoc Automotive, Inc. (f/k/a/ Coda Automotive, Inc.) resulting from a prepetition supply agreement whereby Tianjin Lishen was to supply that entity with battery cells.

In short, absent the funds provided pursuant to the Bridge Agreement, the Company would simply have been unable to market its assets as extensively as it did or even close the sale of its interest in the Lishen JV. The Company had no significant revenue since September 2012, and, as a result, the Bridge Agreement had to be enlarged several times to meet additional cash needs and fund the continuation of the Company's marketing process.

The marketing process was extensive. From December 2012 going forward, the Company's management worked tirelessly with its investment banking professionals to comprehensively market the Company and its assets to potential buyers in the United States, Europe and China. These efforts included, among other things (a) creating a data room to

[65] In addition, since Adoc Automotive, Inc. (f/k/a/ Coda Automotive, Inc.) is a debtor in possession and Tianjin Lishen received pre-bankruptcy transfers of approximately $11 million, it has potential liability for preferential transfers. Tianjin Lishen currently serves as chairperson of the Creditors'' Committee.

facilitate the conduct of due diligence by potential buyers; (b) creating presentations describing and promoting the Company's assets; (c) contacting potential bidders to spur interest and (d) taking such other steps as were appropriate for marketing a company of the Company's size and type under the circumstances. Ultimately, these marketing efforts resulted in several expressions of interest, which, in turn, led to various meetings with potential acquirers. Members of the Company's senior management also traveled to China to meet with potential buyers. The Debtors' postpetition marketing efforts are set forth below in section 4.7.2. See also the *Declaration of John P. Madden in Support of First Day Motions and Applications* for a description of the pre-bankruptcy marketing efforts [D.I. 10].

Despite the extensive efforts of the professionals and the Company's management, which began in the fall of 2012, accelerated in December of 2012 and spanned well over five months, the Company was unable to sell its assets other than the Lishen JV. This inability further stressed the Company's liquidity and the Company soon once again faced the prospect of completely ceasing operations. In order to maintain its operations and preserve the going concern value of its assets, the Company entered into a new round of negotiations with the Bridge Lenders. The result of such negotiations was that certain Restructuring Support Agreement, dated April 30, 2013 (the "Original RSA") between the Debtors, the Bridge Agent, the Bridge Lenders, the Notes Agent, and certain Noteholders (the "Supporting Lenders"), which immediately preceded the commencement of these chapter 11 cases.

The Original RSA proposed a restructuring process for the Debtors which included a stalking horse bid by the Bridge Lenders for the Debtors' assets and a public auction designed to maximize the value of the Debtors' assets. The Original RSA permitted the orderly winding down of the Debtors' affairs following a sale through the confirmation of the Plan and provided recoveries to unsecured creditors that would not otherwise be possible. The Debtors believed that the restructuring proposed by the Original RSA was far superior to the certain alternative: the complete cessation of the Debtors' operations and attendant loss of going concern value and the surrender of the Debtors' assets to its lenders through foreclosure.

There were three primary features of the Original RSA. First, the Bridge Lenders, in their capacity as debtor in possession lenders (the "DIP Lenders") agreed to provide a $5 million delayed-draw debtor in possession facility (the "DIP Facility") to fund the Bankruptcy Cases. Second, the DIP Lenders agreed to serve (directly or through a designee) as the stalking horse bidder (the "Stalking Horse Bidder") for substantially all of the Debtors' assets in a competitive and public sales process overseen by the Bankruptcy Court. Third, the Supporting Lenders agreed to support the DIP Facility, the stalking horse bid and the Plan that will liquidate the Debtors' remaining assets for the benefit of their Estates. Importantly, if successful, the Stalking Horse Bidder intended to fund and continue operating only the Debtors' ES Business while having the Debtors' estates retain title to and liquidate the assets associated with the discontinued Automobile Business.

The restructuring proposed by the Original RSA would preserve the Debtors' core business as a going concern, allow for the continued development of the Debtors' important and valuable technology, and provide recoveries to the Estates and their creditors. It was contemplated that, after commencing the Chapter 11 Cases, the Debtors would pursue an open post-petition auction process where the DIP Lenders, as Stalking Horse Bidder, would credit bid

the $5 million outstanding under the DIP Facility plus a portion of the outstanding Priority Enhanced Notes for a total credit bid of approximately $25 million. This credit bid would set the "floor" bid for any potential subsequent bids. Accordingly, the Company's management and board of directors determined that the best course of action to preserve the value of the Company as a going concern was to avail the Debtors of the protections afforded under the Bankruptcy Code in order to implement the transactions contemplated by the Original RSA.

On May 1, 2013, the Original Debtors each filed their respective petitions for relief under chapter 11 of the Bankruptcy Code. Later, on June 11, 2013 the New Debtors each filed their respective chapter 11 petitions for the reasons discussed below.

On May 3, 2013 the Bankruptcy Court held a "first day" hearing (the "First Day Hearing") where the Court approved various requests for critical relief in order to allow the Debtors to proceed with their contemplated restructuring. This "first day relief" approved by the Bankruptcy Court included: joint administration[76]; appointment of claims and noticing agent; continued use of bank accounts/section 345 waiver; payment of prepetition wages and other employee obligations; section 366 relief relating to utilities; continuation of insurance programs; and critical vendor relief. In addition, the Bankruptcy Court entered an interim order ("Interim DIP Order") approving debtor in possession financing (the "DIP Financing"). As discussed above, the DIP Facility provided necessary liquidity to continue and complete the sales process and provide a source of funding for the Debtors to seek to confirm a plan of liquidation. The Interim DIP Order provided the Debtors with $1.3 million in interim financing, which was later increased pursuant to the terms of a second interim order to approximately $2.3 million.[87]

As discussed above, the DIP Lenders were also the proposed Stalking Horse Bidder in connection with the contemplated sale of the Debtors' assets under section 363 of the Bankruptcy Code. At the first day hearing the Debtors requested that the Bankruptcy Court shorten notice with respect to the hearing on their proposed bid procedures (the "Bidding Procedures") in their Sale Motion (defined below) filed immediately after the commencement of the cases. The Bankruptcy Court scheduled the hearing on Bid Procedures on May 20, 2013, but subject to the formation of a creditors' committee and the possibility of their request for an adjournment.

4.5 Debtors' Professionals

Following the First Day Hearing, the Debtors filed applications to retain their professionals, including: (i) White & Case LLP ("W&C") and Fox Rothschild LLP ("Fox") as co-counsel; (ii) Houlihan Lokey as investment banker; and (iii) Emerald Capital Advisors ("Emerald"), designating John P. Madden as Chief Restructuring Officer ("CRO"); and (iv) Kurtzman Carson Consultants ("KCC") as administrative agent (the Bankruptcy Court approved separate application filed on the Petition Date appointing KCC as the Debtors' claims and noticing agent). Prior to the May 29, 2013 second day hearing, the Bankruptcy Court entered

[76] By virtue of the Bankruptcy Court's *Order Granting Motion of the New Debtors for an Order Directing that their Cases be Jointly Administered with the Chapter 11 Cases of Coda Holdings, Inc. and its Affiliated Debtors* [D.I. 251], the relief granted at the "first day" hearing held May 3, 2013, was extended to the New Debtors.

[87] On May 20, 2013, the Bankruptcy Court entered a second interim order and a final order on May 29, 2013.

Orders approving the Debtors' retention of Fox, Houlihan Lokey, Emerald and KCC. The Office of the United States Trustee (the "U.S. Trustee") filed an objection to W&C's retention, arguing that the firm was not disinterested for purposes of Bankruptcy Rule 2014 because one of its partners, Christopher Rose, formerly served as the Senior Vice president of Corporate Development and General Counsel of the Debtors. The Bankruptcy Court denied the application to retain W&C as primary bankruptcy counsel under section 327(a) of the Bankruptcy Code, but subsequently entered an Order dated June 17, 2013 approving W&C's retention as special counsel under section 327(e) of the Bankruptcy Code.

4.6 Formation and Representation of the Official Unsecured Creditors' Committee

On or about May 10, 2013, the United States Trustee appointed the Creditors' Committee. The Creditors' Committee is currently comprised of ~~Faurecia USA Holdings, Inc.;~~ Harold J. Light; RTECH Services, Inc.; CDH Detroit Inc.; Tony Bulchak; and Tianjin Lishen Battery. The Creditors' Committee selected Brown Rudnick LLP ("Brown Rudnick") and Morris Nichols Arsht & Tunnell LLP ("MNAT") as its attorneys and Deloitte Financial Advisory Services LLP as its financial advisor. As described below, the Debtors immediately engaged in discussions with the Creditors' Committee to discuss, among other things, the proposed Bid Procedures and DIP Facility.

4.7 The Bidding Procedures and Sale Process

4.7.1. Proposed Bid Procedures

On May 2, 2013, the Debtors filed their *Motion for Entry of (i) an Order (a) Approving the Bidding Procedures In Connection with the Sale of Substantially all of the Debtors' Assets; (b) Setting Date and Time for an Auction and the Hearing on the Proposed Sale (c) Approving the Manner, form and Notice of the Auction and the Sale Hearing, and (d) Granting Related Relief; and (ii) an Order (A) Approving Sale of Debtors' Assets Under Asset Purchase Agreement Free and Clear of Liens, Claims and Interests and (B) Granting Related Relief* [D.I. 11] (the "Sale Motion"). The Sale Motion set forth both the proposed schedule and process negotiated between the Debtors and Prepetition Secured Parties under the Original RSA, as well as the proposed Bidding Procedures. While originally set for a May 20, 2013 hearing, in connection with negotiations between the Debtors, Creditors' Committee and FCO, the hearing on Bidding Procedures was consequently adjourned to the May 29, 2013 omnibus hearing. The features of the Bidding Procedures are set forth in the Bankruptcy Court Order entered on May 29, 2013, approving the same.

4.7.2. Continued Marketing of the Debtors

As referenced above, the Debtors and their investment banking professionals conducted an extensive marketing process prior to filing the Debtors' chapter 11 cases. This marketing included: (a) establishing and maintaining a "data room" for prospective purchasers to conduct due diligence; (b) compilation of a "confidential information memoranda" for the energy storage and automotive businesses was made available to convey information to prospective purchasers; and (c) compilation of a "teaser," which was used as a public marketing piece to

solicit interest of prospective purchasers. Houlihan Lokey contacted approximately 250 parties that might have been interested in purchasing some or all of the Debtors' assets. Of the 250 parties contacted, approximately 35 executed non-disclosure agreements and were provided copies of the confidential information memoranda and access to the data room. In the end, the Debtors and Houlihan Lokey held in person or telephonic meetings with approximately 10 prospective purchasers, none of whom elected to move forward with the pre-petition sale process. Houlihan Lokey continued to spearhead this effort by, among other things, disseminating DIP Lender and Agent initiated discussions regarding the background of the case and pending matters including a bankruptcy sales process information packet.

Despite Houlihan Lokey's extensive marketing efforts after the chapter 11 cases commenced, they were unable to generate further interest in the Debtors' assets.[98] Consequently, the DIP Lenders, as Stalking Horse Bidder, agreed to acquire certain of the Debtors' assets on terms negotiated between them and the Debtors, which terms, as described below, were amended following negotiations between the Debtors, Stalking Horse Bidder, DIP Lenders and Creditors' Committee.

4.8 Negotiations Between the Debtors, Creditors' Committee, Stalking Horse Bidder, DIP Lenders and Noteholders; Bid Procedures Hearing

After its formation and selection of professionals, the Creditors' Committee, the Debtors, Stalking Horse Bidder, DIP Lenders and Noteholders met for two days during the week of May 20, 2013 to discuss a potential consensual resolution of these chapter 11 cases through a section 363 sale and a liquidating plan of reorganization financed through consensual DIP financing. These negotiations took place in lieu of the then contested hearing to approve the proposed Bidding Procedures and DIP financing. After several rounds of additional negotiations the parties proceeded to a largely consensual Bidding Procedures and DIP financing hearing on May 29, 2013.

The largely consensual hearing on May 29, 2013, was made possible by a preliminary settlement reached by the Debtors, Creditors' Committee, DIP Lenders, Noteholders and the Stalking Horse Bidder immediately prior to the May 29, 2013 hearing. The general terms of the preliminary settlement were announced on the record and the parties undertook to negotiate and file an amendment to the Restructuring Support Agreement, an amended Asset Purchase Agreement and a revised proposed Sale Order. Following the recitation of the general terms on the record, the Bidding Procedures and DIP Financing were approved on a final basis. Notwithstanding the preliminary settlement, the U.S. Trustee and counsel for an alleged WARN Act claimant, Tony Bulchak, continued to object to the requested relief. The Bankruptcy Court overruled these objections and entered orders (i) approving the DIP Financing on a final basis, (ii) setting the bid deadline for May 31, 2013, (iii) setting the auction for June 3, 2013, and (iv) setting the sale hearing for June 6, 2013.

[98] Houlihan Lokey's post-petition efforts were fully described in the testimony of Michael Krakovksy at the June 11, 2013 Sale hearing.

4.9 Sale Hearing

Lengthy and intricate negotiations continued following the May 29, 2013 hearing and resulted in the adjournment of the Sale Hearing from June 6 to June 11, 2013, to permit the Debtors, Creditors' Committee, DIP Lenders, Noteholders and the Stalking Horse Bidder to reach a final and formal settlement of their respective interests. A settlement was reached (the "Plan Settlement") and on June 10, 2013, the Debtors filed the following documents with the Bankruptcy Court which collectively reflected the terms of the Plan Settlement: (i) a revised proposed Sale Order; (ii) a revised Purchase Agreement; (iii) a revised plan term sheet (the "Term Sheet"); and (iv) a revised RSA (the "Revised RSA") [D.I. 246]. The Term Sheet and Revised RSA established the general terms now embodied in the Plan and summarized in greater detail below. As part of the Plan Settlement and in an effort to bring additional assets into the Debtors' estates, two non-debtor subsidiaries, Lio Energy Systems Holdings LLC and Miles Electric Vehicles Ltd., also filed chapter 11 petitions and their cases are currently jointly administered with the other Debtors and they are Debtors under the Plan.

The Plan Settlement significantly enhanced the cash consideration available to the Estates in connection with the sale, provided for the retention of certain litigation claims by the Estates which had previously been assets to be purchased by the Stalking Horse Bidder, and greatly increased the possibility of a confirmable plan in the Bankruptcy Cases. The Debtors and the Creditors' Committee firmly believe that such global resolution provided significant value to administrative and priority claimants as well as general unsecured creditors which would not have been available under any other circumstances.

The Debtors were able to resolve most objections with respect to the sale to be approved at the June 11, 2013, Sale Hearing. However, the U.S. Trustee and counsel for an alleged WARN Act Claimant, Tony Bulchak, continued to object to the requested relief. The Bankruptcy Court overruled these objections, including after certain revisions to the Sale Order were made to address certain of the Objections of the U.S. Trustee. Pursuant to the Sale Order and the Plan Settlement, the Stalking Horse Bidder, acquired certain of the Debtors' assets for approximately $25 million, $1.7 million of which was paid in cash with the remainder received in the form of a credit bid of the entire DIP Facility and a portion of the Priority Enhanced Notes. In addition, as part of the Plan Settlement, the full $5,000,000 of availability under the DIP Facility was made available to fund the administrative expenses of the Estates as the Debtors pursued confirmation of a plan of liquidation, like the Plan, that conformed to the terms of the Plan Settlement. The additional liquidity for the Estates created by the $1,700,000 of cash consideration from the sale and the draw down of the remaining $1,924,968.00 under the DIP Facility served to alleviate any concerns regarding the ability to fully satisfy administrative and priority claims as the Debtors pursued the confirmation of a liquidating plan consistent with the terms of the Plan Settlement. The Sale closed on June 21, 2013, with the Stalking Horse Bidders payment of the purchase price and the DIP Lenders funding of the remaining availability under the DIP Facility.

4.10 Post-Sale Wind Down and Plan Process

Pursuant to the Plan Settlement, after the closing the Debtors, in coordination with their creditor constituencies, worked to wind down their Estates and pursue confirmation of

a plan consistent with the Plan Settlement. To that end, the Stalking Horse Bidder also purchased, as part of the sale, the proceeds from the liquidation of the Debtors' tangible automotive assets and agreed to fund certain expenses associated with the liquidation of the tangible automotive assets. The Debtors, at the request of (and at the expense of) the Stalking Horse Bidder, retained Credit Management Association to liquidate the tangible automotive assets located in the United States and retained HILCO Industrial, LLC, to liquidate the tangible automotive assets located in China. Substantially all of the tangible automotive assets located in the United States have now been sold through several private sales to third-parties and through an online auction. ~~The~~ As of September 23, 2013, the gross proceeds of such sales was approximately ~~[$ To be Inserted]~~$364,355.00. As of the date of this Disclosure Statement none of the tangible automotive assets located in China have been sold. As part of the Plan Settlement and as further articulated in the Plan and described below, the Stalking Horse Bidder has agreed to share net proceeds from the liquidation of the tangible automotive assets located in China after it receives $500,000 from the liquidation of all tangible automotive assets and recoups the costs and expenses associated with the liquidation of such assets.

After closing the Sale, the Debtors continued to evaluate all executory contracts and unexpired leases not assumed by the Stalking Horse Bidder as part of the Sale and have rejected various unnecessary and burdensome contracts and leases. The Debtors plan to continue winding down their Estates as they pursue confirmation of the Plan.

4.11 Debtors' Schedules and Statements; Section 341 Meeting; Establishing a Bar Date

On May 30, 2013, each of the Debtors filed their schedules of assets and liabilities. In the aggregate, the Debtors scheduled General Unsecured Claims totaling $18,202,343.76, and Priority Claims of $135,676.06, including duplication but excluding unliquidated amounts.

On June 3, 2013, the U.S. Trustee commenced a meeting of creditors pursuant to section 341 of the Bankruptcy Code. The meeting was concluded on the same day.

On June 14, 2013, the Debtors filed a motion to fix a deadline (the "Bar Date") to file all proofs of claim against the Debtors with respect to any prepetition claims including claims asserted under section 503(b)(9) of the Bankruptcy Code. On June 26, 2013, the Bankruptcy Court entered an Order establishing August 6, 2013 at 4:00 p.m. ET as Bar Date as to non-governmental entities, and December 9, 2013 as to governmental entities. The Bankruptcy Court approved a form of proof of claim to be served on known creditors and a form of notice of the Bar Date.

4.12 Claims Information

Attached to the Disclosure Statement as Exhibit D is a Claims Summary. The Exhibit describes for each category of classified and unclassified claims the (a) total amounts set forth in the Schedules ("Scheduled Claims"); (b) total amounts asserted in Proofs of Claim (as applicable); and (c) estimates of total allowed amounts.

4.13 Debtors' Name Change

On July 3, 2013, the Debtors filed their Motion for Order Pursuant to 11 U.S.C. § 105(a), Fed. R. Bankr. P. 1005, 2002(m) and 2002(n) and Del. Bankr. L.R. 9004-1(a) Amending Case Caption. On July 17, 2013, the Bankruptcy Court entered its Order Pursuant to 11 U.S.C. § 105(a), Fed. R. Bankr. P. 1005, 2002(m) and 2002(n) and Del Bankr. L.R. 9004-1(a) Amending Case Caption and giving the Debtors authority to change the following Debtors' case captions: (i) Adoc Holdings, Inc. to Adoc Holdings, Inc. (Case No. 13-11153); (ii) Adoc Automotive, Inc. to Adoc Automotive, Inc. (Case No. 13-11154); (iii) Adoc Automotive (CA), Inc. (Case No. 13-11155); (iv) Adoc Energy LLC to Adoc Energy LLC (Case No. 13-11156).

4.14 Adversary Proceeding Commenced by Alleged WARN Act Claimant

On the Petition Date, Tony Bulchak, a former employee of the Debtors who was terminated in December 2012, commenced an adversary proceeding (Adv. Pro. No. 13-51031) alleging the Debtors violated the Federal WARN Act, 29 U.S.C. §§ 2101 *et seq.* and the California Labor Code §§ 1400 *et seq.* Mr. Bulchak alleges to represent a putative class of similarly situated former employees who were terminated. The Debtors dispute the allegations raised in Mr. Bulchak's complaint and any related liability. On July 1, 2013, the Debtors answered Mr. Bulchak's complaint, although the Debtors dispute all liability, settlement discussions are ongoing with respect to this matter. At a July 29, 2013, initial pre-trial conference, the Bankruptcy Court adjourned the matter at the Debtors' request and directed the parties to mediation.[~~10~~9]

A mediation was held on August 22, 2013 between the Debtors and their special counsel, the Committee's counsel and counsel to Mr. Bulchak as the purported representative of the putative class of former employees. A conditional resolution was reached at the mediation session, but subsequently conditions could not be met, and the mediation recommenced at the end of August 2013.

The Debtors and counsel to Mr. Bulchak have now reached a new settlement (the "WARN Settlement") that will resolve all potential WARN claims against the Debtors and will result in the dismissal of the adversary proceeding commenced by Mr. Bulchak. Pursuant to the WARN Settlement, the Debtors and Mr. Bulchak will stipulate, for settlement purposes only, to the creation of a class pursuant to Rule 23 of the Federal Rules of Civil Procedure consisting of all former employees of the Debtors that were involuntarily terminated by the Debtors on December 7, 2012 or April 12, 2013 or that were furloughed on January 7, 2013 and were not recalled, terminated for cause or the subject of a voluntary resignation.[~~11~~10] Pursuant to the WARN Settlement, which is subject to the Court's approval prior to Confirmation following the Debtors' filing a motion, the class shall receive for the benefit of the class members an Allowed Priority Claim (the "WARN Class Priority Claim") in the amount of $430,000 against Adoc Automotive, Inc. See Section 5.2.7 herein. The WARN Class Priority Claim shall be satisfied on

[~~10~~9] Mr. Bulchak had filed a motion to compel the Debtors to amend their Schedules to include similarly situated employees. The Debtors' objected to that motion, which was adjourned by agreement of the parties.

[~~11~~10] On July 30, 2013, Mr. Bulchak, through counsel, filed a motion for certification of a putative class and related relief. On August 13, 2013, the Debtors filed their opposition to the requested relief.

the Effective Date upon the Debtors' payment of $430,000 into an escrow account for ("WARN Class Escrow Account") the benefit of the WARN Class. Distributions from the WARN Class Escrow Account to individual class members shall be made when and as approved by the Bankruptcy Court. All costs incurred in creating or administering the WARN Settlement, including the legal fees of legal counsel for the class and any fees incurred by the class representative, shall be payable exclusively from such escrow account and from no other source. Potential class members may opt-out of the WARN Class as permitted by law, but such potential class members shall be entitled to no distributions from the Debtors or the Debtors' property unless such potential class members have filed a timely proof of claim asserting a Claim under the WARN Act or other applicable employment law.

In addition, the WARN Class shall receive, for the benefit of the class members a General Unsecured Claim ("WARN Class Unsecured ~~Non-Priority~~ Non-Priority Claim") in the amount equal to the difference between (a) the maximum amount of salary and benefits that could be owed to the member of the class under WARN Act as a result of their employment loss and (b) the proceeds of the WARN Class Priority Claim actually collectively received by the members of the WARN Class. The class representative may vote such WARN Class Unsecured Non-Priority Claim and such claim will be paid in the same manner and on the same terms as all other Allowed General Unsecured Claims.

The Debtors believe that the WARN Settlement is in the best interests of the Debtors and their respective Estates. The alternative is to engage in costly litigation which the Debtors cannot ~~affort~~ afford and which could derail the plan process and severely hamper the ability of a Liquidating Trustee to pursue the Causes of Action for the benefit of the holders of General Unsecured Claims and Deficiency Claims. The Debtors believe, in their business judgment, that such an outcome is not in the best interests of any of the Debtors' constituencies.[11]

4.15 Voluntary Recall for Roof-Mounted Side Curtain Airbags

On May 13, 2013, the Debtors filed their Motion for authority to conduct a voluntary recall of CODA sedans to replace roof-mounted side curtain airbags. In March 2013, the National Highway and Transportation Safety Authority ("NHTSA") conducted side impact crash testing of the CODA Sedan. During testing, NHSTA observed that the side curtain airbag on the drivers' side of the subject vehicle did not deploy as intended. Although NHSTA determined that the CODA Sedan tested in compliance with applicable side impact standards, the sub-optimal airbag deployment led to an investigation. The subsequent investigation concluded that the airbags in question were not assembled correctly by the supplier prior to installation. There were no known incidents or injuries relating to this issue. Nonetheless, upon their belief that the condition identified by investigators may exist in other model year 2012 CODA Sedans, the Debtors (prior to the Petition Date) ordered replacement side curtain airbag units, certified by the supplier to be properly rolled, for the purposes of conducting a voluntary recall. The Debtors

[11] As of the date hereof, the Debtors and counsel to Mr. Bulchak were still negotiating a settlement agreement, the final terms of which shall govern.

decided to proceed with a voluntary recall, with a remaining cost estimated to be no more than $40,000, notwithstanding the lack of mandate from NHSTA. In the Motion, the Debtors proposed a specific recall campaign which included notification to owners of affected CODA Sedans and reimbursement of each repair facility of the side curtain airbag replacement work (but subject to certain limitations). The Motion was unopposed and on May 29, 2013 the Court entered an Order.

4.16 Debtors' Officers & Directors

The Debtors' officers and directors as of the Petition Date (the "Current Officers and Directors") are set forth below. As set forth in Section 5.4 of the Disclosure Statement and Sections 6.4.6 and 12.5 of the Plan, Officers and **Directors shall not be released from D&O Claims (as defined in the Plan), provided, however, that recoveries against Current Officers and Directors shall be limited to the proceeds of the Debtors' director and officer insurance policies and from no other sources.** This limitation in recoveries in favor of Current Officers and Directors is a component of the Purchase Agreement and RSA and Plan Term Sheet approved by the Sale Order, all of which reflects a resolution between the Debtors, Purchaser, and the Committee and Secured Parties (the latter creditor constituencies are beneficiaries of the Liquidation Trust).

Adoc Holdings, Inc.
1. Ashoka Achuthan – Treasurer
2. Daniel Weiss – Director
3. Dennis Dougherty – VP
4. Flora Chan – Director
5. Jeffrey Curtis – Assistant Treasurer
6. John Wilson – Secretary
7. Lord Browne of Madingley – Director
8. Miles Rubin –Founder/Chairman/Emeritus Director
9. Peter Nortman – SVP of Core Technologies
10. Phillip F. Murtaugh – President, Director, CEO
11. Steven "Mac" Heller – Executive Chairman of the Board of Directors

Lio Energy Systems
1. N/A

Adoc EnergyCS LLC
1. Ashoka Achuthan – Treasurer
2. Jeffrey Curtis – Assistant Treasurer
3. John Wilson – Secretary
4. Peter Nortman – SVP
5. Phillip Murtaugh – President

Adoc Automotive
1. Ashoka Achuthan – Treasurer/CFO
2. Jeffrey Curtis – Assistant Treasurer/VP/Corporate Controller

3. John Wilson – Secretary/SVP/General Counsel/Director
4. Dennis Dougherty – SVP of Operations
5. Phillip F. Murtaugh – President
6. Waqas Sherwani – VP of Global Procurement & Supply Chain

Adoc Automotive (CA)
1. Ashoka Achuthan – Treasurer
2. Jeffrey Curtis – Assistant Treasurer
3. John Wilson – Secretary/Director
4. Phillip F. Murtaugh – President

Adoc Energy LLC
1. Ashoka Achuthan – Treasurer
2. Edward Solar – SVP
3. Jeffrey Curtis – Assistant Treasurer
4. Phillip Murtaugh – President
5. John Wilson – Secretary

Miles EV
1. John Wilson – Director
2. Phillip F. Murtaugh – Director

ARTICLE V.

THE PLAN

5.1 Overview of the Plan

The Plan provides for the treatment of Claims against Equity Interests in all of the Debtors in the Chapter 11 Cases.

The central component of the Plan is the establishment of the Liquidation Trust to liquidate the Debtors' assets, including, without limitation, certain Causes of Action.

The Plan is the product of extensive arms' length negotiations between the Debtors, Creditors' Committee and the Secured Parties to maximize recoveries to the Debtors' creditors and provides for a fair allocation of the Debtors' remaining Assets as a consequence of the Sale transaction with the Purchaser. The Plan effectuates this goal by implementing the RSA and Term Sheet, which embodies the global settlement negotiated by and among the Debtors, Creditors' Committee and the Secured Parties.

The Plan provides for full payment of all Allowed Administrative Claims, Allowed Priority Tax Claims, if any, Allowed Priority Claims, if any and Allowed Other Secured Claims, if any, in accordance with the provisions of the Bankruptcy Code, as well as for the

cancellation of any all of the existing Equity Interests in, and the discharge of all Claims against, the Debtors.

Following confirmation of the Plan, the Plan will become effective (as such term is used in section 1129 of the Bankruptcy Code) on the first Business Day on which all the conditions to the occurrence of the Effective Date, as specified in Section 11.2 of the Plan have been satisfied or waived in accordance with the provisions of Section 11.3 of the Plan. It is a condition to the effectiveness of the Plan that the Effective Date will occur on or before ~~[redacted]~~ six (6) months from the Confirmation Date. Of course, a risk factor associated with the plan is that there can be no certainty that the Effective Date will occur by such date. The satisfaction of certain of the conditions to the occurrence of the Effective Date is beyond the control of the Debtors, as Plan Proponents, and there is no assurance that the Debtors will waive or extend the ~~[redacted]~~ foregoing deadline for the occurrence of the Effective Date or any other condition. Thus, it is possible that the Plan will not be confirmed and consummated in the time contemplated.

Pursuant to 1123(b) of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan provides for the settlement between the Debtors, Creditors' Committee and Secured Parties. These parties acknowledge and agree that the releases, exculpations and injunctions afforded the Debtor Releasees and the Holder Releasees pursuant to the terms and provisions of the Plan are (i) supported by consideration, (ii) integral parts of the settlement embodied in the Plan and (iii) necessary to the liquidation that is the subject of the Plan.

Subject to the occurrence of the Effective Date, entry of the Confirmation Order shall constitute approval of the Settlement and authorize the parties to take all actions that are necessary or appropriate to implement and give effect to the Settlement.

5.2 Summary of Classification and Treatment Under the Plan

The following is a summary of distributions under the Plan. It is qualified in its entirety by reference to the full text of the Plan, which is attached to this Disclosure Statement as Exhibit A. The claim amounts set forth below are based on information contained in the Debtors' Schedules and Claims Register.

5.2.1 Allowed Administrative Claims

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Allowed Administrative Claims are not classified and are not entitled to vote. The Debtors' Claims register and the docket in these Bankruptcy Cases reflects that approximately $21,718 in Administrative Claims have been filed.[12] The Debtors have concluded that based upon current estimates, the maximum funding to be provided under the Plan into the SAP Reserve is sufficient to satisfy these Claims. Except to the extent that a holder of an Allowed Administrative Claim has been paid by the

[12] Attached to this Disclosure Statement as Exhibit D is the Debtors' Claims Summary. All references in this Disclosure Statement to Scheduled Claims, Filed Claims and estimations as to Allowed Claim amounts are more fully set forth in the Claims Summary.

Debtors prior to the Effective Date or agrees to a less favorable treatment, each holder of an Allowed Administrative Claim shall receive, in full and final satisfaction of its Allowed Administrative Claim, a SAP Reserve Distribution of Cash in an amount equal to such Allowed Administrative Claim, on or as soon as practicable after the latest to occur of (i) the Effective Date; (ii) the first Business Day after the date that is ten (10) Business Days after the date such Administrative Claim becomes an Allowed Administrative Claim; and (iii) the date or dates agreed to by the Liquidating Trustee and the holder of the Allowed Administrative Claim. All distributions on account of Allowed Administrative Claims shall be made by the Disbursing Agent at the direction of the Liquidating Trustee. Section 2.3 of the Plan provides that all requests for payment of an Administrative Claim, other than a Fee Claim, must be filed with the Bankruptcy Court and served on counsel for (i) the Debtors, (ii) the Notes Agent, (iii) the Creditors' Committee, and (iv) the Liquidation Trust no later than the Administrative Claim Bar Date, or else such Administrative Claim shall be barred or discharged.

5.2.2. Allowed Priority Tax Claims

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Allowed Priority Tax Claims are not classified and are not entitled to vote. The Debtors' Claims register and the docket in these Bankruptcy Cases reflects that approximately $361,480 in Priority Tax Claims have been filed. The Debtors have concluded that based upon current estimates, the maximum funding to be provided under the Plan into the SAP Reserve is sufficient to satisfy these Claims. Except to the extent that a holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a less favorable treatment, each holder of an Allowed Priority Tax Claim shall receive (a) a SAP Reserve Distribution of Cash from the SAP Reserve in an amount equal to such Allowed Priority Tax Claim on or as soon as practicable after the latest to occur of (i) the Effective Date; (ii) the first Business Day after the date that is ten (10) Business Days after the date such Priority Tax Claim becomes an Allowed Priority Tax Claim; and (iii) the date or dates agreed to by the Disbursing Agent and the holder of the Allowed Priority Tax Claim. All distributions on account of Allowed Priority Tax Claims shall be made by the Disbursing Agent at the direction of the Liquidating Trustee.

5.2.3. Class 1: Priority Claims

Priority Claims are classified as Class 1 under the Plan and are unimpaired and thus not entitled to vote to accept or reject the Plan. The Debtors' Claims register reflects that approximately $205,264 in Priority Claims have been filed. The Debtors have concluded that based upon current estimates, the maximum funding to be provided under the Plan into the SAP Reserve is sufficient to satisfy these Claims. Except to the extent that a holder of an Allowed Priority Claim agrees to a less favorable treatment of such Allowed Priority Claim, or such Allowed Priority Claim has been paid or otherwise satisfied, each holder of an Allowed Priority Claim shall receive a SAP Reserve Distribution of Cash in an amount equal to such Allowed Priority Claim on or as soon as practicable after the latest to occur of (i) the Effective Date; (ii) the first Business Day after the date that is ten (10) Business Days after the date such Claim becomes an Allowed Priority Claim; and (iii) the date or dates agreed to by the Liquidating Trustee and the holder of the Allowed Priority Claim.

5.2.4. Class 2: Other Secured Claims

Other Secured Claims are classified as Class 2 of the Plan. Class 2 Claims, if any, are unimpaired and are not entitled to vote to accept or reject the Plan. The ~~Plan constitutes an objection to the Allowance of any and all Other Secured Claims, and accordingly all Other Secured Claims are Contested Claims. The~~ Debtors' Claims register reflects ~~approximately $85,170,815 in~~ the only filed or scheduled Other Secured Claims~~, which consists entirely of~~ is a disputed Claim filed by ~~Tianjin Lishen~~Lishen Power Battery Systems Co., Ltd. ("Lishen") in the total amount of $82,977,606.05, a portion of which is alleged to be a secured claim to the extent of set off rights. The Claim relates to disputes set forth above in Section 4.4 of this Disclosure Statement and ~~besides the Claim having no merit,~~ the Debtors believe the Claim has no merit and there is no basis for it being classified in part as a Claim which is secured via set off. The Debtors have concluded that based upon current estimates, the maximum funding to be provided under the Plan into the SAP Reserve is sufficient to satisfy ~~these the~~ Other Secured Claims (~~which assumes that any Claim of Tianjin Lishen is not allowed as an Other Secured Claim~~the Claim of Lishen is asserted as a set off Claim, which the Debtors dispute). Except to the extent that a holder of an Allowed Other Secured Claim has been paid by the Debtors prior to the Effective Date or agrees to a less favorable classification and treatment, at the option of the Liquidating Trust in the exercise of its sole and absolute discretion, one of the following treatments shall be provided to each holder of an Allowed Other Secured Claim secured by a valid lien that is not subordinate to any liens securing the Claims of the Secured Parties: (a) the creditor holding such Allowed Other Secured Claim shall retain its lien on its collateral until such collateral is sold, and the proceeds of such sale, less costs and expenses of preserving and disposing of such collateral, shall be paid to such creditor in full satisfaction, release, and discharge of such allowed secured claim; (b) on or as soon as practicable after the later of (i) the Effective Date, or (ii) the date upon which the Bankruptcy Court enters a final order determining or allowing such Other Secured Claim, or as otherwise agreed between the creditor and the Liquidating Trust, the creditor holding such Allowed Other Secured Claim will receive a cash payment from the SAP Reserve equal to the amount of its Allowed Other Secured Claim in full satisfaction, release, and discharge of such secured claim; (c) the collateral securing such Allowed Other Secured Claim shall be abandoned to such creditor, in full satisfaction, release, and discharge of such secured claim; or (d) such other less favorable treatment agreed to by such creditor. Any portion of any secured claim that is not secured by collateral or the proceeds thereof shall constitute a General Unsecured Claim (as defined in the Approved Plan) to the extent it is allowed.~~The Plan constitutes an objection to the Allowance of any and all Other Secured Claims.~~

5.2.5. Deficiency Claims

Deficiency Claims relating to the Secured Parties Obligations are classified as Class 3 of the Plan. Class 3 Claims are impaired and are entitled to vote to accept or reject the Plan. The Deficiency Claims are Allowed Claims, not subject to offset, defenses, counterclaims, reductions or credit of any kind whatsoever. The Debtors estimate that there will be ~~$25,935,126~~ 63,024,583 (subject to verification by the Prepetition Secured Parties) in Deficiency Claims. The distributions made pursuant to the Plan on account of the Deficiency Claims held by RSA Lenders shall be made to the Purchaser, as the designee of the RSA Lenders. The holders of Deficiency Claims or their designees, as applicable, shall receive, on account of the Deficiency Claims, their Pro Rata share of the Lender Beneficial Interests and shall receive Liquidating Trust Distributions from the Liquidating Trust on account of such Deficiency Claims as set forth

in Section 6.4.9 of the Plan and the provisions of the Liquidating Trust Agreement. Distributions made in respect of the Lender Beneficial Interests shall be subject in all respects to the Intercreditor Agreement and the Liquidating Trust may make distributions directly to the Notes Agent, or as directed by the Notes Agent, for distribution in accordance with the Intercreditor Agreement. The treatment of the Deficiency Claims as provided herein shall be in full and final satisfaction of the Prepetition Secured Obligations.

The Liens held by the Notes Agent, Term Loan Agent or Second Term Loan Lender on the Collateral granted pursuant to the DIP Financing, the Notes, the Term Loan, the Second Term Loan or any other financing document shall be assigned to the Liquidating Trust on the Effective Date pursuant to Section 4.4 of the Plan.

5.2.6. General Unsecured Claims

General Unsecured Claims are classified as Class 4 of the Plan. Class 4 Claims are impaired and are entitled to vote to accept or reject the Plan. The Debtors ~~Clams~~ Claims register reflects approximately ~~$136,109,103~~ 219,000,000 in filed or scheduled General Unsecured Claims. The Debtors estimate that ultimately the total amount of Allowed General Unsecured Claims will be approximately $18,202,344 plus additional claims equal to $4.4 – 4.8 million (including the WARN Class Unsecured Non-Priority Claim ~~estimated to be equal to approximately $4.6 million~~).[13] All holders of Allowed General Unsecured Claims shall (including the WARN Class representative in its capacity as the holder of the WARN Class Unsecured Non-Priority Claim) receive their Pro Rata share of the GUC Beneficial Interests in the Liquidating Trust and receive Liquidating Trust Distributions in accordance with and pursuant to Section 6.4.9 of the Plan and the terms and provisions of the Liquidating Trust.

5.2.7. WARN Priority Claim

Upon the Court's approval of the WARN Settlement, the Allowed WARN Priority Claim shall be Allowed against Adoc Automotive, Inc. In addition, on the Effective Date, the Debtors shall satisfy the Allowed WARN Priority Claim in full by depositing $430,000 in cash into an escrow account (the "WARN Escrow Account") for the sole benefit of the WARN Class. Distributions shall be made from WARN Escrow Account to the WARN Class Members in the manner and amounts approved by the Court via separate motion; provided, that any legal fees, class fees or any other expenses of any kind or nature whatsoever incurred in connection with the creation or administration of the WARN Class or the WARN Escrow Account shall be payable exclusively from the WARN Escrow Account and not from any other property of the Debtors or any proceeds therefrom. The payment of the Allowed WARN Priority Claim into the WARN Escrow Account shall satisfy, release and conclusively resolve any and all Claims of the WARN Class Members and their respective agents and advisors, including legal advisors, against the Debtors under the WARN Act or any other federal, state or local law, and the Debtors shall have no further liability of any kind to the WARN Class Members on account of any such laws.

[13] The total amount of filed or scheduled Claims includes the disputed $82,977,606.05 Claim filed by Lishen, which is asserted as secured to the extent of alleged set off rights and the remainder as a General Unsecured Claim. The estimate of the total amount of Allowed General Unsecured Claims assumes this Claim will be disallowed.

As set forth in Section 4.14 above, the Debtors and counsel to Mr. Bulchak reached the WARN Settlement that will resolve all potential WARN claims against the Debtors and will result in the dismissal of the adversary proceeding commenced by Mr. Bulchak. Pursuant to the WARN Settlement, the Debtors and Mr. Bulchak will stipulate, for settlement purposes only, to the creation of a class pursuant to Rule 23 of the Federal Rules of Civil ~~Proceedure~~ Procedure consisting of all former employees of the Debtors that were involuntarily terminated by the Debtors on December 7, 2012 or April 12, 2013; provided that such employees had been employed by the Debtors on a full time basis for over 180 days prior to their applicable termination date. Upon Court approval of the WARN Settlement, the class shall receive for the benefit of the class members, an Allowed Priority Claim (the "WARN Class Priority Claim") in the amount of $430,000 against Adoc Automotive, Inc.. The WARN Class Priority Claim shall be satisfied on the Effective Date upon the Debtors' payment of $430,000 into an escrow account for the benefit of the class. Distributions form the escrow account to individual class members shall be made when and as approved by the Bankruptcy Court. All costs incurred in creating or administering the WARN Settlement, including the legal fees of legal counsel for the class and any fees incurred by the class representative shall be payable exclusively from such escrow account and from no other source. Potential class members may opt-out of the class as permitted by law, but such potential class members shall be entitled to no distributions from the Debtors or the Debtors' property unless such potential class members have filed a timely proof of claim asserting a Claim under the WARN Act or other applicable employment law.

Class 5 shall not be entitled to be entitled to vote on the Plan and all WARN Class Members shall be deemed unimpaired as a result of the WARN Settlement.

5.2.8. Equity Interests

Equity Interests are classified as Class 6 of the Plan. Class 6 ~~Intersts~~ Interests are impaired and are no entitled to vote on the Plan and are deemed to reject the Plan. On the Effective Date, all Equity Interests in Adoc Holdings shall be deemed cancelled and extinguished. The holders of Equity Interests will not receive any Liquidating Trust Distribution or any other distribution under the Plan, or be entitled to retain any property or interest in property, on account of such Equity Interests. Holders of Equity Interests shall not be required to surrender their certificates or other instruments evidencing ownership of such Equity Interests.

5.2.9. Subordinated Claims

Subordinated Claims are classified as Class 6 of the Plan. Class 6 Claims are impaired and are no entitled to vote on the Plan and are deemed to reject the Plan. Class 6 consists of any Claim which is subordinated pursuant to section 510(b) or 510(c) of the Bankruptcy Code, and shall include any Claim arising from the rescission of a purchase or sale of any Equity Interest, any Claim for damages arising from the purchase or sale of any Equity Interest, or any Claim for reimbursement, contribution, or indemnification on account of any such Claim. The holders of Subordinated Claims will not receive any Liquidating Trust Distribution, or be entitled to retain any property or interest in property, or any other distribution under the Plan, on account of such Subordinated Claims.

5.2.10. Distributions by Disbursing Agent or Liquidation Trustee

All SAP Distributions to holders of Allowed SAP Claims (Allowed Administrative Claims, Allowed Priority Claims, Allowed Priority Tax Claims and Allowed Other Secured Claims) under the Plan shall be made by the Disbursing Agent, at the direction of the Liquidation Trustee. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court.

All Liquidating Trust Distributions to holders of Lender Beneficial Interests and GUC Beneficial Interests shall be made by the Liquidating Trustee subject to and in accordance with Article VI of the Plan and the provisions of the Liquidating Trust Documents. The Liquidating Trustee shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court. The Disbursing Agent may be engaged by the Liquidating Trustee to make Liquidating Trust Distributions.

5.3 The Liquidating Trust

5.3.1. Execution of Liquidating Trust Agreement.

On or before the Effective Date, the Debtors, on their own behalf and on behalf of the beneficiaries, shall execute the Liquidating Trust Documents, in a form acceptable to the Creditors' Committee and the Required Noteholder Parties, each in the exercise of its sole and absolute discretion, and all other necessary steps shall be taken to establish the Liquidating Trust. Section 6.4 of the Plan sets forth certain of the rights, duties, and obligations of the Liquidating Trustee, individually, and the Liquidating Trust Board.

5.3.2. Purpose of Liquidating Trust.

The Liquidating Trust shall be established for the sole purpose of liquidating, monetizing and distributing the Liquidating Trust Assets for the benefit of the beneficiaries of the Liquidating Trust with no objective to continue or engage in the conduct of a trade or business. The Liquidating Trust shall be deemed to be a party in interest for purposes of contesting, settling or compromising objections to Claims or Causes of Action. In connection with the vesting and transfer of the Liquidating Trust Assets, including the Causes of Action, any attorney-client privilege, work-product protection or other privilege or immunity attaching to any documents or communications (whether written or oral) transferred to the Liquidating Trust shall vest in the Liquidating Trust. The Debtors, the Reorganized Debtors and the Liquidating Trustee are authorized to take all necessary actions to effectuate the transfer of such privileges, protections and immunities. Such transfer shall be treated, for federal income tax purposes, as a transfer of such assets directly to the beneficiaries of the Liquidating Trust, followed by the transfer of such assets by such beneficiaries to the Liquidating Trust.

5.3.3. Liquidating Trust Assets

The Liquidating Trust shall consist of the Liquidating Trust Assets, including Cash consisting of the Remaining Cash, the Automotive Share Escrow and any additional proceeds of the Automotive Share, SAP Residual Funds and Undeliverable Plan Distributions and the proceeds thereof, including the Liquidating Trust Recoveries. On the Effective Date,

subject to Section 6.4.6 of the Plan, the Debtors shall transfer all of the Liquidating Trust Assets to, and all such Liquidating Trust Assets shall vest in, the Liquidating Trust free and clear of all Liens, Claims, and encumbrances.

A key component of the Liquidating Trust Assets are the Causes of Action. Subject to any limitations provided in the Plan, the Causes of Action consist of any action, proceeding, agreement, claim, cause of action, controversy, demand, right, action, Lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, offset, power, privilege, license and franchise of any kind or character whatsoever, known or unknown, contingent or non-contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Petition Date, in contract or in tort, in law or in equity or pursuant to any other theory of law.

Subject to any limitations provided in the Plan, Causes of Action shall include, without limitation: (a) any right of setoff, counterclaim or recoupment and any claim on contracts or for breaches of duties imposed by law or in equity; (b) the right to object to Claims or Interests; (c) any claim pursuant to section 362 of the Bankruptcy Code; (d) any claim or defense including fraud, mistake, duress and usury and any other defenses set forth in section 558 of the Bankruptcy Code; (e) any state law fraudulent transfer claim; (f) any claim listed in the Plan Supplement; (g) Avoidance Actions; (h) commercial tort claims; (i) D&O Claims; (j) any Causes of Action against current or former Equity Interest holders of any Debtor, subject to the limitations set forth in the Plan including Sections 6.4.6 and 12.5 to the extent such current or former Equity Interest holders constitute Current Officers and Directors; and (k) any Causes of Action against Lishen Miles Power Battery System Co., Ltd. and Tianjin Lishen Battery Joint Stock Co., Ltd. and/or any affiliate thereof. For the avoidance of doubt, Causes of Action shall exclude the Excluded Causes of Action. Excluded Causes of Action consist of any Cause of Action sold to the Purchaser in accordance with the Sale Order and the Purchase Agreement, released in the DIP Order, Sale Order or in the Plan, or otherwise resolved by the Debtors' Estates prior to the Effective Date of the Plan.

Included in the Plan Supplement will be the Retained Action Schedule, a more detailed list of Claims and Causes of Action to be transferred to and retained and enforced by the Liquidating Trust.

5.3.4. Governance of Liquidating Trust.

The Liquidating Trust will be governed by the Liquidating Trust Board comprised of (i) the Notes-Appointed Board Member, the initial designation of whom shall be made by the Required Noteholder Parties; (ii) the GUC-Appointed Board Member, the initial designation of whom shall be made by the Creditors' Committee; and (iii) the Liquidating Trustee, the initial appointment of whom shall be made jointly by the Notes-Appointed Board Member and the GUC-Appointed Board Member. Subsequent appointments of Liquidating Trust Board Members shall be made in accordance with the provisions of the Liquidating Trust Documents. On matters related solely to distributions to the holders of Lender Beneficial Interests, including, but not limited to the timing of distributions of the Remaining Cash available for such holders, the Notes-Appointed Board Member, in consultation with the other board members, shall have

sole decision-making authority. On matters related solely to distributions to the holders of GUC Beneficial Interests, including, but not limited to the timing of distributions of Remaining Cash available for such holders, the GUC-Appointed Board Member, in consultation with the other Liquidating Trust Board members, shall have sole decision-making authority. On all other matters, including, but not limited to, matters with respect to the prosecution of Causes of Action transferred to the Liquidating Trust, any request for the Advance, the fixing of the Liquidating Trust Reserve and the distribution of proceeds of Causes of Action, decisions shall be made in accordance with the Plan and the Liquidating Trust Agreement following a majority vote of the three Liquidating Trust Board Members authorizing a specific action. The Notes-Appointed Board Member and the GUC-Appointed Board Member shall be responsible for determining the compensation arrangement for the Liquidating Trustee. The Liquidating Trust Agreement shall govern the removal of any Liquidating Trust Board Member and appointment of any successor Liquidating Trust Board Member. The Liquidating Trust Agreement shall contain details regarding the governance of the Liquidating Trust and composition of the Liquidating Trust Board. The Liquidating Trust Agreement shall specify that all Liquidating Trust Board members shall be U.S. persons.

5.3.5. Role of the Liquidating Trustee.

In furtherance of and consistent with the purpose of the Liquidating Trust and the Plan, the Liquidating Trustee, shall, subject to the terms of the Plan, and the Liquidating Trust Documents, (i) have the power and authority to hold, manage, sell, and distribute the Liquidating Trust Assets to the holders of Lender Beneficial Interests and GUC Beneficial Interests, (ii) have the power and authority to hold, manage, sell, and distribute Cash or non-Cash Liquidating Trust Assets obtained through the exercise of its power and authority, (iii) subject to Section 6.4.6 of the Plan, have the power and authority to investigate, assert, prosecute and resolve, in the names of the Debtors and/or the name of the Liquidating Trust, the Causes of Action pursuant to the direction of the Liquidating Trust Board, (iv) have the power and authority to perform such other functions as are provided in the Plan or Liquidating Trust Documents, and (v) have the power and authority to administer the closure of the Chapter 11 Cases. The Liquidating Trustee shall be responsible for all decisions and duties with respect to the Liquidating Trust and the Liquidating Trust Assets, subject to the terms of the Plan and the Liquidating Trust Documents. In all circumstances, the Liquidating Trustee shall act in the best interests of all beneficiaries of the Liquidating Trust and in furtherance of the purpose of the Liquidating Trust, as determined by the Liquidating Trustee in the ~~reaosonable~~ reasonable exercise of its discretion.

5.3.6. Limitations on Prosecuting Causes of Action. The Debtor, the Reorganized Debtor (if any), the Liquidating Trust, the Liquidating Trustee, any successor thereof and any other Debtor or estate representative or successor of any kind or nature whatsoever, shall be limited in its prosecution of Causes of Action as follows:

a. The Liquidating Trust may commence, prosecute and pursue Causes of Action against any and all Officers and Directors, including any D&O Claims; provided, that with respect to any such Causes of Action commenced against Current Officers and Directors, the Liquidating Trust, the Liquidating Trustee, any successor thereof and any other Debtor, Reorganized Debtor (if any), or estate representative or successor of any kind or nature whatsoever asserting or directly or indirectly benefiting from any such Causes of Action shall be

entitled to recover any judgment, settlement, or other proceeds arising from or related to any D&O Claimssuch Causes of Action against Current Officers and Directors only exclusively from the proceeds of the Debtors' director and officer insurance policies and from no other source. Neither the Liquidating Trust, the Liquidating Trustee, any successors thereof or any other Debtor, Reorganized Debtor (if any), or estate representative or successor of any kind or nature whatsoever shall for any reason whatsoever (a) execute upon any assets of the Current Officers and Directors, or (b) record or enforce any judgment against the Current Officers and Directors in connection any Causes of Action asserted against any such Current Officers and Directors.

b. Without the written consent of the Purchaser, the Liquidating Trust *shall not commence or pursue* any Cause of Action against any person identified by the Purchaser as being a customer, vendor, or supplier, of, to or with the Purchaser or as otherwise doing business with Purchaser as of the Effective Date, *but shall be permitted to commence or pursue* any Cause of Action against any person specifically identified on the Retained Action Schedule even if they are a customer, vendor, or supplier, of, to or with the Purchaser or are otherwise doing business with the Purchaser.

5.3.7. Liquidating Trust Recoveries. The Liquidating Trustee shall deposit Liquidating Trust Recoveries in the Liquidating Trust Account for distribution in accordance with Section 6.4.9 of the Plan and the Liquidating Trust Documents; provided, however, that the Liquidating Trust Recoveries may be surcharged as set forth in Section 6.4.9(e) of the Plan.

5.3.8. Cash. The Liquidating Trustee may invest Cash (including any earnings thereon or proceeds therefrom), provided, however, that such investments are investments permitted to be made by a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable IRS guidelines, rulings, or other controlling authorities.

5.3.9. Fees, Costs and Expenses of the Liquidating Trust.

a. Any and all fees, costs and expenses of the Liquidating Trust, including those of the Liquidating Trustee and any and all professionals retained by the Liquidating Trust shall be paid solely out of Liquidating Trust Assets.

b. The Liquidating Trustee shall be entitled to reasonable compensation subject to the terms and provisions of the Plan and the Liquidating Trust Documents (including disclosure of the Liquidating Trustee's compensation arrangements).

c. Subject to the terms and provisions of the Plan and the Liquidating Trust Documents, the Liquidating Trust may retain and reasonably compensate counsel and other professionals on such ordinary and customary and commercially reasonable terms as the Liquidating Trust deems appropriate without Bankruptcy Court approval. The Liquidating Trust may retain any professional who represented parties in interest in the Chapter 11 Cases.

d. If requested by the Liquidating Trust after (i) an affirmative majority vote of the three Liquidating Trust Board Members, and (ii) a representation by the Liquidating

Trustee that it reasonably anticipates that Net Proceeds from the remaining Causes of Action held by the Liquidating Trust will exceed $200,000, then the Purchaser shall advance up to $200,000 as a term loan, in as-needed installments, to the Liquidating Trust to finance the costs and expenses associated with prosecuting the Causes of Action transferred to the Liquidating Trust (the "**Advance**"). The Purchaser's undertaking to make the Advance is expressly made in reliance on the requirement that the Liquidating Trust repay the Advance pursuant to Section 6.4.10(c)(ii) of the Plan.

e. To the extent the available Liquidating Trust Assets available to the Liquidating Trust after making the distributions required in Section 6.4.10(b) and (c)(ii) of the Plan are insufficient to fund the prosecution of the Causes of Action or administer the Liquidating Trust, the Liquidating Trust may surcharge a portion of the distributable proceeds available after repayment of the Advance pursuant to Section 6.4.10(c)(ii) of the Plan to fund the Liquidating Trust Reserve. The amount of distributable proceeds used to fund the Liquidating Trust Reserve shall be determined by the Liquidating Trust Board as the amount reasonably necessary to fund the prosecution of the remaining Causes of Action to the extent that the Liquidating Trust Board first concludes that such Causes of Action are more likely than not to generate Net Proceeds in excess of the amount of the Liquidating Trust Reserve.

5.3.10. Distribution of the Liquidating Trust Assets.

The Liquidating Trustee shall distribute Liquidating Trust Assets in accordance with the Liquidating Trust Documents and the Liquidating Trust's governance mechanisms (and, with respect to distributions made in respect of the Lender Beneficial Interests, subject in all respects to the Intercreditor Agreement) and shall follow and be made in accordance with the following waterfall:

a. First, the first $500,000 in Remaining Cash shall be exclusively available for distribution to, or use for the benefit of, holders of GUC Beneficial Interests Pro Rata.

b. Second, with respect to the Remaining Cash in excess of $500,000, (i) two-thirds (2/3) of such excess shall be immediately distributed to Purchaser as a reduction of the purchase price paid for the Assets purchased under the Purchase Agreement and shall not in any event be subject to surcharge by the Liquidating Trust or otherwise used to fund the Liquidating Trust Reserve, and (ii) 1/3 of such excess shall be exclusively available for distribution to, or use for the benefit of, holders of GUC Beneficial Interests Pro Rata.

c. Third, Liquidating Trust Recoveries and the distribution of any other Liquidating Trust Assets (other than Remaining Cash) shall be distributed as follows:

(i) Until the Liquidating Trust Assets available for distribution to holders of GUC Beneficial Interests from all sources (including, the Remaining Cash, the Automotive Share and Liquidation Trust Recoveries), even if not actually distributed, exceed $775,000, all Liquidating Trust Recoveries shall be exclusively available for distribution to, or use for the benefit of, holders of GUC Beneficial Interests on a pro rata basis, and the holders of Lender Beneficial Interests shall not participate in any such distributions;

(ii) After the Liquidating Trust Assets available for distribution to the holders of GUC Beneficial Interests from all sources (including, the Remaining Cash, the Automotive Share and Liquidation Trust Recoveries) exceed $775,000, all remaining Liquidating Trust Recoveries shall be immediately distributed to Purchaser until the Advance has been repaid in full;

(iii) After the Liquidating Trust Assets available for distribution to the holders of GUC Beneficial Interests from all sources (including, the Remaining Cash, the Automotive Share and Liquidation Trust Recoveries) exceed $775,000, and the Advance has been repaid in full and no subsequent draws on the Advance may be made, then all further Litigation Trust Recoveries shall be available for distribution to, or use for the benefit of, Pro Rata, the holders of Lender Beneficial Interests and GUC Beneficial Interests. The distributions to the holders of Lender Beneficial Interests shall be made in the following order of priority, as applicable, first, the distribution allocable to any DIP Secured Party or any of its predecessors, successors, assignees or affiliates shall be distributed to FCO, as agent for the DIP Secured Parties until the Indemnification obligations set forth in Section 8.6 of the DIP Loan Agreement have been indefeasibly satisfied in full and in cash; then, second, the distribution allocable to any RSA Lender or any of its predecessors, successors, assignees or affiliates shall be distributed to Purchaser as the designee of each such Person until all obligations owed to each RSA Lender have been indefeasibly satisfied in full and in cash; and then, third, to each other holder of a Lender Deficiency Claim. The distributions to holders of Lender Deficiency Claims shall be made pursuant to the applicable provisions of the Intercreditor Agreement, which Intercreditor Agreement shall remain in full force and effect until the satisfaction in full and in cash of all Lender Deficiency Claims.

(iv) The distributions to FCO as agent for the DIP Secured Parties, Purchaser or any holder of a Lender Beneficial Interests shall not be delayed by or be contingent on the claims allowance process for determining holders of GUC Beneficial Interests and distributions to the Purchaser and holders of Lender Beneficial Interests shall be made as distributable funds become available.

(v) All of the Liquidating Trust Assets, except as otherwise provided above, may be used to immediately make distributions to the relevant beneficiaries or to fund the administration, prosecution or liquidation of other Liquidating Trust Assets as determined by the Liquidating Trust Board.

5.3.11. Time of Liquidating Trust Distributions. The timing of distributions not otherwise provided for in this Plan shall be set forth in the Liquidating Trust Documents.

5.3.12. Liquidating Trust Reserve. The Liquidating Trust Reserve shall consist of the Advance, if any, and any additional funding from a surcharge pursuant to Section 6.4.9(e) of the Plan, and shall be held in an account maintained by the Liquidating Trust to fund the prosecution of Causes of Action, the fees, costs and expenses of the Liquidating Trust and the Liquidating Trustee pursuant to the Plan and the Liquidating Trust Documents. Any amounts remaining in the Liquidating Trust Reserve, if any, upon termination or dissolution of the Liquidating Trust shall be distributed by the Liquidating Trustee to the holders of GUC

Beneficial Interests and Lender Beneficial Interests in accordance with Section 6.4.10 of the Plan.

5.3.13. Liability of Liquidating Trustee and Liquidating Trust Board Members. Neither the Liquidating Trustee, Liquidating Trust Board Members, nor any of its members or designees, nor any duly designated agent or representative of the Liquidating Trust Board Members, nor their respective employees, shall be liable for the act or omission of any other member, designee, agent, or representative of the Liquidating Trust Board Members, nor shall any member be liable for any act or omission to be taken or not taken in its capacity as a member of the Liquidating Trust Board Members, other than acts resulting from such member's willful misconduct or gross negligence.

5.3.14. Assumption of Debtors' Obligations Under Purchase Agreement by Liquidating Trust. The Liquidating Trust shall assume all of the Debtors' continuing obligations under the Sale Order and/or Purchase Agreement, including, without limitation, the obligation with respect to Purchaser, including without limitation, the Debtors' obligations under Section 5.14 of the Purchase Agreement. Furthermore, if after the Effective Date it is determined that any of the Assets transferred to the Liquidating Trust are Assets purchased by the Purchaser pursuant to the Sale Order or Purchase Agreement, the Liquidating Trust shall convey such Assets to the Purchaser in accordance with the terms of the Sale Order and/or Purchase Agreement.

5.3.15. Federal Income Tax Treatment of Liquidating Trust

a. Liquidating Trust Assets Treated as Owned by Certain Creditors.

b. For all federal income tax purposes, all parties (including the Debtors, the Liquidating Trustee, the holders of Deficiency Claims and the holders of General Unsecured Claims) shall treat the transfer of the Liquidating Trust Assets to the Liquidating Trust for the benefit of the holders of Allowed Claims, whether Allowed on or after the Effective Date, as (A) a transfer of the Liquidating Trust Assets directly to the holders of Allowed Claims in satisfaction of such Claims followed by (B) the transfer by such holders to the Liquidating Trust of the Liquidating Trust Assets in exchange for beneficial interests in the Liquidating Trust. Accordingly, the holders of such Claims shall be treated for federal income tax purposes as the grantors and owners of their respective shares of the Liquidating Trust Assets.

c. *Exemption from Transfer Taxes.* Pursuant to section 1146(a) of the Bankruptcy Code, the making or assignment of any lease or sublease, or the making or delivery of any instrument of transfer from a Debtor to the Liquidating Trust or any other Person pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment. Without limiting the foregoing, any issuance, transfer or exchange of a security or any making or delivery of an instrument of transfer pursuant to the Plan shall be exempt from the

imposition and payment of any and all transfer taxes (including but not limited to any and all stamp taxes or similar taxes and any interest, penalties and addition to the tax that may be required to be paid in connection with the consummation of the Plan and the Plan Documents) pursuant to sections 1146(a), 505(a), 106 and 1141 of the Bankruptcy Code.

d. *Tax Reporting.*

(i) The Liquidating Trustee shall file returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation section 1.671-4(a) and in accordance with Section 6.5.4 of the Plan. The Liquidating Trustee shall also annually send to each record holder of a beneficial interest a separate statement setting forth the holder's share of items of income, gain, loss, deduction, or credit and shall instruct all such holders to report such items on their federal income tax returns or to forward the appropriate information to the beneficial holders with instructions to report such items on their federal income tax returns. The Liquidating Trustee shall also file (or cause to be filed) any other statements, returns, or disclosures relating to the Liquidating Trust that are required by any Governmental Unit.

(ii) Allocations of Liquidating Trust taxable income shall be determined by reference to the manner in which an amount of Cash equal to such taxable income would be distributed (without regard to any restrictions on distributions described herein) if, immediately prior to such deemed distribution, the Liquidating Trust had distributed all of its other assets (valued for this purpose at their tax book value) to the holders of the Liquidating Trust interests, taking into account all prior and concurrent distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Liquidating Trust Assets. The tax book value of the Liquidating Trust Assets for this purpose shall equal their fair market value on the Effective Date, adjusted in accordance with tax accounting principles prescribed by the Internal Revenue Code, the Treasury Regulations and other applicable administrative and judicial authorities and pronouncements.

(iii) As soon as possible after the Effective Date, the Liquidating Trustee shall make a good faith valuation of the Liquidating Trust Assets. Such valuation shall be made available from time to time, to the extent relevant, and used consistently by all parties (including the Debtors, the Liquidating Trustee, and the holders of Allowed Deficiency Claims, and Allowed General Unsecured Claims) for all federal income tax ~~purposes.~~purposes. The Liquidating Trustee may request an expedited determination of taxes of the Liquidating Trust under section 505(b) of the Bankruptcy Code for all returns filed for, or on behalf of, the Liquidating Trust for all taxable periods through the dissolution of the Liquidating Trust. *Withholding.* In connection with the Plan and all distributions under the Plan, the Liquidating Trustee shall, to the extent applicable, comply with all tax withholding, payment, and reporting requirements imposed by any federal, state, provincial, local or foreign taxing authority, and all distributions under this Plan shall be subject to any such withholding, payment, and reporting documents as may be applicable. The Liquidating Trustee shall be authorized to take any and all actions that may be necessary or appropriate to comply with any such withholding, payment, and reporting requirements. All amounts properly withheld from distributions to a Holder as required by applicable law and paid over to the applicable taxing authority for the account of such Holder shall be treated as part of the distributions to such Holder. All entities holding

Claims shall be required to provide any information necessary to effect information reporting and withholding of such taxes.

e. *Disputed Ownership Fund.* The Plan permits the Liquidating Trustee to create separate reserves for disputed or contested Claims. The Liquidating Trustee may, at the Liquidating Trust's sole discretion, file a tax election to treat any such reserve as a Disputed Ownership Fund ("DOF") within the meaning of Treasury Regulation Section 1.468B-9 for United States federal income tax purposes rather than to tax such reserve as a part of the Liquidating Trust. If such an election were made, the Liquidating Trust shall comply with all United States federal and state tax reporting and tax compliance requirements as may be applicable to the DOF, including possibly, but not limited to, the filing of a separate United States federal income tax return for the DOF and the payment of United States federal and/or state income tax due.

5.4 Reservation of Rights, Discharges, Releases, Injunctions, and Exculpations

Except as otherwise provided in the Plan or the Confirmation Order (including in Section 6.4.6 of the Plan), or in any contract, instrument, release, indenture or other agreement entered into in connection with the Plan, and except with respect to the Debtor Releasees and Holder Releasees, in accordance with section 1123(b) of the Bankruptcy Code, the Liquidating Trustee shall reserve, retain and may enforce, sue on, settle, compromise, transfer or assign (or decline to do any of the foregoing) all Causes of Action. Except as otherwise expressly set forth herein (including in Section 6.4.6 of the Plan), nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or the relinquishment of any right or Causes of Action that the Debtors may have or which the Liquidating Trustee may choose to assert (subject to the Liquidating Trust governance provisions), under any provision of the Bankruptcy Code or any applicable nonbankruptcy law, including, any and all Claims against any Person, to the extent such Person asserts a cross-claim, counterclaim and/or Claim for setoff which seeks affirmative relief against any of the Debtors, their officers, directors or representatives. The Liquidating Trustee shall be deemed the appointed representative to, and may, except as otherwise provided in the Plan or the Confirmation Order (including in Section 6.4.6 of the Plan), pursue, litigate, compromise, settle, transfer or assign any such rights, claims, Causes of Action, suits or proceedings as appropriate, in accordance with the best interests of the Liquidating Trust and its beneficiaries.

5.4.1 *Satisfaction of Claims and Termination of Equity Interests.*

a. **Subject to the occurrence of the Effective Date, as of the Effective Date, except as provided in the Plan, all Persons (and any government, governmental agency or any subdivision, department or other instrumentality thereof) shall be precluded from asserting against property of the Estates or property of the Debtors and the Liquidating Trust, the Liquidating Trust, or their respective successors or property, any other or further Claims, debts, rights, Causes of Action, liabilities or Equity Interests based upon any act, omission, transaction or other activity of any kind or nature that occurred prior to the Petition Date.**

b. **No Person (and any government, governmental agency or any subdivision, department or other instrumentality thereof) holding a Claim may receive any payment from, or seek recourse or recovery against, any Assets that are to be distributed under the Plan, other than Assets required to be distributed to that Person (and any government, governmental agency or any subdivision, department or other instrumentality thereof) under the Plan.**

5.4.2. ***Term of Injunctions or Stays.***

a. **Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons (and any government, governmental agency or any subdivision, department or other instrumentality thereof) that hold, have held, or may hold a Claim or other debt or liability against the Debtors or an Equity Interest or other right of an equity security holder that is terminated pursuant to the terms of the Plan, are permanently enjoined from taking any of the following actions on account of, or on the basis of, such Claims, debts or liabilities, or terminated Equity Interest or rights (other than actions brought to enforce any rights or obligations under the Plan or the Confirmation Order): (i) commencing or continuing any action or other proceeding against the property of the Estates or property of the Debtors, the Liquidating Trust or their respective property; (ii) enforcing, attaching, collecting or recovering any judgment, award, decree or order against property of the Estates or property of the Debtors, the Liquidating Trust or their respective property; (iii) creating, perfecting or enforcing any Lien or encumbrance against property of the Estates or property of the Debtors, the Liquidating Trust or their respective property; (iv) asserting any setoff or right of subrogation of any kind against any debt, liability or obligation due the Estates or property of the Debtors, the Liquidating Trust or their respective property; and (v) commencing or continuing any judicial or administrative proceeding, in any forum, that does not comply with or is inconsistent with the provisions of the Plan.**

b. **All injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.**

5.4.3. ***Injunction Against Interference With Plan.*** **Upon the entry of the Confirmation Order all holders of Claims and Equity Interests and other parties in interest, along with their respective Related Persons shall be enjoined from taking any actions to interfere with the implementation or consummation of the Plan.**

5.4.4. ***Releases and Injunction Related to Releases.***

a. ***Releases by Debtors and Estates.*** **On the Effective Date, each of the Debtors, the Reorganized Debtors, and each Debtor's Estate conclusively, absolutely, unconditionally, irrevocably, and forever discharge and release and shall be deemed to have provided a full discharge and release to each of the DIP Secured Parties, Prepetition Secured Parties, Purchaser, FCO, the Creditors' Committee and each of its members in their capacity as members of the Creditors' Committee only, and each of the foregoing Persons' respective Related Persons (but expressly excluding them in any capacity as an**

equity holder of any of the Debtors) (each a "Debtor Releasee", collectively, the "Debtor Releasees") and their respective property from any and all claims, obligations, debts, rights, suits, damages, causes of action, remedies, and liabilities whatsoever (collectively, the "Debtor Released Claims"), including any derivative claims asserted or which could be asserted on behalf of any of the Debtors, each Debtor's Estate and/or the Reorganized Debtors, whether liquidated or unliquidated, known or unknown, foreseen or unforeseen, contingent or non-contingent, existing or arising, in law, equity, or otherwise, that the Debtors, each Debtor's Estate, the Reorganized Debtors, the Liquidating Trust, or their respective predecessors, successors or affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of the holder of any claim or interest or other Person, based on or relating to, or in any manner arising from, in whole or in part, the Debtors, each Debtor's Estate, the Reorganized Debtors, the Liquidating Trust, any non-Debtor affiliates, the Chapter 11 Cases, the Sale, the purchase or sale of any of the Debtors' Assets, the RSA, the Plan, the Purchase Agreement, the DIP Financing, Bridge Loan, Notes, Term Loan, or Second Term Loan (collectively, and each individual element thereof, the "Debtor Release"); provided, however, that the Release shall not operate to waive or release any claims, obligations, or causes of action of any Person seeking to enforce the terms of the Purchase Agreement, the Plan, or any other agreement entered into pursuant to or in connection therewith, nor shall the Release operate to waive or release any claims, obligations, or causes of action of any Person solely arising out of or relating to acts or omissions of any Person occurring after the Effective Date; provided further, however, that the Release provided for herein shall not release any Debtor Releasee specifically identified on the Retained Action Schedule from any Cause of Action identified on the Retained Action Schedule.

b. ***Releases by Holders of Claims and Interests.*** **Except as otherwise expressly provided in the Plan or the Confirmation Order, upon the Effective Date and effective simultaneously with substantial consummation of the Plan, each Person (a) that has voted to accept the Plan and has not opted out from granting the releases in Section 12.5.2 of the Plan or is deemed to have accepted the Plan (b) that has voted to reject the Plan but has opted to grant the releases in Section 12.5.2 of the Plan, or (c) who otherwise agrees to provide the releases set forth in Section 12.5.2 of the Plan, shall be deemed to have unconditionally released each and all of the Debtor Releasees and the Directors and Officers of the Debtors and Insiders of the Debtors (collectively, the "Holder Releasees") of and from any and all Claims, obligations, suits, judgments, damages, debts, rights, remedies, Causes of Action and liabilities of any nature whatsoever, whether known or unknown, foreseen or unforeseen, liquidated or unliquidated, matured or unmatured, existing or hereafter arising, in law, equity, or otherwise, that are or may be based in whole or in part upon any act, omission, transaction, event or other occurrence taking place or existing on or before the Effective Date that are in connection with the Debtors or any of them, or their respective assets, property and Estates, the Chapter 11 Cases or the Plan or the Disclosure Statement (collectively, the "Holder Released Claims").**

c. **[Reserved].**

d. ***Injunction Related to Releases.*** **Except as provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons who have held, hold or may hold**

Liens, Claims, liabilities or encumbrances against or Equity Interests in, any or all of the Debtors, along with their respective present or former employees, agents, officers, directors, or principals, or the Debtors' Assets are permanently enjoined, with respect to any such Liens, Claims, liabilities or encumbrances or Equity Interests, as of the Confirmation Date, but subject to the occurrence of the Effective Date, from: (a) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including any proceeding in a judicial, arbitral, administrative or other forum) against or affecting any Holder Releasees, the Liquidating Trust, Liquidating Trustee, any Liquidating Trust Board Member or any of their respective assets; (b) enforcing, levying, attaching (including any pre-judgment attachment), collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order against any Holder Releasees, the Liquidating Trust, the Liquidating Trustee, any Liquidating Trust Board Member or any of their respective assets (including, without limitation, the Liquidating Trust Assets); (c) creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance of any kind against the any Holder Releasees, the Liquidating Trust, the Liquidating Trustee, any Liquidating Trust Board Member or any of their respective assets (including, without limitation, the Liquidation Trust Assets); (d) acting or proceeding in any manner, in any place whatsoever, that does not conform to or comply with the provisions of the Plan to the full extent permitted by applicable law; (e) asserting any setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due any Debtor Releasee or any Holder Releasee or against their respective assets; and (f) 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, such as commencing or continuing in any manner any action or other proceeding of any kind with respect to any Claims and causes of action which are extinguished or released pursuant to the Plan; provided, however, that nothing contained herein shall preclude such Persons from exercising their rights arising under and consistent with the terms of the Plan.

e. ***Deemed Consent.*** **By voting to accept the Plan or accepting any Liquidating Trust Distributions under the Plan, and not opting out from granting the releases in Section 12.5.2 of the Plan, each holder of a Claim will be deemed, to the fullest extent permitted by applicable law, to have specifically consented to the exculpations, releases and injunctions set forth in the Plan.**

f. ***No Waiver.*** **Nothing in Section 12.5.1 shall be deemed to prevent the Liquidating Trust or any other duly appointed estate representative from asserting any Causes of Action against the Officers and Directors, subject at all times and in all respects to the limitations otherwise set forth in the Plan, including the limitations set forth in Section 6.4.6(a) expressly limiting recoveries in respect of Causes of Action against Current Officers and Directors to the proceeds of the Debtors available insurance. Nothing in Section 12.5.1 shall release or waive any estate Causes of Action, except for such Causes of Action against the Debtor Releasees. Subject to Section 6.4.6, all Causes of Action not released under Section 12.5.1 shall be expressly preserved as otherwise set forth in the Plan.**

5.4.5. ***Settlement of Claims and Causes of Action Between Debtors, Creditors' Committee and Secured Parties.*** **In accordance with section 1123(b)(3) of the Bankruptcy Code, the Plan provides for the settlement between the Debtors, Creditors' Committee and Secured Parties. These parties acknowledge and agree that the releases, exculpations and injunctions afforded the Debtor Releasees and the Holder Releasees pursuant to the terms and provisions of the Plan are (i) supported by consideration, (ii) integral parts of the settlement embodied in the Plan and (iii) necessary to the liquidation that is the subject of the Plan.**

5.4.6. ***Disallowed Claims and Disallowed Interests.*** **On and after the Effective Date, the Debtors and the Liquidating Trust shall be fully and finally discharged of any and all liability or obligation on a Disallowed Claim or a disallowed Equity Interest, and any Order disallowing a Claim or an Equity Interest which is not a Final Order as of the Effective Date solely because of any Person's right to move for reconsideration of such order pursuant to section 502 of the Bankruptcy Code or Bankruptcy Rule 3008 shall nevertheless become and be deemed to be a Final Order on the Effective Date. The Confirmation Order, except as otherwise provided herein, shall constitute an Order: (a) disallowing all Claims and Equity Interests to the extent such Claims and Equity Interests are not allowable under any provision of section 502 of the Bankruptcy Code, including, but not limited to, time-barred Claims and Equity Interests, and Claims for unmatured interest and (b) disallowing or subordinating to all other Claims, as the case may be, any Claims for penalties, punitive damages or any other damages not constituting compensatory damages.**

5.4.7. ***Exculpation.*** **Pursuant to section 1125(e) of the Bankruptcy Code, the CRO, the members of the Debtors' board of directors, each of the Debtors' officers who served in such capacity on and after the Petition Date and the Debtors' ~~professionals,~~professionals, the Committee members and the Committee's professionals (collectively, the "Exculpated Parties") shall not be liable for any Cause of Action arising in connection with or out of the administration of the Chapter 11 Cases, pursuit of 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 gross negligence or willful misconduct as determined by Final Order of the Bankruptcy Court; provided that this exculpation shall not apply to any D&O Claim asserted by the Liquidating Trust (and only the Liquidating Trust) against any Current Officers and Directors pursuant to Section 6.4.6 of the Plan, subject in all respects to the terms and conditions of the Plan, including any such terms and conditions set forth in Section 6.4.6 of the Plan limiting the collection of judgments against Current Officers and Directors to the proceeds of applicable insurance.**

5.4.8. ***Injunctions.*** **On the Effective Date and except as otherwise provided herein, all Persons who have been, are, or may be holders of Claims against or Equity Interests in the Debtors shall be permanently enjoined from taking any of the following actions against or affecting the Debtor Releasees, the Holder Releasees, property of the Estates or property of the Debtors, the Liquidating Trust Assets, the Liquidating Trustee, the Liquidating Trust Board Members or the current members of the Creditors' Committee, with respect to such Claims or Equity Interests (other than actions brought to enforce any rights or obligations under the Plan or the Confirmation Order):**

a. **commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind (including all suits, actions, and proceedings that are pending as of the Effective Date, which must be withdrawn or dismissed with prejudice);**

b. **enforcing, levying, attaching, collecting or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree or order;**

c. **creating, perfecting or otherwise enforcing in any manner, directly or indirectly, any encumbrance; and**

d. **asserting any setoff, right of subrogation or recoupment of any kind.**

5.4.9. ***Limitations on Actions Against Current Directors and Officers.*** **Notwithstanding anything in the Plan, neither the Liquidating Trustee nor any other Estate representative or successor thereof may assert any Cause of Action against any Current Officers and Directors, except as provided herein.**

5.5. Substantive Consolidation of Debtors For Plan Purposes Only

The Plan provides that entry of the Confirmation Order shall constitute the approval, pursuant to section 105(a) of the Bankruptcy Code, effective as of the Effective Date, of the substantive consolidation of the Chapter 11 Cases for certain purposes related to the Plan, including for purposes of voting, confirmation, and distribution. On and after the Effective Date: (i) no Plan Distributions shall be made under the Plan on account of the Intercompany Claims among the Debtors or on account of a Claim held by a non-Debtor Affiliate against a Debtor; (ii) all guarantees by any of the Debtors of the obligations of any other Debtor arising prior to the Effective Date shall be deemed eliminated so that any Claim against any Debtor and any guarantee thereof executed by any other Debtor and any joint and several liability of any of the Debtors shall be deemed to be one obligation of the deemed consolidated Debtors; and (iii) each and every Claim filed or to be filed in the Chapter 11 Cases shall be deemed filed against the consolidated Debtors and shall be deemed one Claim against and obligation of the deemed consolidated Debtors. Notwithstanding such substantive consolidation, however, U.S. Trustee Fees shall be due and payable by each individual Debtor until conversion or entry of a final decree for each applicable Debtor.

5.5.1. The substantive consolidation effected pursuant to Section 6.1 of the Plan shall not affect, without limitation, (i) the Debtors' or the Liquidation Trust's (x) defenses to any Claim or cause of action, including without limitation the ability to assert any counterclaim; (y) setoff or recoupment rights, or (z) requirements for any third party to establish mutuality prior to substantive consolidation in order to assert a right of setoff against the Debtors or the Liquidation Trust; or (ii) distributions to the Debtors' and/or the Liquidation Trust out of any insurance policies or proceeds of such policies.

5.5.2. This Disclosure Statement and the Plan shall be deemed to be a motion requesting that the Bankruptcy Court approve the substantive consolidation provided for in the

Plan. Unless an objection to the proposed substantive consolidation is made in writing by any creditor purportedly affected by such substantive consolidation on or before the deadline to object to confirmation of the Plan, or such other date as may be fixed by the Bankruptcy Court, the substantive consolidation proposed by the Plan may be approved by the Bankruptcy Court at the Confirmation Hearing. In the event any such objections are timely filed, a hearing with respect thereto shall be scheduled by the Bankruptcy Court, which hearing may, but need not, be the Confirmation Hearing.

5.5.3. The Debtors believe that substantive consolidation is in the best interests of the Debtors' estates and the holders of Allowed Claims under the Plan. Substantive consolidation of the Debtors for Plan purposes will avoid unnecessary administrative costs from administering the Plan for each individual Debtor. According to the Third Circuit Court of Appeals, absent consent, the two factors to be considered with respect to substantive consolidation are whether: "(1) prepetition[the debtors] disregarded separateness so significantly their creditors relied on the breakdown of entity borders and treated them as one legal entity, or (2) postpetition [the debtors'] assets and liabilities are so scrambled that separating them is prohibitive and hurts all creditors". In re Owens Corning, 419 F.3d 195, 211 (3d Cir. 2005). The Third Circuit also stated: "the benefit [of consolidation] to creditors should be from cost savings that make assets available rather than from the shifting of assets to benefit one group of creditors at the expense of another." Id. at 214. The Debtors believe they can meet the standard for substantive consolidation and it is appropriate under the Plan. In the event the Bankruptcy Court determines that substantive consolidation of the Debtors is not appropriate, the Debtors may request that the Bankruptcy Court otherwise confirm the Plan and the treatment of and distribution to the different Classes under the Plan on a Debtor-by-Debtor basis. Furthermore, the Debtors reserve their right under the Plan to seek confirmation of the Plan without implementing substantive consolidation, and to request that the Bankruptcy Court approve the treatment of and distribution to the different Classes under the Plan on a Debtor-by-Debtor basis.

5.6 Risk Factors

There can be no assurance that the Plan as proposed will be approved by the requisite number of holders or amounts of Claims in the applicable Class(es) or by the Bankruptcy Court. Similarly, in the event that any impaired Class or Classes vote(s) to reject the Plan, there can be no assurance that the Debtors will be able to obtain confirmation of the Plan under the "cram-down" provisions of Bankruptcy Code §1129(b).

Lishen has filed a Claim in the amount of $82,977,606.05, a portion of which is alleged to be a secured claim to the extent of set off rights, and the remainder a General Unsecured Claim. The Debtors dispute this Claim in its entirety. However, to the extent the Claim is allowed in whole or in part, it could impact the relative recoveries of other General Unsecured Claims.

In the event the Plan is not confirmed within the exclusive time period allotted by Bankruptcy Code § 1121, as extended by orders of the Bankruptcy Court, for the Debtors to propose the Plan and solicit votes thereon, any other party-in-interest may propose a plan of reorganization, and subsequent plans may be proposed and approved by the requisite

majorities and be confirmed by the Bankruptcy Court. Notwithstanding Bankruptcy Court approval, it is possible that the plan may not be consummated because of the other factors including, without limitation, in the event the Bankruptcy Court does not approve the WARN Settlement or there is insufficient funding to consummate the Plan.

The confirmation and effectiveness of the Plan are also subject to certain conditions. For a more detailed discussion of these conditions. See Plan Sections 11.1, 11.2. There can be no assurance that these conditions to confirmation and effectiveness of the Plan will be satisfied or, if not satisfied, that the Debtors or any other parties required to do so will waive such conditions. Therefore, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that it will subsequently be consummated. Furthermore, there can be no assurance that modifications of the Plan will not be required for its confirmation or that such modifications would not require resolicitation of acceptances from one or more Classes of impaired claims and equity interests.

ARTICLE VI.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF CLAIMS AND EQUITY INTERESTS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL INCOME TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY HOLDERS OF CLAIMS AND EQUITY INTERESTS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS OF CLAIMS AND EQUITY INTERESTS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS PART OF A DISCLOSURE STATEMENT THAT MAY BE DEEMED TO CONSTITUTE A DOCUMENT BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTOR OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

The following discussion summarizes certain United States federal income tax consequences of the implementation of the Plan to the Debtors and certain holders of Claims and Equity Interests.

The following summary is based on the Internal Revenue Code, Treasury Regulations promulgated and proposed thereunder, judicial decisions, and published administrative rules and pronouncements of the IRS as in effect on the date hereof. Changes in such rules or new interpretations thereof could significantly affect the United States federal income tax consequences described below and may have retroactive effect.

The United States federal income tax consequences of the Plan are complex and are subject to significant uncertainties. The Debtors have not requested a ruling from the IRS or an opinion of counsel with respect to any of the tax aspects of the Plan. Thus, no assurance can be given as to any interpretation that the IRS will adopt with respect to matters relating to the Plan. In addition, this summary does not address foreign, state, or local tax consequences of the Plan, nor does it purport to address the United States federal income tax consequences of the Plan to special classes of taxpayers (e.g., banks and certain other financial institutions, governmental entities and entities exercising governmental authority, insurance companies, tax-exempt entities, real estate investment trusts, regulated investment companies, passive foreign investment companies, controlled foreign corporations, holders of Claims and Equity Interests who are (or who hold their Claims through) pass-through entities (such as partnerships, limited liability companies treated as partnerships for income tax purposes, S corporations, and certain types of trusts), persons whose functional currency is not the United States dollar, persons who are non-U.S. persons, dealers in securities or foreign currency, persons who acquired a debt obligation of the Debtor in connection with the performance of services, and persons holding claims that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale or conversion transaction). The following discussion assumes that holders of Claims and Equity Interests hold their Claims and/or Equity Interests as capital assets for United States federal income tax purposes. Furthermore, the following discussion does not address any United States federal taxes other than income taxes.

6.1 Consequences to Debtors

The Debtors will recognize gain or loss equal to the difference's, if any, between the fair market value of each of the Liquidating Trust Assets and the adjusted tax basis of such Liquidating Trust Assets. The Debtors anticipate that any net gain resulting from the transfer of each of the Liquidating Trust Assets will be offset by the tax attributes available to the Debtors, such as net operating losses, capital loss carry-forwards, bad debt deductions, asset basis, or other deductions from, or offsets to, income. The Debtors may, however, recognize some alternative minimum tax as a result of the transfer of the Liquidating Trust Assets. Any such tax will be paid by the Debtors or the Liquidating Trust to the IRS.

The determination on, among other things, the Debtors' assumptions concerning the fair market value of the Liquidating Trust Assets and the nature and magnitude of their respective tax attributes. Although the Debtors believe any such assumptions would be reasonable and appropriate, the IRS may challenge one or more of those assumptions, and if the IRS were to prevail in any such challenge, the Debtors' Estates could be subject to a tax liability that might be allowed as an Administrative Claim. Such an Allowed Administrative Claim would reduce the funds available to administrative and other creditors.

6.2 Consequences to Holders of Other Secured Claims, and General Unsecured Claims

The Debtors believe that the Plan should be treated as a plan of liquidation for United States federal income tax purposes because the Liquidating Trust is being created solely

for the purpose of litigating the Estate Causes of Action and winding up the Debtors' affairs (including, but not limited to, resolving any outstanding Administrative and Priority Claims or Contested Claims). The Liquidating Trust has no objective to continue or engage in the conduct of a trade or business.

6.2.1. Gain or Loss.

For all United States federal income tax purposes, all parties must treat the transfer of the Liquidating Trust Assets to the Liquidating Trust as (i) a transfer of the Liquidating Trust Assets to the beneficiaries of the Liquidating Trust followed by (ii) a transfer of such Liquidating Trust Assets by such beneficiaries to the Liquidating Trust, with the beneficiaries being treated as the grantors and owners of their shares of the Liquidating Trust. In general, a holder of an Allowed Other Secured Claim or an Allowed General Unsecured Claim will recognize gain or loss in an amount equal to the difference between (i) the "amount realized" by the holder in satisfaction of its Claim (other than any Claim for accrued but unpaid interest) and (ii) such holder's adjusted tax basis in such Claim (other than any Claim representing accrued but unpaid interest). For a discussion of the United States federal income tax treatment of any Claim for accrued but unpaid interest, *see* "Allocation of Plan Distributions between Principal and Interest," Section 6.2.2 below.

In general, the "amount realized" by a holder will equal the sum of (a) the amount of any Cash received by such holder (excluding any portion required to be treated as imputed interest due to the post-Effective Date distribution of such Cash, as discussed below) and (b) the fair market value of its undivided interest in the other underlying assets of the Liquidating Trust (subject to any liabilities assumed by the Liquidating Trust or to which such Liquidating Trust Assets are subject) on the Effective Date. A holder that is deemed to receive for United States federal income tax purposes the Liquidating Trust Assets under the Plan in respect of its Claim should generally have a tax basis in such Liquidating Trust Assets in an amount equal to the fair market value of such Liquidating Trust Assets on the date of receipt.

Any amount a holder receives following the Effective Date as a distribution in respect of an interest in the Liquidating Trust should not be included for United States federal income tax purposes in the holder's amount realized in respect of its Allowed Claim but should be separately treated as a distribution received in respect of such holder's interest in the Liquidating Trust, and, therefore, could result in a taxable event at that time. *See* "Tax Treatment of the Liquidating Trust and Holders of Beneficial Interests," Section 6.3 below.

Where gain or loss is recognized by a holder in respect of its Allowed Other Secured Claim, or Allowed General Unsecured Claim, the character of such gain or loss (as long-term or short-term capital, or ordinary) will be determined by a number of factors, including the tax status of the holder, whether the Claim in respect of which any property was received constituted a capital asset in the hands of the holder and how long it had been held, the manner in which a holder acquired such Claim, whether such Claim is an installment obligation for United States federal income tax purposes, whether such Claim was originally issued at a discount or acquired at a market discount, and whether and to what extent the holder had previously claimed a bad debt deduction in respect of such Claim.

Pursuant to the Plan, the Liquidating Trustee will make a good faith valuation of the Liquidating Trust Assets, and all parties must consistently use such valuation for all United States federal income tax purposes. The valuation will be made available as necessary for tax reporting purposes (on an asset-by-asset or aggregate basis, as relevant).

6.2.2. Distributions in Discharge of Accrued Interest.

Pursuant to the Plan, all distributions in respect of a Claim will be allocated first to the principal amount of the Claim (as determined for United States federal income tax purposes), with any excess allocated to the portion of the Claim representing any accrued but unpaid interest. However, there is no assurance that such allocation would be respected by the IRS for United States federal income tax purposes. In general, to the extent any amount received (whether stock, cash or other property) by a holder of a debt is received in satisfaction of accrued interest during its holding period, such amount will be taxable to the holder as interest income (if not previously included in the holder's gross income). Conversely, a holder generally recognizes a deductible loss to the extent any accrued interest claimed was previously included in its gross income and is not paid in full. Such loss may be ordinary, but the tax law is unclear on this point. Each holder of a Claim is urged to consult its tax advisor regarding the allocation of consideration and the deductibility for United States federal income tax purposes of a worthless or partially worthless claim for accrued but unpaid interest.

6.2.3. Information Reporting and Withholding.

All distributions to holders of Allowed Claims under the Plan are subject to any applicable withholding (including employment tax withholding). Under United States federal income tax law, interest, dividends, and other reportable payments may, under certain circumstances, be subject to "backup withholding" at the then-applicable rate. Backup withholding generally applies if the holder (a) fails to furnish its social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN or fails to certify same when required, (c) is notified by the IRS that it failed to properly report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is a United States person that is not subject to backup withholding. Backup withholding is not an additional tax but merely an advance payment, which may be refunded to the extent it results in an overpayment of tax. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions.

Notwithstanding any other provision of the Plan, (a) each holder of an Allowed Claim that is to receive a Plan Distribution shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such Plan Distribution, and (b) no Plan Distribution shall be made to or on behalf of such holder pursuant to the Plan unless and until such Holder has made arrangements satisfactory to the Liquidating Trustee for the payment and satisfaction of such withholding tax obligations or such tax obligation that would be imposed upon the Liquidating Trustee in connection with such Plan Distribution. Any property to be distributed pursuant to the Plan shall, pending the implementation of such arrangements, be treated as an Undeliverable Plan Distribution under the Plan.

In addition, Treasury Regulations require disclosure by a taxpayer on its United States federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, the following: (a) certain transactions that result in the taxpayer claiming a loss in excess of specified thresholds; and (b) certain transactions in which the taxpayer's book-tax differences exceed a specified threshold in any tax year. These categories are very broad; however, there are numerous exceptions. Holders are urged to consult their tax advisors regarding these regulations and whether the transactions contemplated by the Plan would be subject to these regulations and require disclosure on the holders' tax returns.

6.3 Tax Treatment of the Liquidating Trust and Holders of Beneficial Interests.

Upon the Effective Date, the Liquidating Trust shall be established for the benefit of holders of Allowed Other Secured Claims and Allowed General Unsecured Claims, whether Allowed on or after the Effective Date.

6.3.1. Classification of the Liquidating Trust.

The Liquidating Trust is intended to qualify as a liquidating trust for United States federal income tax purposes. In general, a liquidating trust is not a separate taxable entity but rather is treated for United States federal income tax purposes as a grantor trust, which is generally disregarded as an entity separate from its owners. In the case of a grantor trust having multiple grantors, such as the a liquidating trust, the grantors are each considered to own a proportionate share of the assets of the liquidating trust.

However, merely establishing a trust as a liquidating trust does not ensure that it will be treated as a grantor trust for United States federal income tax purposes, The IRS, in Revenue Procedure 94-45, 1994-2 C.B. 684, set forth the general criteria for obtaining an IRS ruling as to the grantor trust status of a liquidating trust under a chapter 11 plan. The Liquidating Trust has been structured with the intention of complying with such general criteria. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties (including the Debtors, the Liquidating Trustee, and holders of Other Secured Claims and General Unsecured Claims) are required to treat, for United States federal income tax purposes, the Liquidating Trust as a grantor trust of which the holders of beneficial interests are the grantors and owners. The following discussion assumes that the Liquidating Trust will be so treated for United States federal income tax purposes. However, no ruling has been or will be sought from the IRS and no opinion of counsel has been or will be requested concerning the tax status of the Liquidating Trust as a grantor trust. Accordingly, there can be no assurance that the IRS would not take a contrary position. Were the IRS successfully to challenge such classification, the United States federal income tax consequences to the Liquidating Trust, the holders of Other Secured Claims and General Unsecured Claims, and the Debtors could vary from those discussed herein (including the potential for an entity level tax on any income of the Liquidating Trust).

6.3.2. General Tax Reporting by the Trust and Beneficiaries.

For all United States federal income tax purposes, all parties (including the Debtors, the Liquidating Trustee, and the holders of Other Secured Claims and General Unsecured Claims) must treat the transfer of Liquidating Trust Assets to the Liquidating Trust as a transfer of such assets directly to the holders, followed by the transfer of such assets by the holders to the Liquidating Trust. Consistent therewith, all parties must treat the Liquidating Trust as a grantor trust of which the holders of beneficial interests are the grantors and owners, each as to their respective shares of the Liquidating Trust Assets. Thus, such holders (and any subsequent holders of interests in the Liquidating Trust) will be treated as the direct owners of an undivided interest in the assets of the Liquidating Trust for all United States federal income tax purposes. Pursuant to the Plan, the Liquidating Trust will determine the fair market value of the assets of the Liquidating Trust as of the Effective Date, and all parties, including the holders, must consistently use such valuation for all United States federal income tax purposes, such as in the determination of gain, loss, and tax basis. The valuation will be made available as necessary for tax reporting purposes (on an asset-by-asset or aggregate basis, as relevant).

Accordingly, each holder will be required to report on its United States federal income tax return its allocable share of any income, gain, loss, deduction, or credit recognized or incurred by the Liquidating Trust. The character of items of income, gain, loss, deduction, and credit to any holder and the ability of such holder to benefit from any deductions or losses will depend on the particular situation of such holder.

The United States federal income tax reporting obligations of a holder are not dependent upon the Liquidating Trust distributing any cash or other proceeds. Rather, the Liquidating Trust will be treated in a manner similar to a so-called "pass-through" entity, such as a partnership, in which the income, gain, loss, deduction and credit items of the entity are taken into account at the owner/partner/grantor/beneficiary level, irrespective of whether or not any distributions to such persons have been made. Therefore, a holder may incur a United States federal income tax liability with respect to its allocable share of the income of the Liquidating Trust even if the Liquidating Trust has not made a concurrent (or any) distribution to the holder. In general, a distribution of Cash by the Liquidating Trust to a holder will not be taxable to the holder because such holder is regarded for United States federal income tax purposes as already owning the underlying assets or realizing the income that may have given rise to the Cash distribution; however, it is possible that a holder may recognize additional income or loss to the extent that the amount of payments received from the Liquidating Trust differs from the amount determined to be its pro rata share of the fair market value of the assets transferred to the Liquidating Trust by the Debtors.

The Liquidating Trustee will file with the IRS returns for the Liquidating Trust as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a). The Liquidating Trustee will also send to each record holder a separate statement setting forth the information necessary for such holder to determine its share of items of income, gain, loss, deduction, or credit and will instruct the holder to report such items on its United States federal income tax return or to forward the appropriate information to the beneficial holders with instructions to report such items on their United States federal income tax returns. Such items generally would be reported on the holder's state and/or local tax returns in a similar manner, depending, of course, on the tax

laws of any relevant jurisdiction, such as what is deemed to constitute taxable income in such jurisdiction.

6.3.3. Allocation of Taxable Income and Loss.

The Plan provides that allocations of Liquidating Trust taxable income shall be determined by reference to the manner in which an amount of Cash equal to such taxable income would be distributed (without regard to any restrictions on distributions described herein or in the Plan) if, immediately prior to such deemed distribution, the Liquidating Trust had distributed all of its other assets (valued for this purpose at their tax book value) to the holders of interests in the Liquidating Trust, taking into account all prior and concurrent distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust will be allocated by reference to the manner in which an economic loss would be borne immediately after a liquidating distribution of the remaining Liquidating Trust Assets. The tax book value of the Liquidating Trust Assets for this purpose will equal their fair market value on the Effective Date, adjusted in accordance with tax accounting principles prescribed by the Internal Revenue Code, regulations promulgated thereunder and any other applicable administrative and judicial authorities and pronouncements.

6.3.4 Reserves that may be Established by the Liquidating Trust.

A portion of the Assets transferred to the Liquidating Trust will be attributable to disputed or contested Claims. The tax treatment of such transfers of assets generally will be the same as the tax treatment of transfers of assets with respect to Allowed Claims. The Liquidating Trustee, however, may create one or more reserve accounts for the assets held on account of disputed Claims. In general, amounts earned by an escrow account, settlement fund or similar fund must be subject to tax on a current basis. Although the U.S. Treasury Department has issued certain Treasury Regulations addressing the tax treatment of such funds, the U.S. Treasury Department has not issued Treasury Regulations to address the tax treatment of such funds in a bankruptcy context. Accordingly, the proper tax treatment of such funds, and the extent to which a reserve established by the Liquidating Trustee would be treated as such a fund, is uncertain. Depending on the facts and the relevant law, such funds may be treated in a variety of ways; for example, as grantor trusts as to debtors, grantor trusts as to claimholders, or as trusts subject to an entity-level tax. Except as described below, the Debtors intend to treat the assets held in any reserve established by the Liquidating Trustee on account of disputed Claims as having been transferred to the Liquidating Trust by the holders of such disputed Claims, and the holders of the Disputed Claims as grantors and owners of the Liquidating Trust.

Under the Plan, the Liquidating Trust may be allowed, for United States federal income tax purposes, to treat an account, trust, fund or reserve that holds assets to satisfy the disputed Claims as a Disputed Ownership Fund ("DOF") taxable under Internal Revenue Code Section 468B and Treasury Regulation Section 1.468B-9. If the Liquidating Trustee were to file an election to treat a reserve as a DOF, then the DOF would be treated as a separate taxable entity for United States federal income tax purposes, and would be required to file tax returns and pay any tax due on income earned or gain recognized, including that which was attributable to the assets held in the reserve with respect to which the DOF election was made. Any tax liability of the DOF will reduce the distributions to certain holders. For purposes of determining

the DOF's United States federal income tax liability, a DOF would not be required to report as income transfers of assets to the DOF, but would be required to include in income all income received or accrued from assets transferred to the DOF. The DOF would not be allowed a tax deduction for a distribution of assets or of the net after-tax income earned by the DOF to a holder. The initial tax basis of assets transferred to a DOF would be the fair market value of the assets determined on the date of transfer to the DOF, and the DOF's holding period would begin on the date of the transfer.

No assurance can be given that the IRS would accept a DOF election made by the Liquidating Trustee with respect to a reserve. If the IRS were to successfully reject a DOF election, the reserve with respect to which the DOF election was made would, in general, be subject to the rules described above.

6.4 Tax Treatment of the Holders of Equity Interests in Coda Holdings

In accordance with the Plan, holders of Equity Interests in Coda Holdings will not receive any recovery under the Plan. A holder of an Equity Interest in Coda Holdings will generally recognize a loss in an amount equal to such holder's adjusted tax basis in such Equity Interest in Coda Holdings. Capital losses are subject to various limitations under the Internal Revenue Code.

6.5 Importance of Obtaining Professional Tax Assistance

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN POTENTIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND CERTAIN TRANSACTIONS THAT ARE CARRIED OUT PURSUANT THERETO AND THE IMPLEMENTATION OF THE TERMS THEREOF, AND IS NOT A SUBSTITUTE FOR CONSULTATION AND CAREFUL TAX PLANNING AND CONSULTATION WITH A TAX PROFESSIONAL OF YOUR CHOOSING. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT INTENDED TO BE, NOR DOES IT CONSTITUTE TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER OF A CLAIM'S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS OF CLAIMS AND EQUITY INTERESTS, AND OTHERS WHO MAY BE AFFECTED BY THE PLAN, ARE CAUTIONED TO NOT RELY ON THE CONTENTS OF THIS MATERIAL AS TO THE POTENTIAL TAX CONSEQUENCES TO THEM SPECIFICALLY, AND ARE URGED TO CONSULT THEIR OWN TAX ADVISERS ABOUT THE UNITED STATES FEDERAL, STATE, LOCAL AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN AND ANY TRANSACTIONS ENTERED INTO IN CONNECTION THEREWITH.

ARTICLE VII.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed and consummated, the Debtors' alternatives include (i) seeking a liquidation of the Debtors under chapter 7 of the Bankruptcy Code or dismissal of the Chapter 11 Cases, or (ii) the preparation and presentation of an alternative chapter 11 plan.

7.1 Liquidation under Chapter 7 or dismissal.

If the Plan is not confirmed, the Estates will lack sufficient funds to continue the Chapter 11 Cases, and they could be converted to cases under chapter 7 of the Bankruptcy Code in which a trustee would be elected or appointed to liquidate and distribute the Debtors' Assets to creditors in accordance with the priorities established by the Bankruptcy Code. In addition, the Debtors believe that liquidation under chapter 7 would result in smaller distributions being made to creditors than those provided for under the Plan because of (i) the increased costs and expenses under chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisers to such trustee, (ii) the time required to make distributions in a chapter 7 case, and (iii) because the Estates would not be consensually substantively consolidated for purposes of realizing on available assets and then making distributions to creditors which are primarily situated at ADOC Automotive. Alternatively, the Debtors could seek to dismiss the Chapter 11 Cases. However, the Debtors believe that recoveries to certain creditors would be meaningless if the cases were dismissed. Moreover, they believe that obtaining Bankruptcy Court approval of a structured dismissal could be difficult to achieve.

Accordingly, the Debtors have determined that confirmation of the Plan will provide each holder of an Allowed Claim with a recovery that is not less than the amount such holder would receive pursuant to liquidation of the Debtors under chapter 7 of the Bankruptcy Code.

7.2 Alternative Chapter 11 Plan.

If the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate a different chapter 11 plan. Alternatives to the Plan include not seeking to substantively consolidate the Debtors' and proposing less favorable treatment for creditors of certain debtors. If an alternative plan is pursued, creditors would lose the benefits of the Plan Settlement. Accordingly, the Debtors believe that the Plan enables creditors to realize the highest recoveries under the circumstances.

ARTICLE VIII.

CONCLUSION

The Debtors urge holders of impaired Claims entitled to vote to accept the Plan and to evidence such acceptance by returning their ballots so that they will be received on or before the Voting Deadline.

Dated: Wilmington, Delaware
September __, 2013

Respectfully submitted,

Adoc Holdings, Inc. and its Affiliated Debtors and Debtors in Possession

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EXHIBIT A

Plan of Liquidation of Adoc Holdings, Inc. and its Affiliated Debtors

EXHIBIT B

Disclosure Statement Order

EXHIBIT C

Liquidation Analysis

EXHIBIT D

Claims Summary