

THIS PROPOSED DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE COURT.

**UNITED STATES BANKRUPTCY COURT
NORTHERN DISTRICT OF INDIANA
SOUTH BEND DIVISION**

In re:)	Chapter 11
)	
COLDWATER PORTFOLIO PARTNERS, LLC,)	Case No. 12-31182
)	
Debtor)	Honorable Harry C. Dees, Jr.

**DISCLOSURE STATEMENT FOR JOINT CHAPTER 11 PLAN
PROPOSED BY THE DEBTOR AND THE LENDERS**

Dated: May 30, 2013

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DISCLAIMER

The purpose of this disclosure statement ("Disclosure Statement") is to provide the creditors of Coldwater Portfolio Partners, LLC ("Debtor") with sufficient information to allow them to make a decision to accept or reject the proposed Chapter 11 Joint Plan (the "Joint Plan") that accompanies this Disclosure Statement and was jointly filed by the Debtor and U.S. Bank National Association, as Successor Trustee for GS Mortgage Securities Corporation II, Commercial Mortgage Pass-Through Certificates, Series 2006-G G6 and RBS Financial Products, Inc. (the "Lenders"), secured creditors in this chapter 11 case (the "Case"). The Joint Plan is proposed cooperatively by the Debtor and the Lenders (the "Proponents").

This Disclosure Statement describes, among other things, the financial affairs of Debtor, including assets of and Claims against Debtor; the events that led to the commencement of the Case; a summary of the proceedings in the Case to date; and a description of the process proposed by the Joint Plan for the sale and disposition of Estate Property and satisfaction of Creditor Claims.

A copy of the proposed Joint Plan is attached to this Disclosure Statement as "Exhibit 1". Words and phrases that are not proper names but that are capitalized in this Disclosure Statement, if not otherwise defined in the Disclosure Statement, are defined in Article II of the Plan.

PLEASE BE ADVISED OF THE FOLLOWING:

1. THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, AND CERTAIN FINANCIAL INFORMATION. SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE JOINT PLAN OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS FROM THE SCHEDULES FILED BY DEBTOR IN THE CASE, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED.

2. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS FOR THE PURPOSE OF SOLICITING ACCEPTANCES OF THE JOINT PLAN AND MAY NOT BE RELIED UPON FOR ANY OTHER PURPOSE. NO PERSON MAY MAKE ANY REPRESENTATION, OTHER THAN THE REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE JOINT PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN. ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE JOINT PLAN IN THEIR ENTIRETIES BEFORE VOTING TO ACCEPT OR REJECT THE JOINT PLAN.

3. THIS DISCLOSURE STATEMENT HAS BEEN PREPARED AND APPROVED BY THE BANKRUPTCY COURT IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NONBANKRUPTCY LAW. THIS

DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST DEBTOR IN THE CASE SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE JOINT PLAN IN LIGHT OF THE PURPOSES FOR AND CIRCUMSTANCES UNDER WHICH THEY WERE PREPARED. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE OF THIS DISCLOSURE STATEMENT AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT WILL BE CORRECT AT ANY TIME AFTER SUCH DATE.

4. AS TO ANY LITIGATION ARISING FROM OR RELATED TO THIS CASE, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN ATTEMPTED COMPROMISE AND SETTLEMENT OF CERTAIN OF THE CLAIMS IN THE CASE. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NONBANKRUPTCY PROCEEDING, NOR SHALL IT BE CONSTRUED TO BE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE JOINT PLAN AS TO HOLDERS OF CLAIMS AGAINST OR INTERESTS IN DEBTOR. BY PROVIDING THIS DISCLOSURE STATEMENT, THE PROPONENTS DO NOT INTEND TO WAIVE OR PREJUDICE IN ANY MANNER ANY ATTORNEY-CLIENT OR OTHER PROFESSIONAL PRIVILEGE OR WORK PRODUCT PROTECTION FROM DISCLOSURE OF INFORMATION OTHERWISE AVAILABLE TO THE PROPONENTS.

5. IF THE JOINT PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND BECOMES EFFECTIVE, ALL HOLDERS OF CLAIMS AND INTERESTS (INCLUDING THOSE WHO REJECTED OR WHO ARE DEEMED TO HAVE REJECTED THE JOINT PLAN AND THOSE WHO DID NOT SUBMIT BALLOTS TO ACCEPT THE JOINT PLAN) WILL BE BOUND BY THE APPLICABLE TERMS OF THE JOINT PLAN.

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I. GENERAL INFORMATION ABOUT THE CHAPTER 11 PROCESS

A. OVERVIEW

Pursuant to chapter 11 of the Bankruptcy Code, a business debtor may be reorganized or liquidated for the benefit of its creditors and other parties in interest. The commencement of a chapter 11 case creates an estate consisting of all of the legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that the debtor may continue to operate its business and remain in possession of its property as a “debtor in possession” unless the Bankruptcy Court orders the appointment of a trustee. In this Case, the Bankruptcy Court has not appointed a trustee and the Debtor has remained in possession of its Property as a debtor in possession.

The filing of a chapter 11 petition also triggers the “automatic stay” provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides that the filing of a petition for relief under the Bankruptcy Code operates as a stay preventing the commencement or continuation of any actions or proceedings against a debtor, including certain attempts to collect on pre-petition claims or interfere with a debtor’s property or business. In a chapter 11 case, this automatic stay remains in full force and effect until the effective date of a confirmed plan, except as otherwise ordered by the Bankruptcy Court.

B. FUNCTION OF A PLAN

A chapter 11 plan sets forth and governs the treatment and rights of creditors with respect to their claims against and interests in a debtor. Although frequently referred to as a “plan of reorganization,” a chapter 11 plan may also provide for an orderly liquidation of some or all of a debtor’s assets, as in this Case.

Section 1125 of the Bankruptcy Code provides that votes on a chapter 11 plan may be solicited only after a written disclosure statement has been provided to each creditor and equity

interest holder who is entitled to vote on the plan. This Disclosure Statement is being presented to Creditors of the Debtor to satisfy this disclosure requirement.

II. JOINT PLAN SUMMARY

The Joint Plan is proposed by the Debtor and its Lenders, and provides for the orderly disposition of all of the Debtor's assets. In order to implement the Joint Plan, a liquidating trustee (the "Coldwater Liquidating Trustee") may be appointed. The Joint Plan proposes that Trigild Property Management, LLC be appointed as the Coldwater Liquidating Trustee. A summary of Trigild Property Management, LLC's qualifications to serve as the Coldwater Liquidating Trustee is attached to the Joint Plan as Exhibit G.

As of the Effective Date of the Joint Plan, all of the Debtor's legal and equitable interests in all of Debtor's assets will be transferred, assigned and conveyed to the Post-Confirmation Debtor for up to ninety (90) days, and for additional time periods at the election of the Lenders, as more fully explained in Section V.A. below. From the Effective Date through the Trustee Effective Date, the Post-Confirmation Debtor shall take all reasonable means to accomplish the following:

- (i) all timely filed applications for the fees and expenses for Professionals incurred through the entry of the Confirmation Order shall have been decided by order of the Bankruptcy Court;
- (ii) all timely filed Administrative Claims and Priority Tax Claims shall have either become Allowed Claims, Disallowed Claims or are subject of an objection;
- (iii) all Class 2, 3, 4, 5 and 6 Claims shall have either become Allowed Claims, Disallowed Claims or are the subject of an objection; and
- (iv) all Allowed Claims of the categories described in subsections (i), (ii), and (iii) above that have been Allowed within seventy-five (75) days after the Effective Date have been paid pursuant to Distributions made under the Joint Plan.

Under the Joint Plan, the Post-Confirmation Property may be sold by the Post-Confirmation Debtor or, upon the occurrence of the Trustee Effective Date, by the Coldwater Liquidating Trustee. See Section V.A.

As of the Trustee Effective Date of the Joint Plan, all of Post-Confirmation Property then-owned by the Post-Confirmation Debtor will be transferred, assigned and conveyed to a liquidating trust established under the Joint Plan (the “Coldwater Liquidating Trust”) for the benefit of all holders of Allowed Claims against Debtor. The Joint Plan authorizes and appoints the Coldwater Liquidating Trustee to receive, hold, sell and dispose of the assets transferred to the Coldwater Liquidating Trust and distribute the disposition proceeds for the benefit of the Holders of Allowed Claims.

Upon the occurrence of the Trustee Effective Date, the Coldwater Liquidating Trustee shall take any and all actions necessary to liquidate or otherwise dispose of the assets of the Coldwater Liquidating Trust and distribute the proceeds thereof in accordance with the terms of a liquidating trust agreement substantially in the form attached as Exhibit A to the Joint Plan (the “Liquidating Trust Agreement”).

Except with respect to Collateral or proceeds from the sale of Collateral, all proceeds received by the Coldwater Liquidating Trustee from the management, sale, liquidation, or other disposition of any assets of the Coldwater Liquidating Trust, will be applied to, among other things, pay costs of liquidating the assets of the Coldwater Liquidating Trust, pay Holders of any unpaid Allowed Administrative Claims, any unpaid Allowed Priority Tax Claims, any unpaid Allowed Priority Claims, any unpaid Allowed Unsecured Claims, any unpaid Allowed Deficiency Claims and any unpaid Allowed Convenience Class Claims.

Importantly, because the Debtor likely does not possess any unencumbered Cash with which to pay Allowed Administrative Claims and other Allowed Claims in the Case, let alone ongoing costs of the Coldwater Liquidating Trust, the Joint Plan provides that Cash Collateral and the proceeds of Lenders' Collateral will be made available by the Lenders in the amounts necessary to fund payment in full of the Budgets, all Allowed Administrative Claims (including Allowed Claims of Professionals for pre-confirmation and post-confirmation services and expenses), Allowed Priority Tax Claims, Allowed Priority Claims, the Unsecured Creditors Payment, the Allowed Convenience Class Claims, and any other Allowed Claims or expenses authorized to be paid from the carve-out under any provision of the Joint Plan (“Carve-Out”). The Joint Plan therefore provides for a greater recovery for all Creditors than otherwise would be available in the alternative context of a chapter 7 liquidation of the Debtor's assets.

III. SIGNIFICANT EVENTS PRECEDING THE DEBTOR’S FILING OF THE CASE

A. DESCRIPTION OF THE DEBTOR PRIOR TO THE PETITION DATE

The Debtor is a limited liability company organized under the laws of the state of Delaware. The Debtor was formed in January 2006. The Debtor's sole business is owning and operating 37 commercial real estate properties located at the addresses in seventeen (17) different states as listed below (the “Centers”):

Address	County (State)
1100 N Barlow Road	Morgan (CO)
1867-1896 US Highway 82 West	Tift (GA)
3005 Wiley Boulevard SW	Linn (IA)
1318 Holton Drive	Plymouth (IA)
12547 State Road 143	Madison (IL)
501 and 503 S Dunlap Road	Champaign (IL)
1220 N 200 West	Steuben (IN)

2020-2040 N Main Street	Wells (IN)
2216-2224 Cassopolis Street	Elkhart (IN)
350-354 Hoke Street	Clinton (IN)
2474-2488 E Wabash Street	Clinton (IN)
1748-1752 Indianapolis Road	Putnam (IN)
1110 W Broadway	White (IN)
1400 N Wayne Street	Steuben (IN)
1625-1633 N Michigan Avenue	Marshall (IN)
3697 Portage Road	St. Joseph (IN)
2520-2532 Walton Boulevard	Kosciusko (IN)
102-106 Peter Pan Road	Montgomery (KS)
200 Production Drive	Lafayette (LA)
354 E Chicago Street	Branch (MI)
1350-1358 S Centerville Road	St. Joseph (MI)
355 S Willowbrook Road	Branch (MI)
114-130 S. Centerville Road	St. Joseph (MI)
1651-1659 Highway 10 West	Becker (MN)
1151 Ryan's Road	Nobles (MN)
1212-1314 Independence Street	Greene (MO)
3540 W Sunshine Street	Greene (MO)
3202 Belt Highway	Buchanan (MO)-
1749 Main Street	Yellowstone (MT)
201 E Leota Street	Lincoln (NE)
3410 Avenue 1	Scotts Bluff (NE)
627 12th Avenue NE	Cleveland (OK)
5615-5623 E Arrowhead Parkway	Minnehaha (SD)
173 Tovrea Road	Brazoria (TX)
12950 Willow Centre Drive	Harris (TX)
1330 Providence Center Drive	Iron (UT)
224 E McCoy Street	Monroe (WI)

Most of the Centers are shadow retail centers located adjacent to Wal-Mart Supercenters throughout the Midwest and Southern States and feature as tenants nationwide retailers such as Dollar Tree, Game Stop and Sally Beauty.

The Debtor's gross receipts and profits are derived from triple-net leases with its tenants who lease commercial space at the Centers. The Debtor charges tenants a base rent charge, plus a charge for property insurance, property taxes, and common area maintenance expenses. The Debtor then reconciles the triple-net expenses annually and adjusts the "triple-net" charges accordingly. The Debtor's common operational expenses include: management costs, real estate broker's commissions, property taxes, insurance, common area maintenance, repairs and maintenance, the cost of owning vacant property, and the costs of making improvements for specific tenants.

B. PRE-PETITION SECURED DEBT

Debtor is obligated to Lenders pursuant to the terms of an Amended and Restated Promissory Note A dated January 26, 2006 ("Note A"), in the original principal amount of \$68,740,000.00 (the "A Loan") and an Amended and Restated Promissory Note B dated January 26, 2006 ("Note B" and, collectively with Note A, the "Notes") in the original principal amount of \$4,700,000.00 (the "B Loan"). The Notes are secured by thirty-seven (37) separate warranty Mortgages or Deeds of Trust on all of the Debtor's Centers and all real estate related thereto (collectively, the "Mortgages") and thirty-seven (37) separate Assignments of Leases and Rents as to the proceeds of the Centers (collectively, "ALR"). The Notes, Mortgages, ALR and all accompanying loan documents are collectively referred to in this Disclosure Statement as the "Loan Documents". As of the Petition Date, Debtor's obligations to Lenders under the Loan Documents totaled no less than \$89,290,178.24. Lenders' Claims are more fully set forth in the proofs of Claims designated on the Bankruptcy Court's claims register as Claim Nos. 42 and 43.

C. EVENTS LEADING TO FILING

The Debtor's financial difficulties began in the fourth quarter of 2008 when the economic downturn caused many tenants to become late with their monthly rents, some tenants ceased operations, and the market became flooded with competing vacancies, thereby significantly impacting the supply and demand of commercial retail rental spaces. The Debtor's first wave of financial struggles began with the Blockbuster Video bankruptcy which resulted in several rental spaces being either vacated or failing to pay rent for several months prior to eviction. The Debtor has had additional problems with certain tenants that threatened to close their stores if their leases were not renegotiated and other tenants who demanded lease concessions. The Notes matured in February of 2010, but Debtor has been unable to refinance the debt owed to Lenders due to the decline in the value of the Centers and historically low leasing performance. On March 7, 2012, Lenders commenced receivership proceedings against the Debtor's Centers in a case captioned as *U.S. Bank National Association, et al. vs. Coldwater Portfolio Partners LLC, et al.*, Case No. SACV12-357-AG before the U.S. District Court for the Central District of California, Western Division. As a result, the Debtor filed this Case several weeks later on the Petition Date.

IV. SIGNIFICANT EVENTS DURING THE CASE

A. DEBTOR'S SCHEDULES OF ASSETS AND LIABILITIES

The Debtor claims in its Schedules that the value of all of its assets (collectively, the "Property") totals \$43,795,510.93. The Schedules value the Centers at approximately \$41,634,886 and accompanying personal property at \$2,160,625. Lenders possess Liens and security interests in and to all of Debtor's Property as security for the payment of Lenders' Claims against Debtor that total no less than \$89,290,178.24. *See* Proofs of Claim designated as Claim Nos. 42 and 43 on the Bankruptcy Court's claims register. The Schedules also list

Unsecured Claims of approximately \$260,000 and Priority Claims of approximately \$12,000 as of the Petition Date. Many of these Claims are for less than \$1,000, which Claims will be classified as Convenience Class Claims under the Joint Plan and paid in full, using Lenders' Collateral.

The Proponents have utilized Debtor's own valuations of Debtor's Property for purposes of this Disclosure Statement and Lenders do not admit that they agree with Debtor's valuations. In any event, it is clear that the amount of Lenders' Claims greatly exceed the value of Debtor's assets.

B. CASH COLLATERAL ORDER

On the Petition Date, the Debtor filed a motion to approve the use of the Lenders' Cash Collateral on an interim basis in an effort to obtain operating capital to continue the operation of its business and Property. The Proponents agreed to the form of a final cash use order, which order was entered by the Bankruptcy Court on May 21, 2012, and which allowed Debtor limited use of Lender's Cash Collateral pursuant to the terms and conditions of the order. *See* Dock. No. 72 in the Case.

C. BAR DATES AND PROOFS OF CLAIM

By a notice entered in the Case on April 5, 2012, the Bankruptcy Court established August 13, 2012 as the last date by which, with certain exceptions, all Creditors must file proofs of Claim and Interests or be forever barred from asserting any Claim or Interest against the Debtor and the Estate and voting upon or receiving Distributions under a confirmed plan, and October 1, 2012 as the last day for government entities to file Claims ("Bar Dates"). The Bar Dates have now passed.

Additional Lien Holders were not initially served with notice of this Case. Promptly after submission of the Joint Plan to the Bankruptcy Court, the Additional Lien Holders will be added

to the Creditor Matrix and served with the petition, the Joint Plan, this Disclosure Statement and a notice to file a proof of Claim on or before the deadline for objections to the Joint Plan. Additional Lien Holders' Claims will be treated under the Joint Plan as if Additional Lien Holders' Claims were listed in the Schedules as Claims that are designated as disputed, contingent and unliquidated unless Additional Lien Holders' file a timely proof of claim in a sum certain. An Additional Lien Holders' Claim may become an Allowed Claim only after (a) such Additional Lien Holder has filed a timely proof of claim in a sum certain and (b) the Court has issued an order determining that such Additional Lien Holder's Claim is an Allowed Claim. The Debtor, Post-Confirmation Debtor, Lenders and the Coldwater Liquidating Trustee each reserve the right to object to any Claim filed by any of the Additional Lien Holders.

As of the date of the filing of this Disclosure Statement, forty-three (43) proofs of Claim have been filed with the Bankruptcy Court. Many of these Claims were filed on account of property taxes that are not yet due and owing or that have since been paid. Allowed Unsecured Claims, including Allowed Convenience Class Claims, will total approximately \$250,000. Approximately \$25,000 of Allowed Unsecured Claims are under \$1,000 and will therefore be classified as Convenience Class Claims and paid in full under the Joint Plan. The remaining \$225,000 in estimated Allowed Unsecured Claims would therefore receive approximately 44% recovery under the terms of the Joint Plan.

V. OVERVIEW OF JOINT PLAN PROVISIONS

The following synopsis is a brief overview of selected provisions of the Joint Plan. This overview is qualified in its entirety by reference to the Joint Plan and the forms of Exhibits to the Joint Plan. Any conflict between this overview and the Joint Plan will be resolved by the terms and provisions contained in the Joint Plan. **ALL HOLDERS OF CLAIMS AND INTERESTS ARE URGED TO REVIEW THE JOINT PLAN CAREFULLY.**

A. IN GENERAL

The Joint Plan generally provides that from the Effective Date until the Trustee Effective Date, the Post-Confirmation Debtor, under the governance of the Debtor's Chief Restructuring Officer, F. John Stark III (the "CRO"), pursuant to section 1141(b) of the Bankruptcy Code, shall have up to ninety (90) days after the Effective Date to take all reasonable means to accomplish the following:

- (i) all timely filed applications for the fees and expenses for Professionals incurred through the entry of the Confirmation Order shall have been decided by order of the Bankruptcy Court;
- (ii) all timely filed Administrative Claims and Priority Tax Claims shall have either become Allowed Claims, Disallowed Claims or are subject of an objection;
- (iii) all Class 2, 3, 4, 5 and 6 Claims shall have either become Allowed Claims, Disallowed Claims or are the subject of an objection; and
- (iv) all Allowed Claims of the categories described in subsections (i), (ii), and (iii) above that have been Allowed within seventy-five (75) days after the Effective Date have been paid pursuant to Distributions made under the Joint Plan.

The Joint Plan provides in part that the principal mechanism for creating value will be the sale of the Debtor's Centers, most of them Wal-Mart shadow-anchored retail malls, either through a sales process conducted by the Post-Confirmation Debtor or by the Coldwater Liquidating Trustee (if appointed and in office upon the occurrence of the Trustee Effective Date).

The Joint Plan further provides that the Trustee Effective Date, which is scheduled to occur 90 days after the entry of the Confirmation Order approving the Joint Plan, may be delayed by extending the Post-Confirmation Period for additional 90-day periods upon the Lenders' written request to the Post-Confirmation Debtor not later than fifteen (15) days prior to the end

of the Post-Confirmation Period. This means that at any time during the Post-Confirmation Period, and prior to the Trustee Effective Date, a decision may be made by the Lenders to either have the Post-Confirmation Debtor (i) sell the Post-Confirmation Property or (ii) transfer the Post-Confirmation Property then-owned by the Post-Confirmation Debtor to the Coldwater Liquidating Trust so that it can be sold at a later date by the Coldwater Liquidating Trustee.

If the Coldwater Liquidating Trustee is selected by the Lenders to sell all or most of the Properties, then the Coldwater Liquidating Trustee is authorized under the Joint Plan as of the Trustee Effective Date to act as the representative of the Estate and to sell the Liquidating Trust Property under sections 363 and 1123(a)(5)(D) of the Bankruptcy Code.

On the Trustee Effective Date, the Post-Confirmation Property then-owned by the Post-Confirmation Debtor shall be transferred to and vest in the Coldwater Liquidating Trust and be deemed contributed to the Coldwater Liquidating Trust, subject to the terms of the Joint Plan. Nothing in this section, however, shall preclude payment of statutory fees under section 1930 of Title 28 of the United States Code to the extent unpaid on the Effective Date. The Post-Confirmation Debtor is authorized and directed to take such steps as may be necessary or appropriate to confirm such transfer and contribution of the Post-Confirmation Property then-owned by the Post-Confirmation Debtor to the Coldwater Liquidating Trust, and to implement the Joint Plan, including but not limited to executing Deeds to the Coldwater Liquidating Trustee.

All conveyances by the Post-Confirmation Debtor to the Coldwater Liquidating Trustee shall be free and clear of the Class 2 Liens and any and all liens, encumbrances, easements and restrictions, except for the Permitted Encumbrances. Neither the interests of the Lenders under

any mortgage held by the Lenders nor any other Permitted Encumbrances will be deemed to merge into the fee acquired by the Coldwater Liquidating Trustee under the Deeds, and the Liens created by such instruments will not be extinguished but shall remain in full force and effect.

The Coldwater Liquidating Trustee then will be charged with managing, selling and otherwise liquidating the Liquidating Trust Property as assets of the Coldwater Liquidating Trust over time. All Allowed Secured Claims shall receive the Net Proceeds resulting from the liquidation of the Collateral securing the Allowed Secured Claims. Holders of Interests in Debtor will not receive any Distributions under the Joint Plan.

B. TREATMENT OF UNCLASSIFIED CLAIMS

Pursuant to section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims against the Debtor are not classified for purposes of voting on, or receiving distributions under, the Joint Plan because such Claims will be paid in full promptly when they become Allowed Claims. Holders of such Claims are not entitled to vote on the Joint Plan. All such Claims are instead treated separately in accordance with Article III of the Joint Plan and in accordance with the requirements set forth in section 1129(a)(9)(A) and (C) of the Bankruptcy Code.

Unless the Post-Confirmation Debtor or (from and after the Trustee Effective Date) the Coldwater Liquidating Trustee and the Holder of an Allowed Administrative Claim agree otherwise, all Allowed Administrative Claims, including Allowed Administrative Claims of Professionals, shall be paid in full from the Carve-Out on or as soon as reasonably practicable after the later of (i) 30 days following the Effective Date and (ii) the date such Administrative Claim becomes an Allowed Administrative Claim.

Unless the Post-Confirmation Debtor or (from and after the Trustee Effective Date) the Coldwater Liquidating Trustee and the Holder of an Allowed Priority Tax Claim agree

otherwise, all Allowed Priority Tax Claims shall be paid in Cash the allowed amount of such Allowed Priority Tax Claim on or as soon as reasonably practicable after the later of (i) thirty (30) days following the Effective Date, or (ii) the entry of a Final Order approving such Claim. Payment of Allowed Priority Tax Claims shall be made first from any Cash that is not subject to a Lien and any remaining amount from the Carve-Out.

On or before the Trustee Effective Date, the Post-Confirmation Debtor shall pay to the United States Trustee the appropriate sum required by 28 U.S.C. § 1930(a)(6). From and after the Trustee Effective Date, the Coldwater Liquidating Trustee shall timely pay to the United States Trustee first from Cash not subject to a Lien to the extent available and then from the Carve-Out any and all post-confirmation quarterly fees as required by 28 U.S.C. § 1930(a)(6) until such time as the Case is converted, dismissed or closed by the Bankruptcy Court.

Professionals must file any requests for payment of Administrative Claims arising as a result of services performed on or before the entry of the Confirmation Order no later than thirty (30) days after the entry of the Confirmation Order, unless pursuant to a motion filed prior to expiration of such thirty-day period, the Bankruptcy Court extends this deadline. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Local Rules, and any prior orders of the Bankruptcy Court, the Allowed Administrative Claims of Professionals shall be determined by the Bankruptcy Court and paid in full from the Carve-Out to the extent Allowed. The deadlines for Professionals set forth in this Disclosure Statement shall not apply to requests for payment of Administrative Claims arising as a result of services performed after the entry of the Confirmation Order, for which no bar date is established under the Joint Plan.

All Administrative Claims arising on before the Effective Date, other than the Administrative Claims of Professionals, must be filed with the Bankruptcy Court in accordance with the Joint Plan, the Bankruptcy Rules and the Local Rules and served on the Lenders and Post-Confirmation Debtor no later than thirty (30) days after the Effective Date. Any application for an Administrative Claim not filed and served within these time periods shall become a Disallowed Claim, unless, prior to the expiration of any applicable time period, the Bankruptcy Court extends the time period to file such a Claim after notice and a hearing. All expenses of the Coldwater Liquidating Trust arising after the Trustee Effective Date shall be paid in the ordinary course of business as provided in the Joint Plan without need for application to and approval of the Bankruptcy Court. The Coldwater Liquidating Trustee shall not be entitled to compensation from the Carve-Out.

C. CLASSIFICATION OF CLAIMS AND INTERESTS

Section 1122 of the Bankruptcy Code requires that a chapter 11 plan classify the claims of a debtor's creditors and the interests of its equity holders. The Bankruptcy Code also provides that, except for certain claims classified for convenience, a plan may place a claim of a creditor or an interest of an equity holder in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Bankruptcy Code also requires that a plan provide the same treatment for each claim or interest of a particular class unless the holder of a particular claim or interest agrees to a less favorable treatment of its claim or interest. The Proponents believe that the Joint Plan complies with this standard.

The Joint Plan divides Claims against and Interests in Debtor into the following Classes:

Class 1 (Allowed Lenders' Claims). Class 1 consists of the Allowed Lenders' Claims.

Class 2 (Other Allowed Secured Claims). Class 2 consists of all Allowed Secured Claims other than the Allowed Lenders' Claims.

Class 3 (Allowed Priority Claims). Class 3 consists of Allowed Claims entitled to priority pursuant to Section 507(a) of the Bankruptcy Code, other than Priority Tax Claims and Administrative Claims.

Class 4 (Allowed Unsecured Claims). Class 4 consists of Allowed Unsecured Claims other than Convenience Class Claims.

Class 5 (Allowed Deficiency Claims). Class 5 consists of Allowed Deficiency Claims except for the Deficiency Claims of the Lenders.

Class 6 (Allowed Convenience Class Claims). Class 6 consists of Allowed Convenience Class Claims.

Class 7 (Interests). Class 7 consists of the Interests in Debtor.

D. TREATMENT OF CLAIMS AND INTERESTS

The Joint Plan provides for the following treatment of Claims and Interests:

Class 1: Allowed Lenders' Claims. In full and final satisfaction of the Class 1 Allowed Lenders' Claims, the Holders of the Allowed Lenders' Claims shall receive after appropriate provision for full payment of the Carve-Out and the Unsecured Creditors Payment: (a) the Net Proceeds resulting from the sale or other disposition by the Coldwater Liquidating Trustee of the Lenders' Collateral securing the Allowed Lenders' Claims; and (b) any and all Rents derived from Lenders' Collateral. Any Cash payable under the preceding sentence on account of the Allowed Lenders' Claims shall be paid in full, in Cash, on or as soon as reasonably practicable after the later of: (a) ninety (90) days after the Effective Date and (b) the date the Lenders' Collateral is liquidated or otherwise disposed of; provided, however, that the Carve-Out shall have been fully funded before Cash is released to the Lenders. Rents subject to Lenders' Liens shall be distributed to Lenders as soon as reasonably practicable upon collection and after provision for the Carve-Out and the Budgets. Subject to the Bid Procedures approved by the Bankruptcy Court, Holders of Class 1 Allowed Lenders' Claims shall be entitled and possess

the absolute right to credit bid and/or purchase by satisfaction of a portion of the Allowed Lenders' Claims some or all of the Collateral securing the Allowed Lenders' Claims pursuant to section 363(k) of the Bankruptcy Code at or before any sale, auction or other transfer of such Collateral. Holders of Allowed Class 1 Claims may require that the Coldwater Liquidating Trustee sell some or all Properties subject to the Liens and Claims held by such Holders, with any Net Proceeds of such sales (after appropriate provision for full payment of the Carve-Out and the Unsecured Creditors Payment) to be distributed to the Holders of Class 1 Allowed Lenders' Claims. Any Allowed Deficiency Claim of the Holder of an Allowed Class 1 Claim shall be treated as a Class 1 Claim.

Class 1 is Impaired under the Joint Plan and the holders of the Class 1 Allowed Lenders' Claims are entitled to vote on the Plan. However, as one of the Proponents of the Joint Plan, the Holders of the Class 1 Allowed Lenders' Claims shall be deemed to have accepted the Joint Plan.

Class 2: Other Allowed Secured Claims. Class 2 is not Impaired under the Joint Plan, is deemed to have accepted the Joint Plan, and is therefore not entitled to vote on the Joint Plan.

a. Allowed Secured Claims with First Priority

Proponents believe that all of the Allowed Secured Claims (except for Liens for accrued but unpaid real estate taxes if and to the extent they are entitled to first priority under applicable non-bankruptcy law) are junior in priority to the Allowed Lenders' Claims. Nevertheless, from the Effective Date until the Trustee Effective Date, unless the Holder of any such Allowed Secured Claim and the Post-Confirmation Debtor and Lenders agree otherwise, and from the Trustee Effective Date, unless the Holder of such Allowed Secured Claim and the Coldwater Liquidating Trustee agree otherwise, Holders of any Class 2 Allowed Secured Claims that the Bankruptcy Court has determined have priority over the Allowed Lenders' Claims, in full and final satisfaction of such Claims, shall receive, as elected by the Proponents, either (a) the Net

Proceeds resulting from the sale or other disposition of such Holder's Collateral; or (b) Cash equal to the value of the Creditor's Collateral as of the Petition Date. Any Cash payable under part (a) or (b) of the preceding sentence shall be paid in full, in Cash, on or as soon as reasonably practicable after the later of: (a) ninety (90) days following the Effective Date; (b) the date that any such Claim becomes an Allowed Secured Claim; or (c) the date the Collateral is liquidated or otherwise disposed of.

b. Allowed Secured Claims with Junior Priority

From the Effective Date until the Trustee Effective Date, unless the Holder of such Claim and the Post-Confirmation Debtor and Lenders agree otherwise, and from the Trustee Effective Date unless the Holder of such Claim and the Coldwater Liquidating Trustee agree otherwise, Holders of Class 2 Allowed Secured Claims other than those Class 2 Allowed Secured Claims with priority over the Allowed Lenders' Claims as described in Article III, Section B(2)(a) of the Joint Plan, shall receive the same treatment afforded a Class 5 Deficiency Claim.

Class 3: Priority Claims. From the Effective Date until the Trustee Effective Date, unless the Holder of such Claim and the Post-Confirmation Debtor and Lenders agree otherwise, and from the Trustee Effective Date unless the Holder of such Claim and the Coldwater Liquidating Trustee agree otherwise, all Holders of Allowed Priority Claims, on or as soon as reasonably practicable after the later of sixty (60) days following the Effective Date and the date that any such Claim becomes an Allowed Priority Claim, shall receive full payment of such Allowed Priority Claim from Cash not subject to a Lien to the extent available and then from the Carve-Out.

Class 3 is not Impaired under the Plan, is deemed to have accepted the Plan, and is therefore not entitled to vote on the Plan.

Class 4: Unsecured Claims. In full and complete satisfaction, discharge and release of a Class 4 Claim, the holder of an Allowed Class 4 Claim shall receive a Pro Rata share of the Unsecured Creditors Payment pari passu with Holders of Allowed Class 5 Deficiency Claims. Distributions shall be made to Holders of Allowed Class 4 Unsecured Claims in amounts equal to their Pro Rata Share of the Unsecured Creditors Payment pari passu with Holders of Allowed Class 5 Deficiency Claims from the Carve-Out on or as soon as reasonably practicable after the later of sixty (60) days following the Effective Date and the date that any such Claim becomes an Allowed Unsecured Claim.

Class 4 is Impaired under the Joint Plan and Holders of Allowed Class 4 Claims are entitled to vote on the Joint Plan.

Class 5: Deficiency Claims. In full and complete satisfaction, discharge and release of a Class 5 Claim, the holder of an Allowed Class 5 Claim shall receive its Pro Rata share of the Unsecured Creditors Payments pari passu with holders of Allowed Class 4 Unsecured Claims from the Carve-Out as soon as reasonably practicable after the later of sixty (60) days following the Effective Date and the date that any such Claim becomes an Allowed Class 5 Deficiency Claim.

Class 5 is Impaired under the Joint Plan and Holders of Allowed Class 5 Claims are entitled to vote on the Joint Plan.

Class 6: Convenience Class Claims. Holders of Allowed Class 6 Convenience Class Claims, in full and final satisfaction of their Allowed Convenience Class Claims, shall receive full payment of such Allowed Convenience Class Claim from the Carve-Out on or as soon as reasonably practicable after the later of sixty (60) days following the Effective Date and the date that any such Claim becomes an Allowed Convenience Class Claim.

Class 6 is not Impaired under the Joint Plan, is deemed to have accepted the Joint Plan, and is therefore not entitled to vote on the Joint Plan.

Class 7: Interests. Holders of Interests will not receive a Distribution under the Plan. On the Effective Date, all Interests will be cancelled.

Class 7 is deemed to have rejected the Plan.

VI. EXECUTORY CONTRACTS

On the Effective Date (or in the case of the Coldwater Liquidating Trustee, on the Trustee Effective Date), except as otherwise provided in the Joint Plan, in accordance with section 1123(b)(3) of the Bankruptcy Code, all of the Debtor's rights, title and interests in and to all executory contracts and unexpired leases shall be retained, transferred to, and vest in the Post-Confirmation Debtor and then (from and after the Trustee Effective Date) in the Coldwater Liquidating Trustee, and the Post-Confirmation Debtor or the Coldwater Liquidating Trustee may exclusively enforce all of Debtor's rights under sections 363 and 365 of the Bankruptcy Code to assume, assume and assign or reject any and all executory contracts and unexpired leases of the Debtor not previously rejected by Final Order of the Bankruptcy Court, all in accordance with the best interests of Creditors and the Post-Confirmation Debtor or the Coldwater Liquidating Trust.

From the Effective Date until the Trustee Effective Date, the Post-Confirmation Debtor acting through the CRO, and in consultation with the Lenders, shall act as the authorized representative of the Debtor pursuant to section 1123(b)(3) of the Bankruptcy Code for purposes of exercising rights to assume, assume and assign, or reject executory contracts and unexpired leases pursuant to sections 363 and 365 of the Bankruptcy Code. From and after the Trustee Effective Date, the Coldwater Liquidating Trustee shall act as the authorized representative of the Debtor pursuant to section 1123(b)(3) of the Bankruptcy Code for purposes of exercising

rights to assume, assume and assign or reject executory contracts and unexpired leases with the Lenders' approval pursuant to sections 363 and 365 of the Bankruptcy Code.

VII. MEANS FOR EFFECTUATING THE JOINT PLAN

A. CREATION OF THE COLDWATER LIQUIDATING TRUST

On the Trustee Effective Date, all Post-Confirmation Property shall be transferred to the Coldwater Liquidating Trust, subject to the Liens securing the Allowed Lenders' Claims and all other Allowed Secured Claims. As described in Article VIII, Section A, the Post-Confirmation Debtor shall execute Deeds transferring title for Lenders' Collateral to the Coldwater Liquidating Trustee for each of the Centers subject only to the Permitted Encumbrances and Lenders' Liens in the priority determined in accordance with applicable law. The Coldwater Liquidating Trustee shall obtain and pay for title insurance to protect the title of the Coldwater Liquidating Trust in and to the Lender's Collateral and any other Post-Confirmation Property to be transferred to the Coldwater Liquidating Trust.

The Lien of any Allowed Secured Claim against Property of the Estate shall be preserved and shall attach to such Property and any proceeds therefrom in the Coldwater Liquidating Trust. With respect to such Property, the Coldwater Liquidating Trustee shall manage, sell, dispose of, or otherwise liquidate such Property and pay the Net Proceeds, including Rents, to the Creditors holding Allowed Secured Claims in the order of priority of the Liens in and against the Property as soon as reasonably practical after such Net Proceeds, including Rents, are collected. To the extent that Net Proceeds from sale or other disposition of Property exceed the amount of all Allowed Secured Claims, any such Net Proceeds shall be distributed as provided below. If and to the extent the Coldwater Liquidating Trustee determines that sales or disposition of unencumbered Property will not generate sufficient Cash to pay all Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Priority Claims or the costs or anticipated costs

of the administration of the Coldwater Liquidating Trust (including fees and expenses of the Coldwater Liquidating Trustee) the Coldwater Liquidating Trustee shall withhold sufficient funds from Lenders' Cash Collateral and the proceeds of the sales of Lenders' Collateral to fully fund the Carve-Out and the Unsecured Creditors Payment.

B. ADMINISTRATION OF COLDWATER LIQUIDATING TRUST

All Post-Confirmation Property which has not been distributed as provided in the Joint Plan as of the Trustee Effective Date shall be distributed to the Coldwater Liquidating Trust as provided in Article XI, Section A of the Joint Plan. Pursuant to section 1123(b)(3) of the Bankruptcy Code, the Coldwater Liquidating Trustee shall act as representative of the estate and shall manage, sell, liquidate or otherwise dispose of the Liquidating Trust Property and distribute the Net Proceeds, including Rents, pursuant to the terms of the Joint Plan and Liquidating Trust Agreement. Confirmation of the Joint Plan shall constitute approval and direction from the Bankruptcy Court for the Post-Confirmation Debtor, Lenders and the Coldwater Liquidating Trustee to enter into the Liquidating Trust Agreement and any and all other agreements contemplated by the Liquidating Trust Agreement.

As of the Trustee Effective Date, the Coldwater Liquidating Trustee shall be vested with all of the rights of the Coldwater Liquidating Trust as set forth in the Joint Plan and Liquidating Trust Agreement. The Coldwater Liquidating Trustee shall have the following duties: (a) receive, hold, deposit, and invest funds of the Coldwater Liquidating Trust; (b) sell, dispose of or otherwise liquidate and administer the Liquidating Trust Property, including, but not limited to, enforcing Actions of the Coldwater Liquidating Trust and collecting amounts due with respect to such Actions; (c) liquidate and administer Claims against the Coldwater Liquidating Trust; (d) calculate and implement distributions from the Coldwater Liquidating Trust in accordance with the Joint Plan and the Liquidating Trust Agreement; (e) maintain a list of Holders of Allowed

Claims; (f) report to the Creditors of the Coldwater Liquidating Trust; (g) manage, maintain and preserve the Liquidating Trust Property and (h) such other duties that are necessary to administer the Coldwater Liquidating Trust as contemplated under the Joint Plan and the Liquidating Trust Agreement.

As of the Trustee Effective Date, the Coldwater Liquidating Trustee shall have the power to: (a) open any accounts necessary to maintain and distribute funds in the Coldwater Liquidating Trust; (b) sell, dispose of or otherwise liquidate all Liquidating Trust Property; (c) invest funds of the Coldwater Liquidating Trust as set forth in the Joint Plan and the Liquidating Trust Agreement; (d) subject to approval of the Lenders, incur indebtedness to fund administration of the Coldwater Liquidating Trust; (e) subject to approval from Lenders, enter into any lease or contract as landlord of the Property; (f) take any action on behalf of the Coldwater Liquidating Trust necessary to administer the Coldwater Liquidating Trust, including, but not limited to, enforcing Actions of the Coldwater Liquidating Trust and collecting amounts due with respect to such Actions; (g) compromise and settle any Actions of the Coldwater Liquidating Trust as authorized under the Joint Plan and the Liquidating Trust Agreement; (h) employ professionals to assist in administration of the Coldwater Liquidating Trust; (i) pay any fees, costs, and expenses of administering the Coldwater Liquidating Trust; (j) make Distributions to Holders of Allowed Claims; and (k) such other powers that are necessary and appropriate, in accordance and consistent with Indiana law, to fulfill its duties as set forth in the Bankruptcy Code, the Joint Plan and the Liquidating Trust Agreement.

Confirmation of the Joint Plan shall constitute authority as of the Trustee Effective Date for the Coldwater Liquidating Trustee, after approval from Lenders but without further order of the Bankruptcy Court, to settle and compromise any Action for an amount equal to or greater

than seventy-five percent (75%) of the claimed amount (after accounting for all proven defenses, setoffs, and counterclaims), either before or after filing of a complaint. The compromise and settlement of any Action for an amount less than seventy-five percent (75%) of the claimed amount (after accounting for all proven defenses, setoffs, and counterclaims), is subject to approval of the Bankruptcy Court after notice and a hearing.

The Coldwater Liquidating Trustee shall receive compensation for its services as set forth in the Liquidating Trust Agreement, but shall not be entitled to compensation from the Carve-Out. The Coldwater Liquidating Trustee also shall be reimbursed for all out-of-pocket fees, costs, and expenses in acting under the Joint Plan and the Liquidating Trust Agreement, including, but not limited to, reimbursement of its reasonable attorneys' fees and expenses, but shall not be entitled to compensation from the Carve-Out. As of the Trustee Effective Date, the Coldwater Liquidating Trustee shall have a first priority lien (junior only to the Carve-Out and the Unsecured Creditors Payment) on all unencumbered assets of the Coldwater Liquidating Estate to secure payment of any compensation or reimbursement obligation due under the Joint Plan or the Liquidating Trust Agreement.

The Coldwater Liquidating Trustee shall liquidate Liquidating Trust Property as assets of the Coldwater Liquidating Trust in a manner that will preserve and protect the value of such Liquidating Trust Property and reasonably maximize the return to Creditors. Among other things, the Coldwater Liquidating Trustee shall consider the time value of money in determining a strategy for liquidation of the Property distributed to the Coldwater Liquidating Trust.

Notwithstanding anything to the contrary in the Joint Plan, as of the Trustee Effective Date, the Coldwater Liquidating Trustee shall have authority to file pleadings with the Bankruptcy Court seeking authority to sell, transfer or otherwise dispose of the Liquidating Trust

Property if and to the extent the Coldwater Liquidating Trustee believes that a Final Order of the Bankruptcy Court would facilitate or otherwise assist with the orderly disposition of the Liquidating Trust Property. However, the Coldwater Liquidating Trustee may sell, transfer or otherwise dispose of the Liquidating Trust Property based solely on the authority of the Confirmation Order and the Liquidating Trustee Order and without any further order from the Bankruptcy Court. As of the Trustee Effective Date, the Coldwater Liquidating Trustee shall have all powers of a debtor-in-possession to seek such Bankruptcy Court authority regardless of the occurrence of the Trustee Effective Date and until the termination of the Coldwater Liquidating Trust as provided in the Joint Plan and the Liquidating Trust Agreement. From and after the Trustee Effective Date, the Coldwater Liquidating Trust also shall have all powers of a debtor-in-possession to seek Bankruptcy Court authority to limit, avoid or extinguish Liens, encumbrances, easements and restrictions with respect to any of the Liquidating Trust Property.

C. APPOINTMENT OF THE COLDWATER LIQUIDATING TRUSTEE

On the Trustee Effective Date, the Coldwater Liquidating Trustee shall be appointed and authorized to act as the Coldwater Liquidating Trustee pursuant to the terms of the Joint Plan and the Liquidating Trust Agreement. For all purposes under the Joint Plan, the Coldwater Liquidating Trustee shall be appointed and authorized to act as a representative of the Estate of the Debtor within the meaning of section 1123(b)(3)(B) of the Bankruptcy Code. As of the Trustee Effective Date, the Coldwater Liquidating Trustee shall retain and enforce all rights and interests of the Post-Confirmation Debtor and the Coldwater Liquidating Trust, and pursuant to the Joint Plan the Coldwater Liquidating Trust shall conduct sales of the Properties for the benefit of the Lenders pursuant to sections 363 and 1123(a)(5)(D) of the Bankruptcy Code.

D. FUNDING OF COLDWATER LIQUIDATING TRUST AND OPERATING BUDGETS

On the Trustee Effective Date, all Cash and other Property of the Estate shall be contributed to the Coldwater Liquidating Trust. The Coldwater Liquidating Trustee shall have discretion to retain sufficient funds from Net Proceeds, including Rents and Cash Collateral, from the management, sale or other disposition of Lenders' Collateral to fund the Carve-Out and administer the Coldwater Liquidating Trust as provided in the Joint Plan and as forecasted in operating budgets (the "Operating Budgets") which are prepared by the Coldwater Liquidating Trustee or its professionals and delivered to Lenders no less than sixty (60) days in advance of the expiration of the time period covered by the previously approved Operating Budget. Operating Budgets shall be subject to approval by Lenders, which approval will not be unreasonably withheld. If approval of an Operating Budget is not given by Lenders on or before thirty (30) days prior to the expiration of the previously approved Operating Budget, the Coldwater Liquidating Trustee may seek an order of the Bankruptcy Court approving the proposed Operating Budget. An initial Operating Budget approved by Lenders and the Post-Confirmation Debtor shall be in substantially the same format as the current Budget being utilized by the Debtor and attached as Exhibit B to the Joint Plan.

From and after the Trustee Effective Date, the Coldwater Liquidating Trustee shall also file and serve upon persons and entities who have entered notices of appearance in the Case quarterly written reports that shall be provided to the Lenders regarding the status of the matters within the responsibility of the Coldwater Liquidating Trustee on the twentieth (20th) day of the month (or the first Business Day thereafter if such date is on a weekend or legal holiday) following the end of the immediately preceding three calendar month period (each such period being a "quarter", with the first quarter being that period that includes the first three full calendar months following the Effective Date) or at such other intervals and in such form as reasonably

requested by the Lenders (the "Periodic Trustee Reports"). The Periodic Trustee Reports shall include (i) monthly financial statement/reports generated by the Coldwater Liquidating Trustee; (ii) such other information as reasonably requested regarding Operating Budgets; (iii) pertinent current or historical financial or operational information; and (iv) such other documents as are appropriate relating to the administration of the Coldwater Liquidating Trust.

E. RESIGNATION OF THE COLDWATER LIQUIDATING TRUSTEE

At any time upon thirty (30) days' written notice to all Creditors, the Coldwater Liquidating Trustee may petition the Bankruptcy Court for an order authorizing its resignation. The petition shall identify a proposed successor Coldwater Liquidating Trustee, and generally describe the qualifications of the person to act as the successor Coldwater Liquidating Trustee. The resignation shall be effective upon the successor Coldwater Liquidating Trustee accepting its appointment as the successor Coldwater Liquidating Trustee under, and pursuant to the terms of, the Liquidating Trust Agreement.

F. REMOVAL OF THE COLDWATER LIQUIDATING TRUSTEE

At any time upon thirty (30) days' written notice to all Creditors, Lenders or non-insider Creditors holding an aggregate of twenty percent (20%) or more of the Allowed Claims against the Coldwater Liquidating Trust (including in such calculation the amount of the Allowed Lenders' Claims and any Allowed Deficiency Claims) may petition the Bankruptcy Court for an order removing the Coldwater Liquidating Trustee and appointing a successor Coldwater Liquidating Trustee. The petition shall identify a successor to the Coldwater Liquidating Trustee approved by the Lenders, and generally describe the qualifications of the person to act as the successor Coldwater Liquidating Trustee. The Bankruptcy Court shall grant the petition only if non-insider Creditors holding fifty percent (50%) or more of the aggregate dollar amount of the unpaid Allowed Claims (including in such calculation the amount of the Allowed Lenders'

Claims and any Allowed Deficiency Claims) and the Lenders vote in favor of the petition or cause exists for removal of the Coldwater Liquidating Trustee. However, within the first three (3) months after the Trustee Effective Date, the Coldwater Liquidating Trustee may only be removed for cause.

G. INTERIM DISTRIBUTIONS AND FINAL DISTRIBUTION

The Post-Confirmation Debtor and (from and after the Trustee Effective Date) the Coldwater Liquidating Trustee shall make Distributions of Net Proceeds, including Rents and Cash Collateral, of Lenders' Collateral to Lenders as soon as reasonably practical upon collection of such Net Proceeds and after appropriate provision for full payment of the Carve-Out.

The Coldwater Liquidating Trustee shall make the Final Distribution when, in the reasonable judgment of the Coldwater Liquidating Trustee, upon the consent of the Lenders, all Liquidating Trust Property has been liquidated and there are no other sources of additional Cash for Distributions, there remain no Disputed Claims, and the Coldwater Liquidating Trustee is in a position to make the Final Distribution in accordance with applicable law. The date on which the Final Distribution is made is referred to as the "Final Distribution Date." The Coldwater Liquidating Trustee shall provide no less than thirty (30) days' notice of the Final Distribution Date to all Holders of Allowed Claims.

H. RIGHT TO RECEIVE DISTRIBUTIONS

Except as otherwise provided in the Joint Plan, the Allowed Claim of each Creditor shall represent their right to receive Distributions from the Post-Confirmation Debtor or (from or after Trustee Effective Date) the Coldwater Liquidating Trust.

I. EMPLOYMENT AND COMPENSATION OF PROFESSIONALS, REIMBURSEMENT OF EXPENSES

As of the Trustee Effective Date, the Coldwater Liquidating Trustee is authorized to employ attorneys and/or other professionals as appropriate to discharge its duties without need for Bankruptcy Court approval.

Professionals employed by the Coldwater Liquidating Trustee shall be compensated based on their customary rates and terms on a monthly basis without need for Bankruptcy Court approval of fees and expenses but subject to disclosure and approval by Lenders in the Operating Budgets, but shall not be compensated from the Carve-Out. Professionals employed by the Coldwater Liquidating Trustee shall submit monthly bills to the Coldwater Liquidating Trustee and the Lenders in the ordinary course of the professionals' billing practices. The Coldwater Liquidating Trustee and the Lenders shall have fifteen (15) calendar days to object to the payment of the fees and expenses provided in such billings (the "Fee Objection Date"). If no written objection is received by the respective professional(s) by the Fee Objection Date, then such fees shall be paid by the Coldwater Liquidating Trustee in the full amount requested without need for further review or authorization.

The Bankruptcy Court will retain exclusive jurisdiction to resolve any fee disputes among the Coldwater Liquidating Trustee, the Lenders and retained professionals.

J. TERMINATION OF COLDWATER LIQUIDATING TRUST

The Coldwater Liquidating Trust shall terminate on the earliest of the following dates: (a) the Final Distribution Date; (b) the date that the Bankruptcy Court or another court of competent jurisdiction enters a Final Order authorizing the termination of the Coldwater Liquidating Trust; and (c) three (3) years after the Effective Date. Notwithstanding the foregoing, in the event the Coldwater Liquidating Trustee shall have been unable, after reasonable efforts, to liquidate or otherwise dispose of the Property of the Coldwater Liquidating Trust within the initial three (3) year term of the Liquidating Trust Agreement, then the Coldwater Liquidating Trustee shall have

the right to extend the term of the Coldwater Liquidating Trust for successive one-year renewal terms until the Liquidating Trust Property has been sold or otherwise disposed of in fulfillment of the purpose of the Coldwater Liquidating Trust. The term of the Coldwater Liquidating Trust shall in no event exceed five (5) years after the Effective Date.

VIII. IMPLEMENTATION OF PLAN IF LIQUIDATING TRUST IS NOT ESTABLISHED

Pursuant to section 1123(b)(3) of the Bankruptcy Code, the Post-Confirmation Debtor shall manage, sell, liquidate or otherwise dispose of the Post-Confirmation Property and distribute the Net Proceeds, including Rents, pursuant to the terms of the Joint Plan.

A. DELAYING THE TRUSTEE EFFECTIVE DATE

The Trustee Effective Date may be delayed by extending the Post-Confirmation Period for additional 90-day periods upon the Lenders' written request to the Post-Confirmation Debtor not later than fifteen (15) days prior to the end of the Post-Confirmation Period.

B. POST-CONFIRMATION DEBTOR'S DUTIES

As of the Effective Date, the Post-Confirmation Debtor shall have the following duties: (a) receive, hold, and deposit funds of the Post-Confirmation Property; (b) subject to approval from Lenders, sell, dispose of or otherwise liquidate and administer Post-Confirmation Property, including, but not limited to, enforcing Actions and collecting amounts due with respect to such Actions; (c) liquidate and administer Claims against the Estate; (d) calculate and implement Distributions in accordance with the Joint Plan; (e) maintain a list of Holders of Allowed Claims; (f) report to the Creditors of the Estate; (g) manage, maintain and preserve the Post-Confirmation Property by and through a third party property management company approved by the Lenders, and (h) such other duties that are necessary to administer the Estate as contemplated under the Joint Plan.

C. POST-CONFIRMATION DEBTOR'S POWERS

As of the Effective Date, the Post-Confirmation Debtor (subject to governance by the Debtor's Board of Directors and management by the CRO) shall have the power to: (a) open any accounts necessary to maintain and distribute funds of the Estate; (b) subject to approval from Lenders, sell, dispose of or otherwise liquidate all of the Post-Confirmation Property; (c) enter into any lease or contract as landlord of the Property; (f) take any action on behalf of the Estate necessary to administer the Estate, including, but not limited to, pursuing and enforcing Actions of the Estate and collecting amounts due with respect to such Actions; (g) subject to approval from Lenders, compromise and settle any Actions of the Post-Confirmation Debtor as authorized under the Joint Plan; (h) employ Professionals to assist in administration of the Estate with Lenders' consent, not to be unreasonably withheld, or Court order; (i) pay any fees, costs, and expenses of administering the Estate; (j) make Distributions to Holders of Allowed Claims; and (k) such other powers that are necessary and appropriate, in accordance and consistent with Indiana and other applicable law, to fulfill its duties as set forth in the Joint Plan.

Confirmation of the Joint Plan shall constitute authority as of the Effective Date for the Post-Confirmation Debtor, after approval from Lenders but without further order of the Bankruptcy Court, to settle and compromise any Action for an amount equal to or greater than seventy-five percent (75%) of the claimed amount (after accounting for all proven defenses, setoffs, and counterclaims), either before or after filing of a complaint. The compromise and settlement of any Action for an amount less than seventy-five percent (75%) of the claimed amount (after accounting for all proven defenses, setoffs, and counterclaims) is subject to approval of the Bankruptcy Court after notice and a hearing.

D. POST-CONFIRMATION DEBTOR'S COMPENSATION

The fees and expenses of the Post-Confirmation Debtor and the CRO are to be approved of in advance by the Lenders and are subject to modification for each additional extension of the Post-Confirmation Period requested by the Lenders. The CRO shall receive compensation for its services as set forth in the Budget, but pursuant to Section IX.F. of the Joint Plan may be subject to potential reasonable modification for each additional extension (beyond the initial ninety (90) days) of the Post-Confirmation Period requested by the Lenders. The Post-Confirmation Debtor shall be reimbursed for all out-of-pocket fees, costs, and expenses in acting under the Joint Plan as set forth in the Budget, including, but not limited to, reimbursement of its reasonable attorneys' fees and expenses.

E. SALE OF POST-CONFIRMATION PROPERTY

The Post-Confirmation Debtor shall liquidate Post-Confirmation Property only with Lenders' approval in a manner that is reasonably calculated to preserve and protect the value of such Post-Confirmation Property and reasonably maximize the return to Creditors. Among other things, the Post-Confirmation Debtor shall consider the time value of money in determining a strategy for liquidation of the Post-Confirmation Property. Any broker hired by the Post-Confirmation Debtor is subject to the Lenders' approval.

F. ADDITIONAL PROVISIONS

Notwithstanding anything to the contrary in the Joint Plan, as of the Effective Date, the Post-Confirmation Debtor may sell, transfer or otherwise dispose of the Post-Confirmation Property based solely on the authority of the Confirmation Order without any further order from the Bankruptcy Court.

The Post-Confirmation Debtor shall exercise the rights and powers vested in it under the Joint Plan, and use the same degree of care and skill in its exercise, as a prudent person would

exercise or use under such circumstances in the administration of such person's own affairs. No provision of the Joint Plan shall be construed to relieve the Post-Confirmation Debtor from liability for its own gross negligence in acting or failing to act, or its own willful misconduct, except that:

1. The duties and obligations of the Post-Confirmation Debtor shall be determined solely by the express provisions of the Joint Plan, and it shall not be liable except for the performance of such duties and obligations as are specifically set forth in the Joint Plan, and no implied covenants or obligations shall be read into the Joint Plan against the Post-Confirmation Debtor;
2. The Post-Confirmation Debtor shall not be liable for any error of judgment made in good faith by it or any of its respective officers or employees, unless the Post-Confirmation Debtor is grossly negligent in ascertaining the pertinent facts; and
3. The provisions of this Section shall apply to any right, conduct, power, duty, or responsibility of the Post-Confirmation Debtor under the Joint Plan.

Except as provided in the Joint Plan, the Post-Confirmation Debtor:

1. May rely upon and shall be protected in acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, or other document believed by them to be genuine and to have been signed or presented by the proper party or parties; and
2. May consult with its legal counsel, and any written advice or opinion of its legal counsel shall be full and complete authorization and protection in respect of any action taken or not taken by it in good faith and in accordance with such advice or opinion of counsel; and
3. Shall not be liable for any action taken or not taken if in good faith and believed by it to be authorized or within their discretion or rights or powers under the Joint Plan; and
4. MAY EXERCISE ANY OF THE RIGHTS AND POWERS, OR PERFORM ANY OF THE DUTIES UNDER THE JOINT PLAN, EITHER DIRECTLY OR THROUGH AGENTS OR ATTORNEYS, AND IT SHALL NOT BE RESPONSIBLE FOR ANY MISCONDUCT OR NEGLIGENCE ON THE PART OF ANY AGENT OR ATTORNEY APPOINTED WITH DUE CARE.

IX. ADDITIONAL GENERAL PROVISIONS OF THE PLAN

A. RELEASE

Except as otherwise provided in the Joint Plan, on and after the Effective Date, Holders of Claims voting to accept the Joint Plan, and electing not to opt out of the release contained in Section XIV of the Joint Plan (which by definition, does not include Holders of Claims who are not entitled to vote in favor of or against the Joint Plan), shall be deemed to have conclusively, absolutely, unconditionally, irrevocably, and forever, released and discharged the Proponents, and those persons and entities who as of the date of filing the Joint Plan or thereafter are the Proponents' respective officers (including the Debtor's CRO), directors, employees, attorneys, servicers and any other professional persons employed by the Debtor from any and all Claims, obligations, rights, suits, damages, causes of action, remedies, and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereinafter arising, in law, equity, or otherwise, that the Debtor or its Estate would have been legally entitled to assert in its own right (whether individually or collectively) or on behalf of the Holder of any Claim or Interest or other Entity, based on or relating to, or in any manner arising from, in whole or in part, (a) the Chapter 11 Case or the commencement thereof, or (b) the negotiation, formulation or preparation of the Joint Plan and this Disclosure Statement, or related agreements, instruments, or other documents, other than Claims or liabilities arising out of or relating to any act or omission that constitutes a failure to perform the duty to act in good faith (to the extent such duty is imposed by applicable non bankruptcy law) and where such failure to perform constitutes willful misconduct, gross negligence, or fraud.

Notwithstanding the paragraph immediately above, this release does not preclude the Lenders, the Debtor, the Post-Confirmation Debtor or the Coldwater Liquidating Trustee from pursuing any legal, statutory or equitable rights and remedies against non-Debtor parties, including but not limited to (i) Kenneth Shay Klein, (ii) Cynthia Ruth Klein, (iii) relatives of

Kenneth Shay Klein or Cynthia Ruth Klein, (iv) John Kiley and (v) Jeffery Rothbard, or from participating or asserting causes of action or pursuing adversary proceedings in Kenneth Shay Klein and Cynthia Ruth Klein's personal bankruptcy case pending under chapter 7 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Indiana, South Bend Division, Case No. 12-31617. In addition, this release does not preclude the Lenders from pursuing any legal, statutory or equitable rights and remedies relating to collecting upon the Lenders' Collateral.

B. TAX MATTERS

The Coldwater Liquidating Trustee shall take or cause to be taken all reasonable and necessary actions, including without limitation, timely preparation and filing of required tax returns, to carry into effect the following intended tax-related consequences of the Joint Plan: (i) qualify the Coldwater Liquidating Trust as a "liquidating trust" within the meaning of section 301.7701-4(d) of the Treasury Regulations and to treat the beneficiaries of the Coldwater Liquidating Trust as the grantors or owners of the Coldwater Liquidating Trust within the meaning of sections 671 through 678 of the Internal Revenue Code; and (ii) allocate distributions to Creditors of the Coldwater Liquidating Trust with regard to their Allowed Claims first to payment of the principal portion of their Allowed Claims, and second to the payment of accrued and unpaid interest, if any.

The Joint Plan is intended to treat the beneficiaries of the Coldwater Liquidating Trust as having first received Pro Rata Distributions of the respective assets of the Coldwater Liquidating Estate, and then having recontributed those assets to the Coldwater Liquidating Trust in exchange for the beneficial interest in the Coldwater Liquidating Trust.

C. INJUNCTION

Except as provided otherwise in the Joint Plan, all Holders of Claims shall be precluded from asserting against the Post-Confirmation Debtor, the Post-Confirmation Property, the Coldwater Liquidating Trustee and the Liquidating Trust Property any further claim based on any act or omission, transaction or activity, of any kind or nature that occurred before the Confirmation Date. Nothing in the Joint Plan shall be construed to: (i) affect any right of setoff under section 553 of the Bankruptcy Code; (ii) compromise, settle, or release any individual right or Claim of a Creditor against officers or directors of the Debtor or transfer to, create, or vest in the Post-Confirmation Debtor or the Coldwater Liquidating Trust, any individual right or claim of a Creditor against officers or directors of the Debtor or its CRO.

D. LIMITATION OF LIABILITY

Neither the Proponents nor any of their respective officers (including Debtor's CRO), directors, employees, chief restructuring officers, members, shareholders, affiliates, agents, attorneys, servicers nor any other professional persons employed by any of them will have or incur any liability to any person for any act taken or omitted to be taken in connection with or related to formulating, preparing, disseminating, negotiating, implementing, confirming or consummating the Joint Plan and/or the disclosure statement or any contract, instrument, release, or other agreement or document created in connection with the Joint Plan or any other act taken or omitted to be taken in connection with this Case, including, except for willful misconduct or gross negligence as determined by Final Order of the Bankruptcy Court or the United States District Court for the Northern District of Indiana, South Bend Division; and, in all respects, the Proponents and the CRO shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Joint Plan.

E. LIMITED INDEMNIFICATION

The Post-Confirmation Debtor and the Coldwater Liquidating Trust shall indemnify and hold F. John Stark III in his capacity as a director of the Debtor and CRO, John Brunner in his capacity as a director of the Debtor and CFO, and Christopher Wheeler in his capacity as a director of the Debtor, and each of them (collectively, the “Indemnitees”) free and harmless from any and all costs and expenses of defense which any of the Indemnitees may suffer as a result of their acting in good faith in the aforementioned capacities of the Debtor at any time; provided, however, (i) this indemnification shall be an exclusively *in rem* obligation that shall attach only to the Post-Confirmation Property and the Trust Assets and (ii) this indemnification shall not apply to any act in violation of the Joint Plan, any order of the Court or for any failure to act in good faith, self-dealing, fraud, gross negligence, or willful or wanton misconduct .

F. PRESERVATION AND RETENTION OF ACTIONS

On the Effective Date, except as otherwise provided in the Joint Plan, in accordance with section 1123(b)(3) of the Bankruptcy Code, all of the Debtor’s rights, title and interests in and to any Actions, including Bankruptcy Actions, shall be retained, transferred to, and vest in the Post-Confirmation Debtor or (from and after the Trustee Effective Date) to exclusively enforce and/or otherwise assign any and all such Actions, as appropriate, in accordance with the best interests of Creditors entitled to Distributions under the Joint Plan. From the Effective date until the Trustee Effective Date, the Post-Confirmation Debtor shall act as the authorized representative of the Debtor pursuant to section 1123(b)(3)(B) of the Bankruptcy Code. From and after the Trustee Effective Date, the Coldwater Liquidating Trustee shall act as the authorized representative of the Debtor pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, and the Post-Confirmation Debtor then shall not act as the authorized representative. The Post-Confirmation Debtor or (from and after the Trustee Effective Date) the Coldwater

Liquidating Trustee with Lenders' approval may investigate and file any Action which it determines is likely to result in a recovery greater than the estimated fees and expenses necessary to pursue such Action.

However, nothing in the Joint Plan requires the Post-Confirmation Debtor or the Coldwater Liquidating Trustee to investigate or file any Action that it determines is likely to result in a recovery equal to or less than the estimated fees and expenses necessary to pursue such Action. The proceeds (net of all attorneys' fees and other expenses of litigation) from any such Actions will be distributed to the Lenders on account of the Class 1 Lenders' Allowed Claims.

G. RETENTION OF JURISDICTION

The Bankruptcy Court shall retain and have exclusive jurisdiction of the Case and any other related matter under 28 U.S.C. §§ 157 and 1334, including, without limitation, and in each case to the greatest extent permitted by applicable law to:

1. Resolve any matter related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which the Post-Confirmation Debtor or the Coldwater Liquidating Trustee is a party or with respect to which the Coldwater Liquidating Trustee may be liable, and to hear, determine and, if necessary, liquidate, any Claims arising therefrom;
2. Enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Joint Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Joint Plan;
3. Determine any and all motions, adversary proceedings, applications and contested or litigated matters that may be pending on the Effective Date or that, pursuant to the Joint Plan, may be instituted by the Post-Confirmation Debtor after the Effective Date; provided, however, that the Post-Confirmation Debtor shall reserve the right to commence Actions in all appropriate jurisdictions;
4. Ensure that distributions to Holders of Allowed Claims are accomplished as provided in the Joint Plan;
5. Hear and determine any timely objections to Administrative Claims, Priority

Claims, and Priority Tax Claims or to proofs of Claim and Interests filed, both before and after the Confirmation Date, including any objections to the classification of any Claim or Interest, and to allow, disallow, determine, liquidate, classify, estimate or establish the priority of or secured or unsecured status of any Claim, in whole or in part;

6. Enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, reversed or vacated;
7. Enter and implement orders approving or otherwise relating to sales of Properties by Coldwater Liquidating Trustee pursuant to sections 363 and 1123(a)(5)(D) of the Bankruptcy Code, and the distribution of the Net Proceeds of such sale pursuant to the Holders of Class 1 Allowed Lenders' pursuant to the terms of the Joint Plan; and
8. Resolve any matter related to interpretation, application, funding of, or adequacy or use of the Budgets;
9. Issue such orders in aid of execution of the Joint Plan, to the extent authorized by section 1142 of the Bankruptcy Code.

Nothing in the Joint Plan or the Confirmation Order shall expand the jurisdiction of the Bankruptcy Court beyond that permitted by title 28 of the United States Code.

X. IMPORTANCE OF OBTAINING PROFESSIONAL ADVICE

Proponents can give no assurances regarding the tax consequences of the Joint Plan. Except as otherwise required to be withheld under any applicable law by the Post-Confirmation Debtor or the Coldwater Liquidating Trustee, each person that receives any Distribution pursuant to the Joint Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligation imposed by any governmental unit, including income, withholding, or other tax obligation, on account of such Distribution. Accordingly, each Holder of a Claim or Interest is strongly urged to consult with its own tax advisor regarding the federal, state, local and foreign tax consequences of the Joint Plan.

Pursuant to section 1146(c) of the Bankruptcy Code, (i) the issuance, transfer, or exchange of notes or issuance of debt or equity securities under the Joint Plan; (ii) the creation of

any mortgage, deed of trust, or other security interests, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Joint Plan; and (iii) any merger agreements or agreements of consolidation, deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Joint Plan, shall not be subject to any taxes. All sale transactions consummated by the Post-Confirmation Debtor or the Coldwater Liquidating Trustee and approved by the Bankruptcy Court on and after the Petition Date, including, without limitation, the sales of Property pursuant to section 363(b) of the Bankruptcy Code or pursuant to the Joint Plan and the assumptions, assignments, and sales, of unexpired leases of non-residential real property pursuant to section 365(a) of the Bankruptcy Code or pursuant to the Joint Plan, shall be deemed to have been made under, in furtherance of, or in connection with the Joint Plan and, therefore, shall not be subject to any taxes.

XI. RISK FACTORS

There are several risks that might result from failure to consummate the Joint Plan of which Creditors should be aware. This Section is not intended to describe all of the potential risks that might result from failure to consummate the Joint Plan but only highlight a few of the potential risks.

A. RISK OF NON-CONFIRMATION

If the Joint Plan is not confirmed and consummated, there can be no assurance that this Case will continue rather than be converted to a liquidation under chapter 7 of the Bankruptcy Code or that any alternative Joint Plan would be on terms as favorable as the terms of the Joint Plan. If a chapter 7 liquidation were to occur, there is a substantial risk that the case would be administratively insolvent.

B. NON-CONSENSUAL CONFIRMATION

Pursuant to the "cram down" provisions of section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm the Joint Plan at the Proponents' request if at least one impaired Class has accepted the Joint Plan (with such acceptance being determined without including the acceptance of any insider in such Class), and as to each impaired Class that has not accepted the Joint Plan, the Bankruptcy Court determines that the Joint Plan "does not discriminate unfairly" and is "fair and equitable" with respect to impaired Classes.

C. POSSIBLE ADVERSE EFFECTS FROM DELAYS OF CONFIRMATION AND/OR EFFECTIVE DATE

Any delays of either confirmation or effectiveness of the Joint Plan could result in, among other things, (a) increased Administrative Claims of Professionals and/or (b) adverse effects on the value of the Estate's Property. Either of these or any other negative effects of delays of either confirmation or effectiveness of the Joint Plan could endanger the ultimate approval of the Joint Plan by the Court.

The Proponents also reserve the right to modify the terms of the Joint Plan, as necessary to obtain confirmation without the acceptance of all impaired Classes. Such modifications could result in a less favorable treatment of any non-accepting Class or Classes, as well as of any Classes junior to such non-accepting Classes, than the treatment currently provided in the Plan.

XII. CONFIRMATION OF THE PLAN

A. CERTAIN CONFIRMATION REQUIREMENTS

In order to confirm the Joint Plan, the Bankruptcy Code requires that the Bankruptcy Court make a series of determinations concerning the Joint Plan, including that (a) the Joint Plan has classified Claims and Interests in a permissible manner; (b) the Joint Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code; (c) the Proponents proposed the Joint Plan in good faith, and (d) the Proponents' disclosures as required by chapter 11 of the

Bankruptcy Code have been adequate and have included information concerning all payments made or promised by the Proponents in connection with the Joint Plan. The Proponents believe that all of these conditions will have been met by the date set for the Confirmation Hearing and will seek rulings from the Bankruptcy Court to such effect at the Confirmation Hearing.

The Bankruptcy Code also requires that a chapter 11 plan shall have been accepted by the requisite votes of creditors and equity interest holders (except to the extent that a "cram down" is available under section 1129(b) of the Bankruptcy Code); that such plan be feasible; and that such plan is in the "best interests" of all impaired creditors and equity security holders (that is, that impaired creditors and equity holders will receive at least as much pursuant to such Joint Plan as they would receive in a chapter 7 liquidation). To confirm the Joint Plan, the Bankruptcy Court must find that all of these conditions are met with respect to the Joint Plan. Thus, even if the Creditors and Interest Holders of the Debtor accept the Joint Plan by the requisite votes, the Bankruptcy Court must make independent findings respecting the Joint Plan's feasibility and whether it is in the best interests of Creditors and Interest Holders before it may confirm the Joint Plan.

B. CLASSIFICATION OF CLAIMS AND INTERESTS

The Bankruptcy Code requires that a chapter 11 plan place each Creditor's claim and each equity security Holder's Interest in a Class with other Claims and Interests that are "substantially similar." As set forth therein, the Proponents believe that the Joint Plan meets the classification requirements of the Bankruptcy Code.

C. "BEST INTERESTS OF CREDITORS" TEST

Before the Joint Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Joint Plan provides, with respect to each Class, that each Holder of a Claim or Interest in such Class either (i) has accepted the Joint Plan or (ii) will receive or retain under

the Joint Plan property of a value that is not less than the value of the distribution that such holder would receive or retain if the Debtor were liquidated under chapter 7 of the Bankruptcy Code on the Effective Date. The Proponents believe that the Joint Plan meets this "best interests of creditors" test.

In chapter 7 liquidation cases, creditors and interest holders of a debtor are paid from available assets generally in the following order, with no lower priority class receiving any payments until all amounts due to senior priority classes have been paid fully or payment provided for:

- a. Secured creditors (to the extent of the value of their collateral).
- b. Priority creditors.
- c. Unsecured creditors.
- d. Debt or penalties expressly subordinated by its terms, by the Bankruptcy Code, or by order of the bankruptcy court.
- e. Equity interest holders.

In a chapter 7 liquidation of the Debtor's assets, no Creditor other than Lenders would receive payment. Under the Joint Plan, Lenders have agreed to fund payment of Allowed Administrative Claims, Allowed Priority Tax Claim, Allowed Priority Claims, Allowed Convenience Class Claims and costs and expenses of administration of the Coldwater Liquidating Trust that would not otherwise be paid under an alternative plan or in a chapter 7 liquidation. Additionally, the Lenders have agreed to fund payment of the Unsecured Creditors Payment out of the proceeds of Lenders' Collateral, thereby guaranteeing that no less than \$100,000 gets paid to holders of Allowed Class 4 Unsecured Claims. Pursuant to the Debtors' Schedules and Claims filed to-date, this means that the Holders of Allowed Class 4 Unsecured Claims stand to recover approximately 44% of the amounts of their Allowed Unsecured Claims.

Additionally, the Lenders have agreed to fund payment of the Carve-Out. The Joint Plan therefore satisfies the best interests of creditors test.

D. LIQUIDATION ANALYSIS

The Joint Plan generally provides for the prompt Distribution of the proceeds of the liquidation of the assets of the Estate. Absent Lenders' funding of the Carve-Out, this Case would be administratively insolvent and no Creditor other than Lenders would receive any Distribution.

E. FEASIBILITY

Section 1129(a)(11) of the Bankruptcy Code requires a finding that confirmation of the Joint Plan is not likely to be followed by the liquidation or the need for further financial reorganization (unless such liquidation is proposed in the plan). As the Joint Plan is itself a plan of liquidation, the Joint Plan is feasible.

F. CONFIRMATION WITHOUT ACCEPTANCE BY ALL IMPAIRED CLASSES

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan, even if such plan has not been accepted by all Impaired classes entitled to vote on such plan, provided that such plan has been accepted by at least one Impaired class (without including any acceptance of the plan by an insider). It is also possible that one or more other Classes will reject the Joint Plan. Section 1129(b) of the Bankruptcy Code states that notwithstanding the failure of an Impaired class to accept a plan of reorganization, a plan shall be confirmed, on request of the proponents of the plan, in a procedure commonly known as a "cram down," so long as the Joint Plan does not "discriminate unfairly," and is "fair and equitable" with respect to each class of claims or interests that is impaired under and has not accepted the plan.

The condition that a plan be "fair and equitable" with respect to a class of secured claims requires either: (i) that the plan provide that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims; and that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property, or (ii) that the plan provide for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the Liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (i) or (iii) of this paragraph or (iii) that the plan provide for the realization by such holders of the indubitable equivalent of such claims.

The condition that a plan be "fair and equitable" with respect to a non-accepting class of unsecured claims includes the requirement that either: (i) such class receive or retain under the plan property of a value as of the effective date of the plan equal to the allowed amount of such claim or (ii) if the class does not receive such amount, no class junior to the non-accepting class may receive a distribution under the plan. No class junior to Class 4 and Class 5 will receive any value and thus the Joint Plan is fair and equitable with respect to Class 4 and Class 5. Should such Classes not accept the Joint Plan, the Proponents will seek confirmation over such non-acceptance.

If necessary, the Proponents believe that they will be able to obtain confirmation of the Joint Plan in accordance with section 1129(b) of the Bankruptcy Code.

XIII. VOTING PROCEDURES AND REQUIREMENTS

A. NOTICE TO HOLDERS OF CLAIMS AND INTERESTS

This Disclosure Statement is being transmitted to certain Holders of Claims against the Debtor. The purpose of this Disclosure Statement is to provide adequate information to enable the Holders of Claims against the Debtor to make reasonably informed decisions with respect to the Joint Plan prior to exercising their right to vote to accept or reject the Joint Plan. All Holders of Claims against the Debtor are encouraged to read the Disclosure Statement and Joint Plan carefully and in their entirety before deciding to vote either to accept or to reject the Joint Plan.

B. VOTING PROCEDURES, BALLOTS AND VOTING DEADLINE

Pursuant to the provisions of the Bankruptcy Code, only Classes of Claims and Interests that are Impaired under the terms and provisions of the Joint Plan are entitled to vote to accept or reject the Joint Plan (except for Classes receiving no Distribution, which are deemed to have rejected the Joint Plan). The Classes entitled to vote on the Joint Plan are 1, 4 and 5. Claims in Classes 2, 3 and 6 are not Impaired under the Joint Plan and therefore are deemed under section 1126(f) of the Bankruptcy Code to accept it. Interests in Class 7 will not receive or retain any property under the Joint Plan and therefore, under section 1126(g) of the Bankruptcy Code, are deemed to reject the Plan.

Ballots for acceptance or rejection of the Joint Plan will be provided only to members of the voting Classes with respect to the Joint Plan. Other forms of ballot are not acceptable and will not be counted. Each Holder of a Claim in a voting Class with respect to the Joint Plan should read this Disclosure Statement and the Joint Plan in their entirety. After carefully reviewing the Joint Plan, this Disclosure Statement and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Joint Plan by voting to accept or reject the Joint Plan on the Ballot that has been provided for you. In addition, if you hold an

Unsecured Claim against Debtor, you may elect to have your Unsecured Claim treated as a Class 6 Convenience Class Claim under the Joint Plan by marking the appropriate box on the Ballot.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, Ballots for the acceptance or rejection of the Joint Plan must be received by counsel to the Debtor no later than _____.m. Eastern Time on _____, 2013, at the following address: Meltzer, Purtill & Stelle LLC, Attn: Forrest B. Lammiman, 300 South Wacker Drive, Suite 3500, Chicago, IL 60606.

Your Ballot will not be counted if it is received at the above address after _____.m. Eastern Time on _____, 2013.

It is important that Creditors exercise their right to vote to accept or reject the Joint Plan. Even if you do not vote to accept the Joint Plan, you may be bound by the Joint Plan if it is accepted by the requisite Holders of Claims. The amount and number of votes required for confirmation of the Joint Plan are computed on the basis of the total amount of Claims or Interests actually voting for or against the Joint Plan.

C. CONFIRMATION HEARING

The Bankruptcy Code requires the Bankruptcy Court, after notice, to conduct a hearing regarding whether the Joint Plan and the Proponents have fulfilled the confirmation requirements of section 1129 of the Bankruptcy Code. The Bankruptcy Court has entered an order setting the Confirmation Hearing for _____.m. Eastern Time on _____, 2013 at the United States Bankruptcy Court for the Northern District of Indiana, at the Robert Rodibaugh U.S. Courthouse, 400 South Michigan Street, South Bend, Indiana 46601. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing.

D. OBJECTIONS TO CONFIRMATION OF THE PLAN

The Bankruptcy Court has entered an order setting _____.m. Eastern Time on _____, 2013 as the last date and time by which all objections to Confirmation of the Joint Plan must be filed with the Bankruptcy Court and served on the Lenders (and other parties in interest as provided in the Bankruptcy Rules and Local Rules). Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to Confirmation of the Joint Plan. Objections to Confirmation of the Joint Plan are governed by Bankruptcy Rule 9014. Unless an objection to Confirmation is timely filed and served, it will not be considered by the Bankruptcy Court.

XIV. CONCLUSION

The Proponents urge Creditors to vote to accept the Joint Plan by returning their executed Ballots to counsel for the Debtor, at the address set forth herein and on the Ballot, to be received no later than _____.m. Eastern Time on _____, 2013.

[Signatures on the following page]

Respectfully Submitted,

/s/ Forrest B. Lammiman

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