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In re:

C. WONDER LLC, *et al.*,<sup>1</sup>

Debtors.

UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW JERSEY  
HONORABLE MICHAEL B. KAPLAN  
CASE NO. 15-11127 (MBK)

Chapter 11  
(Jointly Administered)

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**FIRST AMENDED DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF  
THE BANKRUPTCY CODE FOR THE CHAPTER 11 JOINT PLAN OF  
ORDERLY LIQUIDATION OF C. WONDER LLC, *et al.***

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<sup>1</sup> The Debtors in these Chapter 11 cases are C. Wonder LLC; C. Wonder Gift Cards Inc.; C. Wonder Transport LLC; CW Holland LLC and CW International Holdings LLC.

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## **I. SUMMARY**

THIS FIRST AMENDED DISCLOSURE STATEMENT (“**DISCLOSURE STATEMENT**”) FOR THE FIRST AMENDED CHAPTER 11 JOINT PLAN OF ORDERLY LIQUIDATION OF C. WONDER LLC (“**C. WONDER**”), CW INTERNATIONAL HOLDINGS LLC (“**CW INTERNATIONAL**”), CW HOLLAND LLC (“**CW HOLLAND**”), C WONDER GIFT CARDS INC. (“**CW GIFT**”) AND C. WONDER TRANSPORT LLC (“**CW TRANSPORT**” WHICH TOGETHER WITH C. WONDER, CW INTERNATIONAL, CW GIFT AND CW TRANSPORT ARE COLLECTIVELY REFERRED TO AS THE “**DEBTORS**” OR THE “**COMPANY**”) AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS (THE “**COMMITTEE**”), ATTACHED AS EXHIBIT A (THE “**PLAN**”) AND RELATED MATERIALS DELIVERED HERewith ARE BEING PROVIDED BY THE DEBTORS TO KNOWN HOLDERS OF CLAIMS AND EQUITY INTERESTS PURSUANT TO SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE.<sup>2</sup>

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT EXCEPT AS EXPRESSLY INDICATED HEREIN. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTORS’ KNOWLEDGE, INFORMATION AND BELIEF. NO GOVERNMENTAL AUTHORITY HAS PASSED ON, CONFIRMED OR DETERMINED THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND EQUITY INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING. NOTHING STATED HEREIN SHALL BE DEEMED OR CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PARTY, NOR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR EQUITY INTERESTS. CERTAIN STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, BY NATURE, ARE FORWARD-LOOKING AND CONTAIN ESTIMATES AND ASSUMPTIONS. THERE CAN BE NO ASSURANCE THAT SUCH STATEMENTS WILL REFLECT ACTUAL OUTCOMES.

THE STATEMENTS CONTAINED HEREIN ARE MADE AS OF THE DATE HEREOF, UNLESS ANOTHER TIME IS SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED OR CONSTRUED TO CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS CORRECT AT ANY TIME AFTER THE DATE HEREOF.

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<sup>2</sup> All capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Plan.

HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. THEREFORE, EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

## **II. INTRODUCTION**

### **A. Background**

On January 22, 2015 (the “**Filing Date**”), the Debtors filed voluntary petitions for relief pursuant to Chapter 11 of Title 11 of the United States Code (the “**Bankruptcy Code**”) in the United States Bankruptcy Court for the District of New Jersey (the “**Chapter 11 Cases**”). After the Filing Date, the Debtors have remained in possession of their assets and management of their businesses as debtors-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

**A joint hearing to consider the adequacy of this disclosure statement and confirmation of the Plan (the “Combined Hearing”) will be held on August 31, 2015 at 2:00 p.m., prevailing Eastern Time**, before the Honorable Michael B. Kaplan, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of New Jersey, Clarkson S. Fisher U.S. Courthouse, 402 East State Street, Trenton, NJ 08608. The Bankruptcy Court has directed that objections, if any, to the adequacy of this Disclosure Statement and/or confirmation of the Plan must be filed and served so that they are received on or before August 17, 2015 at 5:00 p.m., prevailing Eastern Time. The Combined Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Combined Hearing or at any subsequent adjourned Combined Hearing.

Attached as Exhibit A to this Disclosure Statement is a copy of the Plan.

## **III. GENERAL INFORMATION**

### **A. Debtors’ Organizational Structure**

#### **(i) The Debtors’ U.S. Organizational Structure**

C. Wonder was organized on August 11, 2010 as a limited liability company under the provisions of the Delaware Limited Liability Act. At the time of its formation, J. Christopher Burch (“**JCB**”) was C. Wonder’s sole member. On December 27, 2012, however, C. Wonder completed a private offering of its Class A-1 Units for an aggregate purchase price of approximately \$35 million.<sup>3</sup> During 2013, C. Wonder completed another private offering of its

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<sup>3</sup> The C. Wonder Operating Agreement authorizes the issuance of five (5) classes of membership units: Common Units, Class A Units, Class A-1 Units, Class A-2 Units and Class B Units. The Class A, A-1 and A-2 Unit Holders are considered Preferred Members.

Class A-1 Units and Class A-2 Units for approximately \$40 million. As of the Filing Date, C. Wonder's members are as follows:

<u>Member</u>	<u>Number and Class of Units Held</u>	<u>Percentage Interest</u>
JCB	8,000,000 Class A Units	70.66%
PRTN CW Holdings, LLC	619,047 Class A-1 Units	5.47%
GROWTHCO CW Holdings, LLC	619,048 Class A-1 Units	5.47%
JCBI II LLC (an affiliate of JCB)	984,128 Class A-2 Units	8.69%
Access Industries Holdings LLC	158,730 Class A-2 Units	1.40%
Profits Interest Group	940,373 Class B Units	8.31%

C. Wonder owns 100% of CW Gift, an Arizona corporation incorporated in September 2012. CW Gift was created to issue and manage C. Wonder's gift cards. That entity, however, is inactive and never conducted any business operations.

C. Wonder is also the sole member of CW Transport, a Delaware limited liability company, formed in August 2011. CW Transport does not conduct any business operations.

**(ii) The Debtors' International Organizational Structure**

As set forth herein, beginning in 2013, C. Wonder began to focus on expanding its operations internationally. As a result, C. Wonder formed certain subsidiaries to operate its international business. Toward that end, CW International, a Delaware limited liability company, was formed on June 28, 2013. C. Wonder is the sole member of CW International.

Thereafter, in August 2013, non-debtor Creative Holdings C.V. ("**C.V.**"), a Dutch limited partnership, was established. C. Wonder and CW International are the 99% limited partner and 1% general partner of C.V., respectively. Non-debtor C.V., in turn, is the sole member of CW Holland, a Delaware limited liability company organized in August 2013. CW Holland is the 1% owner of C. Wonder Holland Cooperatief U.A. ("**Coop**"). The remaining 99% of non-debtor Coop is owned by C.V.

Additionally, CW Holland is the 100% owner of C. Wonder Asia Limited, a Hong Kong corporation, created in December 2013.

**B. General Overview of the Debtors' Business**

Founded by JCB, the Company was a specialty retailer with retail stores in the United States. The Company designed and marketed women's clothing, jewelry, shoes, handbags and other accessories, as well as select home goods under the C. Wonder brand. As of the Filing Date, the Company offered these products through its four (4) remaining U.S. retail stores. The Company's materials and manufacturing were directly sourced globally, allowing it to introduce

products under its own label at the best price for its customers, without sacrificing design integrity. In fact, the average price of the Company's products was \$50.

The Company's headquarters are located in New York. The Company also maintained two distribution centers in New Jersey, one for merchandise and the other for storage.

The Company opened its first retail store in New York in 2011. By 2014, the Company had expanded its operations to include 29 locations across 13 states including its flagship location in Soho, New York. The Company also sold products on its e-commerce site. Beginning in early 2014, the Company began to expand its operations internationally. In particular, through license (and sublicense) agreements, the Company licensed the C. Wonder brand to two (2) different foreign entities facilitating the opening of four (4) stores in Dubai and Kuwait by one of those parties. Additional international store openings were planned for early 2015 by both licensees.

At the height of its operations, the Company had approximately 600 employees. As of the Filing Date, the Debtors had approximately 158 employees, of which approximately 24 employees were full-time salaried employees and 134 were part-time hourly employees.

As of the Filing Date, the Debtors had assets with a book value of approximately \$42.3 million and liabilities with book value of approximately \$53.3 million. For the year 2014, the Debtors had net sales of approximately \$59.4 million and a net loss of approximately \$50.7 million.

**C. The Debtors' Pre-Petition Indebtedness**

The Debtors do not have any secured debt. During 2014, however, JCB, C. Wonder's majority member, provided the Company with a \$30 million unsecured convertible bridge loan which was ultimately increased to \$45 million. As of the Filing Date, approximately \$42 million remained outstanding on that loan. As set forth below, in connection with the sale, JCB agreed to subordinate the full amount of that loan to payment in full of all allowed unsecured claims.

As of the Filing Date, the Debtors had outstanding payables of approximately \$6.5 million, including \$3.3 million owed to their trade vendors. Additionally, the Debtors had substantial obligations to their landlords as a result of the early termination of many of their leasehold interests.

**D. Events Precipitating the Chapter 11 Filing**

The Company had accumulated significant losses from operations since its inception. In 2013 and 2012, the Company lost approximately \$59 million and \$46 million respectively. As of December 28, 2013 and December 29, 2012, the Company had accumulated deficits of approximately \$133 million and \$74 million, respectively. The Company's negative operating performance was due, in large part, to an extremely competitive market for women's apparel and the still struggling national economy. Additionally, the Company attributed its underperformance, reduced margins and lack of liquidity to its substantial leasehold obligations. Many of the Company's leases had lengthy lease terms with onerous provisions, rendering its ability to close or relocate underperforming locations nearly impossible.



Before the Filing Date, the Debtors critically evaluated their long term business model. The Debtors initiated and explored alternative means to increase cash flow while at the same time implementing measures to control expenses and maximize cash flow. In the interim, JCB provided the Debtors with a \$45 million bridge loan (approximately \$42 million of which was outstanding on the Filing Date) to fund the Debtors' mounting operating losses.

Beginning in August 2014, the Debtors began a series of layoffs of their employees. The Debtors continued to reduce their work force with additional layoffs in September and October of 2014. Simultaneously, the Debtors engaged A&G Realty Partners, LLC to negotiate with numerous landlords in hopes of terminating overly burdensome leases and streamlining store operations and costs by exiting 17 locations by year end. The intent had been to stabilize the Debtors' operations by downsizing the store operations, and thus the number of employees, while initiating a true wholesale channel for their business.

Although the negotiations with the landlords initially seemed promising and the Debtors began to take steps to exit the 17 stores, negotiations bogged down and, while the locations were closed, the work-out agreements were not finalized as anticipated.<sup>4</sup> The inability to consummate these agreements, along with poorer than expected sales in November 2014, led the Debtors to explore alternative means to resolve their liquidity issues. Ultimately, the Debtors were unable to secure sufficient liquidity to ensure they did not accrue liabilities to creditors and employees beyond their means to pay.

Given their severe liquidity constraints, the Debtors determined that a prompt and orderly wind-down of their operations was the best way to maximize value for the benefit of all parties-in-interest. In December 2014, the Debtors determined it would be in the best interest of their creditors to decrease operating costs by (i) reducing the number of corporate employees to those necessary to wind down the Debtors' affairs and (ii) closing an additional seven stores. As of the Filing Date, the Debtors continued to operate the remaining four stores (Soho, Flatiron, Time Warner Center and Manhasset) to effectuate the sale of the remaining inventory.

Based on the foregoing, the Debtors decided that a Chapter 11 filing was the best option available for resolving all creditor claims and maximizing value. Contemporaneously with the commencement of the Chapter 11 cases, the Debtors entered into an Asset Purchase Agreement with Burch Acquisition LLC, an entity owned by JCB, whereby it agreed to purchase certain of the Debtors' remaining assets, primarily consisting of the Debtors' intellectual property. The Debtors believed that a Chapter 11 filing, together with the sale of the Debtors' remaining assets, was in the best interests of the Debtors' estates.

#### **IV. THE CHAPTER 11 CASES**

The following is a brief description of certain major events that have occurred during this Chapter 11 Case.

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<sup>4</sup> The Debtors' North Park location had not yet been opened.

**A. First Day Motions and Orders**

On the Filing Date, in addition to the voluntary petition for relief filed by the Debtors under Chapter 11 of the Bankruptcy Code, the Debtors also filed a number of motions and applications (collectively, the “**First Day Motions**”) seeking certain “first day” relief. The purpose of such First Day Motions was to ensure that the Debtors were able to transition into the Chapter 11 process with as little disruption to their businesses as possible and to function smoothly pending an expedited sale of the Debtors’ businesses. Within a few days of the Filing Date, the Bankruptcy Court entered several orders (the “**First Day Orders**”), as more particularly described as follows:

**1. Joint Administration**

To facilitate, among other things, noticing, claims processing and voting-related matters, the Bankruptcy Court entered a First Day Order granting certain relief including authorization for the joint administration of the Debtors’ Chapter 11 Cases.

**2. Stabilizing Operations**

As more fully described below, since any interruption of the Debtors’ businesses, even for a brief period, would have negatively impacted the Debtors’ operations, customer relationships, and revenue and profits, on the Filing Date, the Debtors filed a number of First Day Motions to ensure a stabilization of operations.

**a. Employee Compensation**

By this First Day Motion, the Debtors sought authority to pay all employees their wage Claims in the ordinary course of business. Additionally, among other things, the Debtors requested authority to continue all of their prepetition benefit programs, including, among others, their medical and dental plans. This relief allowed the Debtors to maintain employee morale and prevent costly distractions and retention issues. Absent the ability to honor prepetition wages, salaries, benefits and other similar employee-related programs, the Debtors would have likely suffered significant losses at a time when they needed to stabilize their operations. Without the relief requested, the Debtors believed that employees may have sought alternative employment opportunities, thereby depleting the Debtors’ workforce, hindering the Debtors’ ability to meet their customer obligations, and likely diminishing stakeholder confidence in the Debtors’ ability to achieve their pronounced goals in these Chapter 11 proceedings. Accordingly, the Bankruptcy Court entered a First Day Order authorizing, but not directing, the Debtors to (A) honor prepetition claims and obligations for wages, salaries, employee benefits and other compensation, and (B) continue to provide certain employee benefits in the ordinary course of business.

**b. Cash Management System**

By this First Day Motion, the Debtors requested entry of an order authorizing the Debtors to continue using their existing cash management system and continue using their existing bank accounts and business forms. This relief allowed the Debtors to maintain uninterrupted business operations while they pursued a sale of their assets.

**c. Utilities**

The Debtors relied on a number of utility service providers in the ordinary course of their business. In order to prevent the business interruption likely to result in the event of interruption of service of one or more utilities, the Debtors filed a First Day Motion deeming their utility service providers adequately assured of future performance. Accordingly, the Bankruptcy Court entered an Interim Order granting the utilities motion and scheduling a final hearing on adequate assurance for a later date. Thereafter, that Interim Order became a Final Order deeming the Debtors' utilities adequately assured of future performance.

**d. Credit Card Processors**

The Debtors derived a substantial portion of their revenue from credit card payments in their retail stores. To facilitate the credit card transactions in Chapter 11, the Court entered an Order directing the Debtors' credit card processors to honor their processing agreements pending assumption or rejection pursuant to 11 U.S.C. §§ 365 and 105(a).

**e. Customer Programs**

Before the Filing Date, the Debtors engaged in the ordinary course of business in various customer programs to enhance customer satisfaction, sustain goodwill and ensure that the Debtor remained competitive in the marketplace. Those customer programs included, among others, gift cards. To preserve customer confidence and loyalty, the Debtors sought authority from the Bankruptcy Court to honor their pre-petition customer obligations. The Court entered an Order authorizing, but not directing, the Debtors to honor their prepetition obligations under their existing customer programs.

**f. Rejection of Leases**

Before the Filing Date, the Debtors vacated certain of their retail stores. Accordingly, by this First Day Motion, the Debtors sought to reject twenty-one (21) unexpired leases nunc pro tunc to the Filing Date. The Debtors determined that those leases constituted an unnecessary drain on the Debtors' resources, did not provide any benefit to the Debtors' estates, and were not necessary to the Debtors' ongoing operations. The Court entered an Order authorizing the Debtors to reject those leases as of the Filing Date.

**g. GOB Sales**

Before the Filing Date, the Debtors determined that their business was no longer viable and that a prompt and orderly wind-down of their operations was the best way to maximize value for the benefit of their creditors. Toward that end, the Debtors determined that conducting going out of business sales and store closings ("**GOB Sales**") would provide the best opportunity for maximizing the value of the inventory in their stores and distribution center. By this First Day Motion, the Debtors sought authorization to continue the GOB Sales at their remaining stores under Section 363 of the Bankruptcy Code. Additionally, the Debtors sought approval to pay certain employees severance at the conclusion of the GOB Sales. The Court ultimately approved both of the Debtors' requests.

**h. Sales Tax**

In connection with the normal operation of their businesses, the Debtors paid sales taxes in arrears on a monthly or quarterly basis. By this First Day Motion, the Debtors sought to pay sales taxes for the month of January 2015 which was due and payable in mid-February 2015. The Court entered an order granting that relief.

**3. Other Motions**

On the Filing Date and during the Chapter 11 Cases, the Debtors also filed several other significant motions related to the sale of substantially all of the Debtors' assets as well as certain retention and procedural motions.

**a. Employment and Compensation of Advisors**

To assist the Debtors in carrying out their duties as debtors in possession and to otherwise represent the Debtors' interests in the Chapter 11 Cases, the Debtors filed motions seeking authorization to retain and employ the following advisors: (a) Cole Schotz P.C. as counsel to the Debtors; (b) Marotta, Gund, Budd & Dzera, LLC as crisis managers; and (c) Prime Clerk, LLC as claims and noticing agent. The Debtors also requested approval of certain procedures for the interim compensation and reimbursement of professionals in the Chapter 11 Cases.

**b. Burch Sale Motion and Bid Procedures**

On the Filing Date, the Debtors filed with the Bankruptcy Court a motion for an order (1) approving a "Stalking Horse" asset purchase agreement (the "**Burch APA**") for the sale of certain of the Debtors' remaining assets, (b) approving certain sale and bid procedures, (c) scheduling an auction sale and sale hearing, and (2) authorizing the Debtors to sell substantially all of their assets free and clear of liens, claims, encumbrances and interests and to assume and assign certain related executory contracts and unexpired leases (the "**Sale Motion**"). As set forth in the Sale Motion, the bid procedures provided a process designed to ensure that the Debtors, their estates and their creditors received the highest and best value possible for their assets, in the context of these Chapter 11 Cases. The Debtors believed that, subject to the receipt of higher and better proposals, the asset purchase agreement negotiated with Burch represented the best alternative available to the Debtors.

After the Filing Date and the filing of Burch's stalking horse bid, the Debtors initiated a marketing process to solicit interest from potential investors. The Debtors, in conjunction with the Committee, developed a list of entities they believed may be interested in purchasing the Debtors' assets. Additionally, notice of the sale was published in (i) Women's Wear Daily, (ii) Crain's New York Business and (iii) The Wall Street Journal. The Debtors approached a total of 26 distinct parties. A confidentiality agreement was sent to five of those parties. Of those parties, three confidentiality agreements were executed and introductory marketing materials were provided. Two parties were provided access to the electronic data room. Despite those efforts, no other buyer made an offer for the assets and no other buyer was willing to pay more than the \$2,050,000 purchase price proposed by Burch.

On March 17, 2015, the Debtors sought approval of the sale of the assets to Burch at the sale hearing. The Bankruptcy Court approved the sale of the assets to Burch at the sale hearing and entered the Sale Order on March 19, 2015. The sale closed on March 31, 2015. In connection with the sale and as part of the negotiations with the Committee, JCB agreed to subordinate his \$42 million claim against C. Wonder LLC to the allowed claims of other general unsecured creditors. Additionally, pursuant to the Burch APA, Burch (i) purchased any claims that may exist by Burch Creative Capital or its affiliates pursuant to that Shared Services Agreement entered into on January 1, 2013 between C. Wonder and J. Christopher Capital, LLC d/b/a Burch Creative Capital (“BCC”) and (ii) assumed the Debtors’ liabilities to BCC pursuant to those agreements prior to or after the closing date.

**c. Rejection of Executory Contracts and Unexpired Leases**

On March 31, 2015, the Debtors filed a motion to reject certain executory contracts and unexpired leases that were not being assumed in connection with the sale to Burch and not otherwise necessary to administer the Debtors’ estates. The Debtors requested that the relief be granted nunc pro tunc to the sale closing date of March 31, 2015. The Court granted the motion to reject executory contracts and unexpired leases.

**d. Soho Sale**

On February 9, 2015, the Debtors filed a Motion for an Order: (A) Approving Bidding Procedures and Terms of Auction of Debtors’ Interest in Their Nonresidential Real Property Lease in the Soho section of New York (the “**Soho Lease**”); (B) Approving Asset Purchase Agreement and Bidding Protections; (c) Authorizing Assumption and Assignment of Lease to the Successful Bidder, Free and Clear of Liens, Claims and Encumbrances; (D) Setting Relevant Auctions, Approval and Related Hearing Dates; and (E) Granting Related Relief (the “**Soho Sale Motion**”). The Soho Sale Motion sought, among other things, to approve an asset purchase agreement with Apoposh, Inc. d/b/a Brandy Melville in the amount of \$1,200,000, subject to higher and better offers. On February 24, 2015, the Court entered an Order approving the bidding procedures aspect of the Solo Sale Motion (the “**Soho Bidding Procedures Order**”).

After the Filing Date and approval of the Soho Bidding Procedures Order, A&G Realty, LLC, the Debtors’ court-approved real estate consultant, marketed the Soho Lease to a broad range of retailers and retail brokers. On March 8, 2015, in compliance with the Soho Bidding Procedures Order, the landlord of the Soho Lease, Spring Street Co., and its agent The Propeller Company, submitted a competing bid in the amount of \$1,450,000 plus the release of the Debtors’ letter of credit posted as security in the amount of \$445,360.00. No other competing bids were received.

On March 12, 2015, the Debtors conducted an auction of the Soho Lease. Both Apoposh, Inc. d/b/a Brandy Melville and the landlord attended the auction. At the completion of the auction, the Debtors determined that the landlord’s final bid of \$1,650,000 plus release of the letter of credit in the amount of \$445,360.00 was the highest and best offer.

On March 19, 2015, the Court entered an Order approving the balance of the Soho Sale Motion (the “**Soho Sale Order**”). The Soho Sale Order also approved a break-up fee in the

amount of \$50,000 to Apoposh, Inc. d/b/a Brandy Melville. The closing on the sale of the Soho Lease was effective as of March 19, 2015.

**e. Sale of Designation Rights for Flatiron Location**

On February 13, 2015, the Debtors filed a Motion for an Order Pursuant to Sections 105, 363 and 365 of the Bankruptcy Code (I) Approving Designation Rights Agreement with Burch Acquisition LLC, (II) Establishing Lease Assumption and Assignment Procedures in Connection with Such Designation Rights Agreement and (III) Granting Related Relief (the “**Flatiron Designation Rights Motion**”). Pursuant to the Flatiron Designation Rights Motion, the Debtors sought authority to sell the designation rights with respect to its lease of non-residential real property located at 155 5<sup>th</sup> Avenue, New York, New York (the “**Flatiron Lease**”) to Burch. In connection with the Designation Rights Agreement, Burch agreed to pay with respect to the month of February 2015 two-third (2/3) and thereafter all carrying costs under the Flatiron Lease. Additionally, Burch agreed to pay the Debtors an amount equal to 50% of any consideration received for the Flatiron Lease, after reimbursement of its carrying costs. On March 3, 2015, the Court entered an Order approving the Designation Rights Motion. After entry of the Order, Burch marketed the Flatiron Lease for assumption and assignment but was unable to locate any interested parties. As a result, on or about April 7, 2015, the Debtors and landlord entered into a Stipulation and Consent Order approving the Rejection of Unexpired Lease of Non-Residential Real Property and Turnover of Premises.

**f. Sale of Excess Inventory**

On February 13, 2015, the Debtors filed a Motion for an Order Pursuant to 11 U.S.C. § 363 and Fed. R. Bankr. P. 6004: (A) Authorizing the Debtors to Sell Certain Inventory to the Marmaxx Group Free and Clear of Liens, Claims and Interest; (B) Waiving the Fourteen Day Stay Pursuant to Fed. R. Bankr. P. 6004(h) and (C) Granting Other Related Relief (the “**Inventory Motion**”). Pursuant to the Inventory Motion, the Debtors sought authority to sell, in bulk, approximately 70,000 units of inventory consisting of certain apparel and home fashions products to the Marmaxx Group for \$5.90 a unit. On February 24, 2015, the Court entered an Order approving the Inventory Motion.

**g. Wind-Down of Non-Debtor Foreign Subsidiaries**

On April 23, 2015, the Debtors filed a Motion for an Order Pursuant to 11 U.S.C. §§ 105(a) and 363(b) Authorizing Them to Cause the Orderly Wind-Down and/or Dissolution of Their Non-Debtor Foreign Subsidiaries, namely C.V., Coop and CW Asia. The Committee consented to that relief provided that the Debtors expended no more than \$40,000 to accomplish their objective. On May 18, 2015, the Court entered an Order granting the Motion.

**h. Extension of Exclusivity**

On April 23, 2015, the Debtors filed a Motion Pursuant to 11 U.S.C. § 1121(e) for an Order Extending Their Exclusive Periods Within Which to File a Chapter 11 Plan and Solicit Acceptances Thereto to July 21, 2015 and September 29, 2015. On May 18, 2015, the Court granted the extension.



**i. Extension of Deadline to Assume/Reject Corporate Headquarters Lease**

In connection with the sale to Burch (described above), the Debtors sold the designation rights relating to the leasehold interests in their corporate headquarters located at 1115-1117 Broadway, New York, New York.

Pursuant to the Designation Rights Agreement, Burch has the sole, exclusive and continuing right to reject and designate to whom that lease shall be assigned. The deadline to designation that lease was June 30, 2015. On June 8, 2015, the Debtors filed a Notice of Assumption and Assignment for the corporate headquarters lease. No objections were filed to the assumption and assignment.

On April 23, 2015, the Debtors filed a Motion extending the time by which they must assume or reject the corporate headquarters lease for 90 days, given that the deadline under the Bankruptcy Code was May 22, 2015, a month before the June 30, 2015 deadline. On May 18, 2015, the Court granted the Debtors' requested extension.

**B. Appointment of the Committee**

On January 30, 2015, the Office of the United States Trustee for the District of New Jersey (the "UST") appointed the Official Committee of Unsecured Creditors (the "Committee"). The members of the Committee are as follows: (a) Simon Property Group, Inc. (Co-Chairman); (b) Fisher Design LLC (Co-Chairman); (c) Popular Talent Co., Ltd.; (d) CRG Enterprises, Inc.; and (e) Al Tayer Trends, LLC.

To assist the Committee in carrying out their duties, the Committee retained and employed Porzio, Bromberg & Newman, P.C. as counsel to the Committee and CBIZ Accounting, Tax & Advisory of New York, LLC as financial advisors.

**C. Claims Process and Bar Date**

**1. Section 341(a) Meeting of Creditors**

On February 25, 2015, the UST presided over the Section 341(a) meeting of creditors in the Chapter 11 Cases.

**2. Schedules and Statements**

The Debtors filed with the Bankruptcy Court their Statements of Financial Affairs, Schedules of Assets and Liabilities, Schedules of Executory Contracts and Unexpired Leases and Lists of Creditors and Equity Holders (collectively, the "Schedules") on February 20, 2015.

**3. Bar Date**

The Bankruptcy Court fixed May 26, 2015 as the date by which Creditors had to file Proofs of Claims in these Chapter 11 Cases. The deadline for filing a Proof of Claim by a

governmental unit (as defined by Section 101(27) of the Bankruptcy Code) is July 21, 2015. As of the May 26, 2015 bar date, 227 claims were filed totaling \$20,117,483.98.

#### **4. Class Action Complaint**

On May 1, 2015, Monique Carter, on behalf of herself and all others similarly situated, filed a Class Action Adversary Proceeding Complaint against C. Wonder for alleged violations of the Worker Adjustment and Retraining Notification Act, 29 U.S.C. §§ 2101, *et seq.*, and its New York counterpart, New York Labor Code §§ 921, *et seq.* (the “**WARN Complaint**”). The WARN Complaint seeks to recover employee wages and ERISA benefits for 60 days as an administrative claim. On June 3, 2015, C. Wonder filed a Motion to Dismiss the WARN Complaint. At a hearing held on July 13, 2015, the Court granted C. Wonder’s motion dismissing the WARN Complaint without prejudice. In doing so, the Court acknowledged the WARN Complaint as an informal proof of claim of the lead plaintiff only. Additionally, the Court determined that dismissal of the WARN Complaint was without prejudice to the rights of (a) the lead plaintiff on behalf of herself and others similarly situated to (i) file a request for payment of an administrative expense claim and/or (ii) seek certification of a class administrative expense claim or (b) the Debtor and/or Plan Administrator, or any other party to object to (i) Plaintiff’s informal proof of claim, (ii) any other claims of Plaintiff and the terminated employees including, without limitation, a request for payment of administrative expense claim and (iii) any motion seeking class certification.

On July 2, 2015, the New York State Department of Labor filed a proof of claim in the amount of \$597,642.39 for wages, benefits and penalties for alleged violation of the New York WARN Act. The Debtors and/or Plan Administrator may object to that proof of claim.

### **V. CONFIRMATION AND VOTING PROCEDURES**

#### **A. Introduction**

In formulating the Plan, the Debtors’ goal was to find an acceptable method for satisfying the Claims of Creditors in accordance with the priorities and requirements of the Bankruptcy Code to allow the Debtors to emerge from Chapter 11.

#### **B. Confirmation Procedure**

##### **1. Combined Hearing**

A hearing before the Honorable Michael B. Kaplan, United States Bankruptcy Judge, has been scheduled for August 31, 2015, at 2:00 p.m., at the United States Bankruptcy Court, Clarkson S. Fischer U.S. Courthouse, 402 East State Street, Trenton, New Jersey 08608 to consider the adequacy of the Disclosure Statement and confirmation of the Plan. The Combined Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Combined Hearing.



## **2. Procedure for Objections**

Any objection to the Disclosure Statement or confirmation of the Plan must be made in writing and specify in detail the name and address of the objector, all grounds for the objection and the amount of the Claim held by the objector. Any such objection must be filed with the Bankruptcy Court and served on the Debtors' and Committee's counsel and all parties who have filed a notice of appearance by 5:00 p.m. prevailing Eastern Time on August 17, 2015. Unless an objection is timely filed and served, it may not be considered by the Bankruptcy Court.

## **3. Requirements for Confirmation**

The Bankruptcy Court will confirm the Plan only if it meets all the applicable requirements of Section 1129 of the Bankruptcy Code. Among the requirements for confirmation in these Chapter 11 Cases are that the Plan be: (i) accepted by all impaired classes of Claims and Equity Interests or, if rejected by an impaired class, that the Plan "does not discriminate unfairly" against and is "fair and equitable" with respect to such class; and (ii) feasible. The Bankruptcy Court must also find that:

- The Plan has classified claims and interests in a permissible manner;
- The Plan complies with the technical requirements of Chapter 11 of the Bankruptcy Code; and
- The Plan has been proposed in good faith.

## **4. Classification of Claims and Equity Interests**

Section 1122 of the Bankruptcy Code requires the Plan to place a claim or equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Plan creates separate classes to deal respectively with secured claims, unsecured claims and equity interests. The Debtors believe that the Plan's classifications place substantially similar claims or equity interests in the same class and thus, meet the requirements of Section 1122 of the Bankruptcy Code.

## **5. Impaired Claims or Equity Interests**

Pursuant to Section 1126 of the Bankruptcy Code, only the Holders of Claims in Classes "Impaired" by the Plan and receiving a payment or distribution under the Plan may vote on the Plan. Pursuant to Section 1124 of the Bankruptcy Code, a Class of Claims may be "Impaired" if the Plan alters the legal, equitable or contractual rights of the Holders of such Claims or Interests treated in such Class. The Holders of Claims not Impaired by the Plan are deemed to accept the Plan and do not have the right to vote on the Plan. The Holders of Claims or Interests in any Class which will not receive any payment or distribution or retain any property pursuant to the Plan are deemed to reject the Plan and do not have the right to vote.

**6. Eligibility to Vote on the Plan**

Unless otherwise ordered by the Bankruptcy Court, only Holders of Allowed Class 2A Claims and Class 2B Claims may vote on the Plan. In order to vote on the Plan, you must hold a Class 2A or 2B Claim and have timely filed a proof of Claim or have a Claim that is identified on the Schedules that is not listed as disputed, unliquidated or contingent, or be the holder of a Claim that has been temporarily Allowed for voting purposes only under Bankruptcy Rule 3018(a).

**7. Solicitation Package**

Each person entitled to vote to accept or reject the Plan is being provided with (1) this Disclosure Statement; (2) the Plan; (3) notice of the Confirmation Hearing and objection deadline; (4) an appropriate ballot to be used in voting to accept or reject the Plan; and (5) a pre-addressed return envelope. Any person who receives this Disclosure Statement but does not receive a ballot, and who believes that he/she is entitled to vote to accept or reject the Plan or who believes he/she received an incorrect ballot, should contact Prime Clerk, LLC at the address or telephone number set forth in this Disclosure Statement. To ensure your vote is counted you must (i) complete the Ballot, (ii) indicate your decision either to accept or reject the Plan in the boxes provided on the Ballot, and (iii) sign and return the Ballot to the address set forth on the Ballot (please note that envelopes and prepaid postage have not been included with the Ballot). **BALLOTS SENT BY FACSIMILE TRANSMISSION ARE NOT ALLOWED AND WILL NOT BE COUNTED.**

**8. Procedure/Voting Deadlines**

In order for your ballot to count, you must complete, date, sign and properly mail the enclosed ballot (please note that envelopes have been included with the ballot) to the balloting agent at the following address:

C. Wonder LLC Ballot Processing Center  
c/o Prime Clerk LLC  
830 3rd Avenue, 9th Floor  
New York, New York 10022

The balloting agent must RECEIVE original ballots by mail or overnight delivery on or before **August 17, 2015 at 5:00 p.m.** (prevailing Eastern Time) (the “**Voting Deadline**”). Except as otherwise provided, you may not change your vote once the balloting agent receives your ballot.

Any ballot that is timely received, that contains sufficient information to permit the identification of the claimant and that is cast as an acceptance or rejection of the Plan will be counted and will be deemed to be cast as an acceptance or rejection, as the case may be, of the Plan.

The following ballots will not be counted or considered for any purpose in determining whether the Plan has been accepted or rejected:

- a. any ballot received after the Voting Deadline, unless the Debtors grant an extension of the Voting Deadline with respect to such ballot;
- b. any ballot that is illegible or contains insufficient information to permit the identification of the claimant;
- c. any ballot cast by a person or entity that does not hold a Claim in a class that is entitled to vote to accept or reject the Plan;
- d. any ballot cast for a Claim designated as unliquidated, contingent or disputed or as zero or unknown in amount and for which no Rule 3018(a) motion has been filed by the Rule 3018(a) motion deadline;
- e. any ballot timely received that is cast in a manner that indicates neither acceptance nor rejection of the Plan or that indicates both acceptance and rejection of the Plan;
- f. any unsigned ballot; or
- g. any ballot that is electronically submitted.

**9. Acceptance of the Plan**

As a Creditor, your acceptance of the Plan is important. In order for the Plan to be accepted by an Impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept the Plan. At least one impaired Class of Creditors, excluding the votes of insiders, must actually vote to accept the Plan. **YOU ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY MAIL THE BALLOT ATTACHED TO THE NOTICE. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY IDENTIFY THE EXACT AMOUNT OF YOUR CLAIM AND THE NAME OF THE CREDITOR.**

**VI. SUMMARY OF KEY TERMS OF THE PLAN**

**A. Summary of Classification, Treatment and Voting**

<b><u>Class &amp; Description</u></b>	<b><u>Estimated Allowed Claims</u></b>	<b><u>Treatment</u></b>	<b><u>Estimated Recovery to Holders of Allowed Claims</u></b>
C. Wonder LLC Class 1A – Other Priority Claims	\$175,000 to \$276,000	Holders of Allowed Class 1A Claims, if any, shall be paid 100% of their Claim	100%

<b><u>Class &amp; Description</u></b>	<b><u>Estimated Allowed Claims</u></b>	<b><u>Treatment</u></b>	<b><u>Estimated Recovery to Holders of Allowed Claims</u></b>
C. Wonder LLC Class 2A – General Unsecured Creditors	\$18.8 million to \$22.4 million <sup>5</sup>	Holders of Allowed Class 2A Claims shall receive Cash equal to their pro rata share of the Available Cash of C. Wonder LLC	7.0% to 20.6%
C. Wonder LLC Class 3A – Equity Interests	n/a	All Equity Interests shall be cancelled, extinguished and of no further force and effect	0%
CW Holland LLC Class 1B – Other Priority Claims	\$0	Holders of Allowed Class 1B Claims, if any, shall be paid 100% of their Claim	100%
CW Holland LLC Class 2B – General Unsecured Creditors	\$0	Holders of Allowed Class 2B Claims shall receive Cash equal to their pro rata share of the Available Cash of CW Holland LLC	n/a
CW Holland LLC Class 3B – Equity Interests	n/a	All Equity Interests shall be cancelled, extinguished and of to further force and effect	0%
C. Wonder Gift Cards Inc. Class 1C – Equity Interests	n/a	All Equity Interests shall be cancelled, extinguished and of to further force and effect	0%
C. Wonder Transport LLC Class 1D – Equity Interests	n/a	All Equity Interests shall be cancelled, extinguished and of to further force and effect	0%

<sup>5</sup>These amounts represent estimated Allowed Claims, and do not represent amounts actually asserted by creditors in proofs of claim or otherwise. Additionally, the governmental bar date has not yet passed and the Debtors have not completed their analysis of Claims in the Chapter 11 Cases and objections to such Claims have not been fully litigated, there can be no assurances of the exact amount of the Allowed Claims at this time. Rather, the actual amount of the Allowed Claims may be greater or lower than estimated. The Debtors are aware that D.N.J. LBR 3016-2(a) requires Debtors' counsel to review all proofs of Claim filed as of the bar dates before filing a Disclosure Statement. As stated above, the Debtors have not commenced the process of reviewing all proofs of Claim to identify the Claims to which the Debtors may object, but intend to complete that process after confirmation of the Plan. The Debtors believe that the liquidated, non-disputed and non-contingent amount of the Claims listed on the Schedules are accurate, so that to the extent a proof of Claim differs from the Debtors' Schedules, the Holder of the Claim should expect that the Debtors or the Plan Administrator may object to that Claim.

<u><b>Class &amp; Description</b></u>	<u><b>Estimated Allowed Claims</b></u>	<u><b>Treatment</b></u>	<u><b>Estimated Recovery to Holders of Allowed Claims</b></u>
C. Wonder International Holdings LLC Class 1E – Equity Interests	n/a	All Equity Interests shall be cancelled, extinguished and of to further force and effect	0%

In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified and are excluded from the foregoing classification (as set forth in Article II of the Plan).

In connection with the sale of the assets to Burch, JCB agreed to subordinate his \$42 million claim to the General Unsecured Creditors of C. Wonder LLC. Therefore, JCB's claim will not reduce the recovery to General Unsecured Creditors of C. Wonder LLC and will only be paid a distribution in the event that holders of Allowed General Unsecured Claims in Class 2A are paid in full. Additionally, as referenced above, pursuant to the Burch APA, no amounts will be collected from or disbursed to BCC on account of the Shared Services Agreement.

**B. Modification of Treatment of Claims and Equity Interests**

The Debtors reserve the right to modify the treatment of any Allowed Claim in any manner adverse only to the Holder of such Claim at any time after the Effective Date upon the consent of the Holder of the Claim whose Allowed Claim is being adversely affected.

**C. Appointment of Plan Administrator**

Upon the Effective Date, the Plan Administrator shall be deemed the sole member of each Debtor for all purposes, with all necessary power to act for, on behalf of, and in the name of the Debtors. The Plan Administrator will be Brian Ryniker.

**D. Means for Implementation of the Plan**

Upon the Effective Date, the Debtors will be liquidated in accordance with the Plan and applicable law and the Debtors' operations shall become the responsibility of the Plan Administrator. The Plan Administrator will act as the Debtors' liquidating agent and shall be authorized and obligated to implement the Plan and wind down the Debtors including any and all actions necessary to (a) liquidate the Debtors' Assets, (b) investigate and prosecute Causes of Action on the Debtors' behalf, (c) defend, protect and enforce any and all rights and interests of the Debtors, (d) make any and all Distributions required or permitted to be made, (e) file any and all reports, requests for relief or objections thereto, (f) dissolve the Debtors and otherwise wind down the Debtors and any corporate entity owned by the Debtors including preparation of and filing of final tax returns, (g) file post-Effective Date reports required under applicable law, (h)

pay all Statutory Fees, (i) object to Claims filed against the Debtors, and (j) pay any and all claims, liabilities, losses, damages, costs and expenses incurred.

**E. No Substantive Consolidation**

The Debtors' estates are not being substantively consolidated under the Plan. Holders of claims against each Debtor shall be paid from the Available Cash of that Debtor. For avoidance of doubt, Holders of Claims of CW Holland shall not be paid from the Available Cash of C. Wonder.

**F. Injunction**

All injunctions or stays provided for in the Chapter 11 Cases under Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Except as otherwise expressly provided in the Plan or to the extent necessary to enforce the terms and conditions of the Plan, the Confirmation Order or a separate Order of the Bankruptcy Court, all Entities who have held, hold, or may hold Claims against or Equity Interest in the Debtors, are permanently enjoined, on and after the Confirmation Date, from (A) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim or Equity Interest, (B) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or Order against the Debtors on account of any such Claim or Equity Interest, (C) creating, perfecting or enforcing any encumbrance of any kind against the Debtors or against the property or interests in property of the Debtors on account of any such Claim or Equity Interest, and (D) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or against the property or interests in property of the Debtors on account of any such Claim or Equity Interest.

**G. Exculpation**

The Chief Restructuring Officer, the Assistant Chief Restructuring Officer, the Committee and the Plan Administrator and their respective members, managers, partners, officers, directors, employees and agents (including any attorneys retained by such Persons) shall have no liability to any Holder of any Claim or Equity Interest for any act or omission in connection with, or arising out of, the Chapter 11 Cases, the Plan, the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under the Plan.

The Debtors and their respective members, managers, partners, officers, directors, employees and agents shall have no liability to any Holder of any Claim or Equity Interest for any post-Filing Date act or omission in connection with, or arising out of, the Chapter 11 Cases, the Plan, the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence as determined by a Final Order of the Bankruptcy

Court and, in all respects, shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under the Plan.

**H. Rejection of Executory Contracts and Unexpired Leases**

On the Effective Date, all Executory Contracts and unexpired leases not assumed before the Confirmation Date will be deemed rejected. The Confirmation Order shall constitute an order approving such rejection as of the Effective Date. If the rejection by the Debtors, pursuant to the Plan or otherwise, of an Executory Contract (which includes an unexpired lease) gives rise to a Claim, a Proof of Claim must be filed with the Claims Agent at C. Wonder LLC Claims Processing Center, c/o Prime Clerk LLC, 830 3rd Avenue, 9th Floor, New York, New York 10022 and served upon the Claims Agent and the Debtors' counsel or as otherwise may be provided in the Confirmation Order, by no later than thirty (30) days after the later of (i) notice of entry of the Confirmation Order, and (ii) other notice that the Executory Contract or unexpired lease has been rejected. Any Proofs of Claim not filed and served within such time periods will be forever barred from assertion against the Debtors and their estates. Unless otherwise Ordered by the Bankruptcy Court, all Claims arising from the rejection of Executory Contracts and unexpired leases shall be treated as Unsecured Claims under the Plan.

**I. Administrative Bar Date**

Requests for payment of Administrative Expense Claims must be filed no later than 45 days after the Effective Date. Holders of Administrative Expense Claims that do not file requests for allowance and payment thereof on or before that date shall forever be barred from asserting such Administrative Expense Claims against the Debtors or their Estates.

**J. Conditions Precedent to the Effective Date**

The Plan shall not become effective unless and until the following conditions shall have been satisfied or waived:

a. The Confirmation Order shall be in form and substance acceptable to the Debtors and the Committee in their sole and absolute discretion.

b. The Confirmation Order shall have become a Final Order.

**K. Retention of Jurisdiction**

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, the Chapter 11 Cases and the Plan pursuant to, and for the purposes of, Sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the purposes set forth in Article XIII of the Plan.

**L. Dissolution of Debtors**

On the Effective Date, the C. Wonder Gift Cards Inc., C. Wonder Transport LLC and CW International Holdings LLC, shall be deemed dissolved under applicable law without the



need for filing any documents. Upon substantial consummation of the Plan, C. Wonder LLC and CW Holland are deemed dissolved.

**M. Severability**

In the event the Bankruptcy Court determines that the Plan can only be confirmed with respect to some but not all of the Debtors, the Debtors reserve the right to move forward with confirmation of the Plan as it relates only to the Debtors that satisfy the requirements for confirmation.

**VII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES**

The following discussion is a summary of certain U.S. federal income tax consequences of the Plan to the Debtors and to Holders of Claims and Equity Interests. This discussion is based on the Internal Revenue Code of 1986, as amended (the “**Tax Code**”), Treasury Regulations promulgated and proposed thereunder, judicial decisions and published administrative rules and pronouncements of the Internal Revenue Service (“**IRS**”), all as in effect on the date hereof.

Due to the complexity of certain aspects of the Plan, the lack of applicable legal precedent, the possibility of changes in the law, the differences in the nature of the Claims, each Holder’s status and method of accounting and the potential for disputes as to legal and factual matters with the IRS, the tax consequences described herein are uncertain. No legal opinions have been requested from counsel with respect to any of the tax aspects of the Plan and no rulings have been or will be requested from the IRS with respect to the any of the issues discussed below. Further, legislative, judicial or administrative changes may occur, perhaps with retroactive effect, which could affect the accuracy of the statements and conclusions set forth below as well as the tax consequences to the Debtors and the Holders of Claims and Equity Interests.

This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or the Holders of Claims or Equity Interests in light of their personal circumstances, nor does the discussion deal with tax issues with respect to taxpayers subject to special treatment under the U.S. federal income tax laws (including, for example, insurance companies, financial institutions, real estate investment trusts, tax-exempt organizations, small business investment companies, regulated investment companies, foreign taxpayers, persons whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax, and persons holding Claims or Interests as part of a “straddle,” “hedge,” “constructive sale” or “conversion transaction” with other investments). This discussion does not address the tax consequences to Holders of Claims who did not acquire such Claims at the issue price on original issue. No aspect of foreign, state, local or estate and gift taxation is addressed.

EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT WITH SUCH HOLDER’S TAX ADVISORS CONCERNING THE U.S. FEDERAL, STATE, LOCAL, FOREIGN AND OTHER TAX CONSEQUENCES OF THE PLAN.



**A. Tax Consequences to the Debtors**

Pursuant to the Tax Code and subject to certain exceptions, a taxpayer generally must recognize income from the cancellation of indebtedness (“**COD Income**”) to the extent that such taxpayer’s indebtedness is discharged for an amount less than the indebtedness’ adjusted issue price determined in the manner described below. Generally, the amount of COD Income, subject to certain statutory and judicial exceptions, is the excess of (i) the adjusted issue price of the discharged indebtedness less (ii) the sum of the fair market value (determined at the date of the exchange) of the consideration, if any, given in exchange for such discharged indebtedness.

Section 108(a)(1)(A) of the Tax Code provides an exception to the recognition of COD Income where a taxpayer discharging indebtedness is under the jurisdiction of a court in a case under title 11 of the Bankruptcy Code and where the discharge is granted, or is effected pursuant to a plan approved, by a U.S. Bankruptcy Court (the “**Bankruptcy Exception**”). Under the Bankruptcy Exception, instead of recognizing COD Income, the taxpayer is required, pursuant to Section 108(b) to reduce certain of that taxpayer’s tax attributes to the extent of the amount of COD Income. The attributes of the taxpayer generally are reduced in the following order: net operating losses, general business and minimum tax credit carryforwards, capital loss carryforwards, the basis of the taxpayer’s assets and, finally, foreign tax credit carryforwards (collectively, “**Tax Attributes**”). If the amount of COD Income exceeds the amount of Tax Attributes available to be reduced, the excess still is excluded from income. Pursuant to Section 108(b)(4)(A), the reduction of Tax Attributes does not occur until the end of the taxable year after such Tax Attributes have been applied to determine the tax in the year of discharge or, in the case of asset basis reduction, the first day of the taxable year following the taxable year in which the COD Income is realized. Section 108(e)(2) provides a further exception to the recognition of COD Income upon the discharge of debt, providing that a taxpayer will not recognize COD Income to the extent that the taxpayer’s satisfaction of the debt would have given rise to a deduction for United States federal income tax purposes.

**B. Tax Consequences to Creditors**

**1. Holders of Claims**

Generally, a Holder of a Claim should in most, but not all circumstances, recognize gain or loss equal to the difference between the “amount realized” by such Holder in exchange for its Claim and such Holder’s adjusted tax basis in the Claim. The “amount realized” is equal to the sum of the cash and the fair market value of any other consideration received under a plan of reorganization in respect of a Holder’s Claim. The tax basis of a Holder in a Claim will generally be equal to the Holder’s cost. To the extent applicable, the character of any recognized gain or loss (e.g., ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the Holder, the nature of the Claim in the Holder’s hands, the purpose and circumstances of its acquisition, the Holder’s holding period of the Claim, and the extent to which the Holder previously claimed a deduction for the worthlessness of all or a portion of the Claim. Generally, if the Claim is a capital asset in the Holder’s hands, any gain or loss realized generally will be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the Holder has held such Claim for more than one year.

A Holder who received Cash (or potentially other consideration) in satisfaction of its Claims may recognize ordinary income or loss to the extent that any portion of such consideration is characterized as accrued interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for United States federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Plan on account of its Claim.

## **2. Non-United States Persons**

A Holder of a Claim that is a non-United States Person generally will not be subject to United States federal income tax with respect to property (including money) received in exchange for such Claim pursuant to the Plan, unless (i) such Holder is engaged in a trade or business in the United States to which income, gain or loss from the exchange is “effectively connected” for United States federal income tax purposes, or (ii) if such Holder is an individual, such Holder is present in the United States for 183 days or more during the taxable year of the exchange and certain other requirements are met.

## **C. Importance of Obtaining Professional Tax Assistance**

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A CLAIM HOLDER’S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, CLAIM HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE AND LOCAL, AND APPLICABLE FOREIGN INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

## **VIII. CERTAIN RISK FACTORS TO BE CONSIDERED**

Prior to voting on the Plan, each holder of a Claim entitled to vote should consider carefully the risk factors described below, as well as all of the information contained in this Disclosure Statement and the Plan, including the Exhibits hereto. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

### **A. Risk of Non-Confirmation of Plan**

Although the Debtors believe the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications to the Plan will not be required for confirmation or that such modifications would not necessitate a re-solicitation of votes.

**B. Delays of Confirmation and/or Effective Date**

Any delay in confirmation and effectiveness of the Plan could result in, among other things, increased Administrative Expense Claims. These or any other negative effects of delays in confirmation or effectiveness of the Plan could endanger the ultimate approval of the Plan by the Bankruptcy Court.

**C. Alternative Plan**

If the Plan is not confirmed, the Debtors, the Committee, or any other party in interest could attempt to formulate a different plan. However, the additional costs, all of which would constitute Administrative Expense Claims may be so significant that one or more parties in interest could request that the Cases be converted to Chapter 7. Accordingly, the Debtors believe that the Plan enables creditors to realize the best return under the circumstances.

C. WONDER LLC

By: /s/ Stephen Marotta  
Stephen Marotta

DATED: July 20, 2015

Chief Restructuring Officer of C. Wonder LLC

C. WONDER GIFT CARDS INC.

By: /s/ Stephen Marotta  
Stephen Marotta

DATED: July 20, 2015

Chief Restructuring Officer of C. Wonder LLC

C. WONDER TRANSPORT LLC

By: /s/ Stephen Marotta  
Stephen Marotta

DATED: July 20, 2015

Chief Restructuring Officer of C. Wonder LLC

CW HOLLAND LLC

By: /s/ Stephen Marotta  
Stephen Marotta

DATED: July 20, 2015

Chief Restructuring Officer of C. Wonder LLC

CW INTERNATIONAL HOLDING LLC

By: /s/ Stephen Marotta

Stephen Marotta

Chief Restructuring Officer of C. Wonder LLC

DATED: July 20, 2015

OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS

By: /s/ Ronald Tucker

Ronald M. Tucker

Co-Chairperson of Committee

DATED: July 20, 2015

# **EXHIBIT A**

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Debtors-in-Possession

-and-

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Unsecured Creditors

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In re:

C. WONDER LLC, *et al.*,<sup>1</sup>

Debtors.

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UNITED STATES BANKRUPTCY COURT  
FOR THE DISTRICT OF NEW JERSEY  
HONORABLE MICHAEL B. KAPLAN  
CASE NO. 15-11127 (MBK)

Chapter 11  
(Jointly Administered)

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**FIRST AMENDED CHAPTER 11 JOINT PLAN OF LIQUIDATION FOR C. WONDER  
LLC, *et al.***

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Dated: July 20, 2015

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<sup>1</sup> The Debtors in these Chapter 11 cases are C. Wonder LLC; C. Wonder Gift Cards Inc.; C. Wonder Transport LLC; CW Holland LLC and CW International Holdings LLC.

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C. Wonder LLC, C. Wonder Gift Cards Inc., C. Wonder Transport LLC, CW Holland LLC and CW International Holdings LLC, the within debtors and debtors-in-possession, and the Official Committee of Unsecured Creditors appointed in these Chapter 11 Cases, propose the following First Amended Chapter 11 Joint Plan of Liquidation pursuant to Chapter 11 of the Bankruptcy Code.

## **ARTICLE I**

### **DEFINITIONS**

Definitions. As used herein, the following terms have the respective meanings specified below, unless the context otherwise requires:

1.1. Accrued Professional Compensation means, at any given moment, all accrued, contingent and/or unpaid fees and expenses (including Allowed Fee Claims) for legal, financial, advisory, accounting and other services and reimbursement of expenses that are awardable and allowable under Sections 328, 330(a) or 331 of the Bankruptcy Code or otherwise rendered prior to the Effective Date by any Professionals in these Chapter 11 Cases that the Bankruptcy Court has not denied by a Final Order, to the extent that any such fees and expenses have not been previously paid regardless of whether a fee application has been Filed for any such amount. To the extent that the Bankruptcy Court or any higher court denies or reduces by a Final Order any amount of a Professional's fees or expenses, then those reduced or denied amounts shall no longer constitute Accrued Professional Compensation.

1.2. Administrative Expense Bar Date means the Business Day that is 45 days after the Effective Date.



1.3. Administrative Expense Claim means any right to payment constituting a cost or expense of administration of these Chapter 11 Cases under Sections 503(b) and 507(a)(2) of the Bankruptcy Code including, without limitation, (a) any actual and necessary costs and expenses of preserving the Estates, (b) all compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under Section 330 or 503 of the Bankruptcy Code, (c) any fees or charges assessed against the Estates under Section 1930 of chapter 123 of Title 28 of the United States Code, and (d) all Claims arising under Section 503(b)(9) of the Bankruptcy Code.

1.4. Administrative Reserve means the reserve, in an amount agreed to by the Debtors and the Committee, established for the payment of (i) Allowed Administrative Expense Claims and (ii) the estimated fees and expenses associated with administering the Chapter 11 Cases on and after the Effective Date, including objecting to and otherwise resolving claims, and liquidating and administering the Debtors' assets.

1.5. Allowed means, with reference to any Claim or Equity Interest, any Claim or Equity Interest, proof of which was timely and properly filed or, if no proof of Claim or Equity Interest was filed, which has been or hereafter is listed by the Debtors in their Schedules, as liquidated in amount and not disputed or contingent and, in each case, as to which: (A) no objection to allowance has been interposed within the applicable period fixed by this Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, or (B) an objection has been interposed and such Claim has been allowed, in whole or in part, by a Final Order.

1.6. Asset Purchase Agreements means the Burch APA and the Soho APA.

1.7. Assistant Chief Restructuring Officer means B. Lee Fletcher.

1.8. Available Cash means the Debtors' Cash, Sale Proceeds and Cash proceeds of the Remaining Assets remaining after the establishment of the Administrative Reserve and the Disputed Claims Reserve, and any excess cash in the Administrative Reserve or Disputed Claims Reserve.

1.9. Bankruptcy Code means Title 11 of the United States Code, as amended from time to time.

1.10. Bankruptcy Court means the United States Bankruptcy Court for the District of New Jersey, having jurisdiction over these Chapter 11 Cases, or if such Court ceases to exercise jurisdiction over these Chapter 11 Cases, such court or adjunct thereof that exercises jurisdiction over these Chapter 11 Cases in lieu of the United States Bankruptcy Court for the District of New Jersey.

1.11. Bankruptcy Rules means the Federal Rules of Bankruptcy Procedure as promulgated by the United States Supreme Court under Section 2075 of Title 28 of the United States Code, and any Local Rules of the Bankruptcy Court, as amended from time to time.

1.12. Bar Date means May 26, 2015, the date fixed by the Bankruptcy Court pursuant to the Bar Date Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors and Deadlines for Creditors to file proof of a General Unsecured Claim in these Chapter 11 Cases.

1.13. Burch means Burch Acquisition LLC.

1.14. Burch APA means the Asset Purchase Agreement between the Debtors and Burch, dated as of January 22, 2015, as amended by the Amended and Restated Asset Purchase Agreement, dated as of February 5, 2015, as further amended by the First

Amendment to the Amended and Restated Asset Purchase Agreement, dated March 9, 2015, for the purchase of certain of the Debtors' assets.

1.15. Burch Sale means the sale of certain of the Debtors' assets to Burch in accordance with the Burch APA.

1.16. Burch Sale Order means the Order (A) Authorizing the Sale of Certain of the Debtors' Assets Free and Clear of Liens, Claims, Encumbrances, and Other Interests, Except as Provided in the Stalking Horse Bidder's Asset Purchase Agreement; (B) Authorizing and Approving the Stalking Horse Purchase Agreement; (C) Approving the Designation Rights Agreement With Regard to 1115-1117 Broadway Leases; and (D) Granting Related Relief, dated March 19, 2015.

1.17. Business Day means any day other than a Saturday, Sunday or any other day on which commercial banks in New York, New York are required or authorized to close by law or executive order.

1.18. Cash means legal tender of the United States of America and equivalents thereof.

1.19. Causes of Action means any Claims, causes of action, controversies, rights of setoff, cross claim, counterclaim, or recoupment and any Claim on contracts or for breaches of duties imposed by law or in equity, demand, right, action, lien, indemnity, guaranty, suit, obligation, liability, damage, judgment, account, defense, power, privilege, license, and franchise of any kind or character whatsoever, whether known or unknown, fixed for contingent, matured or unmatured, suspected or unsuspected, liquidated or unliquidated, disputed or undisputed, secured or unsecured, assertable directly or derivatively, whether arising before, on, or after the Commencement Date, in contract or

in tort, in law or in equity, or pursuant to any other theory of law, including, without limitation, any causes of action arising under Article 5 of the Bankruptcy Code, except as specifically acquired by Burch under the Burch APA.

1.20. Chapter 11 Cases means the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors, styled *In re C. Wonder LLC, et al.*, jointly administered under Case No. 15-11127 (MBK), currently pending in the Bankruptcy Court.

1.21. Chief Restructuring Officer means Stephen Marotta, the Bankruptcy Court-approved Chief Restructuring Officer of the Debtors.

1.22. Claim shall have the meaning set forth in Section 101(5) of the Bankruptcy Code.

1.23. Claims Objection Deadline means one hundred eighty (180) days after the Effective Date or such later date as may be approved by the Bankruptcy Court.

1.24. Class means any group of substantially similar Claims or Equity Interests classified by this Plan pursuant to Section 1123(a)(1) of the Bankruptcy Code.

1.25. Clerk means the clerk of the Bankruptcy Court.

1.26. Committee means the Official Committee of Unsecured Creditors appointed by the Office of the United States Trustee for the District of New Jersey on January 30, 2015.

1.27. Commencement Date means January 22, 2015, the date on which the Debtors commenced these Chapter 11 Cases.

1.28. Confirmation means entry by the Bankruptcy Court of the Confirmation Order.

1.29. Confirmation Date means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the Docket.

1.30. Confirmation Order means the order of the Bankruptcy Court confirming this Plan pursuant to Section 1129 of the Bankruptcy Code.

1.31. Creditor means any Person that is the Holder of a Claim against the Debtor.

1.32. Debtors means C. Wonder LLC, C. Wonder Gift Cards Inc., C. Wonder Transport LLC, CW Holland LLC and CW International Holdings LLC.

1.33. Debtors-in-Possession means the Debtors in their capacity as debtors-in-possession in these Chapter 11 Cases pursuant to Sections 1101, 1107(a) and 1108 of the Bankruptcy Code.

1.34. Disclosure Statement means the Disclosure Statement relating to this Plan including, without limitation, all exhibits and schedules thereto, as approved by the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code.

1.35. Disputed means any Claim which is listed on the Schedules as disputed, contingent or unliquidated, or which is objected to in whole or in part in accordance with Article VI of this Plan.

1.36. Disputed Claims Reserve means a Cash reserve that shall be maintained in an amount sufficient to pay all Disputed Claims if such Disputed Claims become Allowed Claims.

1.37. Distribution means any distribution to the Holders of Allowed Claims.

1.38. Distribution Record Date means the date that the Confirmation Order is entered by the Bankruptcy Court.

1.39. Docket means the docket in these Chapter 11 Cases maintained by the Clerk.

1.40. Effective Date means the date on which the conditions specified in Article XII of this Plan have been satisfied or waived.

1.41. Entity means an entity as defined in Section 101(15) of the Bankruptcy Code.

1.42. Equity Interests means all equity interests in the Debtors including, but not limited to, all issued, unissued, authorized or outstanding membership interests together with any warrants, options or contract rights to purchase or acquire such interests at any time.

1.43. Estates means the estates of the Debtors created upon the commencement of these Chapter 11 Cases pursuant to Section 541 of the Bankruptcy Code.

1.44. Executory Contract means any executory contract or unexpired lease as of the Commencement Date between the Debtors and any other Person or Persons, specifically excluding contracts and agreements entered into pursuant to this Plan.

1.45. Fee Claim means a Claim under Sections 328, 330(a), 331, 363 or 503 of the Bankruptcy Code for Accrued Professional Compensation.

1.46. File, Filed, or Filing means file, filed, or filing with the Bankruptcy Court in these Chapter 11 Cases.

1.47. Final Order means an Order of the Bankruptcy Court or a Court of competent jurisdiction to hear appeals from the Bankruptcy Court, that has not been reversed, stayed, modified or amended and as to which the time to appeal, to petition for certiorari, or to move for reargument or rehearing has expired and as to which no appeal,

petition for certiorari, or other proceedings for reargument or rehearing shall then be pending.

1.48. General Unsecured Claim means any Claim against the Debtors that arose or is deemed by the Bankruptcy Code or Bankruptcy Court, as the case may be, to have arisen before the Commencement Date and that is not a secured Claim, Administrative Expense Claim, Priority Tax Claim or Other Priority Claim.

1.49. Governmental Bar Date means July 21, 2015.

1.50. Governmental Unit shall have the meaning set forth in Section 101(27) of the Bankruptcy Code.

1.51. Holder means the beneficial holder of any Claim or Equity Interest.

1.52. Liquidating Debtors means C. Wonder LLC and CW Holland LLC.

1.53. Order means an order or judgment of the Bankruptcy Court as entered on the Docket.

1.54. Other Priority Claim means a Claim that is entitled to priority in payment under Section 507 of the Bankruptcy Code other than a Priority Tax Claim.

1.55. Person shall have the meaning set forth in Section 101(41) of the Bankruptcy Code.

1.56. Plan means this First Amended Joint Chapter 11 Plan of Liquidation including, without limitation, all exhibits, supplements, appendices and schedules hereto, either in their present form or as the same may be altered, amended or modified from time to time through the Confirmation Date.

1.57. Plan Administrator means Brian Ryniker, acting in accordance with the Retention Agreement and this Plan.

1.58. Plan Committee means the post – Effective Date Committee appointed pursuant to Section 6.3 of this Plan.

1.59. Priority Tax Claim means a Claim that is entitled to priority under Section 507(a)(8) of the Bankruptcy Code.

1.60. Professional means any professional person employed in these Chapter 11 Cases pursuant to Section 327 of the Bankruptcy Code or otherwise pursuant to an Order of the Bankruptcy Court.

1.61. Pro Rata means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class.

1.62. Remaining Assets means any (i) any assets, including Cash, that were not sold pursuant to the Asset Purchase Agreements including Causes of Action and (ii) the Sale Proceeds, after payment of all Administrative Expense Claims and Priority Claims.

1.63. Retention Agreement means the agreement governing the retention of the Plan Administrator, which agreement is attached hereto as Exhibit A. The Retention Agreement forms an integral part of this Plan and shall be deemed incorporated into this Plan as if set forth in full herein.

1.64. Sale Orders means the Burch Sale Order and the Soho Sale Order.

1.65. Sale Proceeds means all Cash proceeds of the Sale Transactions.

1.66. Sale Transactions means the Burch Sale and the Soho Sale.

1.67. Schedules means the schedules of assets and liabilities, the list of Holders of Equity Interests and the statements of financial affairs filed by the Debtors under Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, and all amendments and modifications thereto through the Confirmation Date.



1.68. Soho APA means the Asset Purchase Agreement, dated March 8, 2015, by and between Spring Street Co. LLC, by and through its agent, The Propeller Company, and the Debtors.

1.69. Soho Sale means the sale of the Debtors' interest in its lease for premises located at 72 Spring Street, New York, New York.

1.70. Soho Sale Order means the Order (A) Authorizing the Sale of Debtors' Interest in Their Nonresidential Real Property Lease in the Soho Section of New York; (B) Approving Purchase and Sale Agreement; (C) Authorizing the Assumption and Assignment of the Lease to the Successful Bidder Free and Clear of Liens, Claims and Encumbrances and (D) Granting Other and Related Relief dated March 19, 2015.

1.71. Statutory Fees means fees arising under 28 U.S.C. § 1930 and, to the extent applicable, accrued interest incurred under 31 U.S.C. § 3717.

## **ARTICLE II**

### **CONSTRUCTION OF TERMS**

2.1. Interpretation; Application of Definitions and Rules of Construction.

Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Unless otherwise specified, all section, article, schedule or exhibit references in this Plan are to the respective Section in, Article of, Schedule to, or Exhibit to this Plan. The words "herein," "hereof," "hereto," "hereunder" and other words of similar import refer to this Plan as a whole and not to any particular section, subsection or clause contained in this Plan. The rules of construction contained in Section 102 of the Bankruptcy Code

shall apply to the construction of this Plan. A term used herein that is not defined herein, but that is used in the Bankruptcy Code, shall have the meaning ascribed to that term in the Bankruptcy Code. The headings in this Plan are for convenience of reference only and shall not limit or otherwise affect the provisions of this Plan.

2.2. Consistency with the Asset Purchase Agreements and Sale Orders. The terms of this Plan are not intended to alter the terms of the Asset Purchase Agreements and Sale Orders in any way. In the event of any inconsistency between the terms of this Plan, on the one hand, and the Asset Purchase Agreements or Sale Orders, on the other hand, the terms of the Asset Purchase Agreement or Sale Orders, as applicable, shall control.

### **ARTICLE III**

#### **TREATMENT OF UNCLASSIFIED CLAIMS**

3.1. Administrative Expense Bar Date. Requests for payment of Administrative Expense Claims must be filed no later than the Administrative Expense Bar Date. Holders of Administrative Expense Claims that do not file requests for the allowance and payment thereof on or before the Administrative Expense Bar Date shall forever be barred from asserting such Administrative Expense Claims against the Debtors or their Estates.

3.2. Administrative Expense Claims. Except to the extent that any entity entitled to payment of an Allowed Administrative Expense Claim agrees to a less favorable treatment, and to the extent such claim has not been previously satisfied, each Holder of an Allowed Administrative Expense Claim shall receive Cash in an amount equal to such Allowed Administrative Expense Claim on or before seven (7) Business

Days after the entry of a Final Order Allowing such Administrative Expense Claim, or as soon thereafter as is practicable.

3.3. Fee Claims. Professionals or other Entities asserting a Fee Claim for services rendered before the Effective Date must file and serve on the Debtors, the Committee, the Plan Administrator and such other Entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court, an application for final allowance of such Fee Claim no later than 45 days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the Allowed amounts of such Fee Claim shall be determined by the Bankruptcy Court. Allowed Fee Claims shall constitute Administrative Expense Claims and be paid in Cash in accordance with Section 3.2 of this Plan.

3.4. Priority Tax Claims. Except to the extent that a holder of an Allowed Property Tax Claim agrees to less favorable treatment, and to the extent that such Claim has not been previously satisfied, each Holder of an Allowed Priority Tax Claim, if any, shall receive in full satisfaction of such Allowed Priority Tax Claim (a) payment in Cash equal to the unpaid portion of such Allowed Priority Tax Claim within seven (7) Business Days after such Allowed Priority Tax Claim becomes an Allowed Claim, or as soon thereafter as is practicable; or (b) Cash in an amount agreed to by the Debtors and such Holder; provided, however, that any Claim or demand for payment of a penalty (other than a penalty of the type specified in Section 507(a)(8)(G) of the Bankruptcy Code) shall be disallowed pursuant to this Plan and the Holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtors or their Estates.

3.5. Payment of Statutory Fees. All fees payable pursuant to Section 1930 of title 28 of the United States Code, to the extent unpaid through the Confirmation Date, shall be paid in Cash within seven (7) Business Days after the Effective Date. From and after the Effective Date through the closing of these Chapter 11 Cases, all fees payable pursuant to Section 1930 of title 28 of the United States Code, plus any interest under 37 U.S.C. § 3717, shall be paid by the Plan Administrator.

#### **ARTICLE IV**

##### **CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS**

4.1. C. Wonder LLC and CW Holland LLC shall not be substantively consolidated. This Plan is a separate plan for each of C. Wonder LLC and CW Holland LLC. Accordingly, the classification of any particular Claim or Equity Interest depends upon the particular Debtor against which such Claim or Equity Interest is asserted. Claims, other than Administrative Expense Claims, Fee Claims and Priority Tax Claims, are classified for all purposes, including voting, confirmation and distribution pursuant to this Plan, as follows:

	<u>Class</u>	<u>Status</u>
C. Wonder LLC	Class 1A – Other Priority Claims	Unimpaired
C. Wonder LLC	Class 2A –General Unsecured Claims	Impaired
C. Wonder LLC	Class 3A – Equity Interests	Impaired
CW Holland LLC	Class 1B – Other Priority Claims	Unimpaired
CW Holland LLC	Class 2B – General Unsecured Claims	Impaired
CW Holland LLC	Class 3B – Equity Interest	Impaired

C. Wonder Gift Cards Inc., C. Wonder Transport LLC and CW International Holdings LLC have no assets or liabilities. Therefore, Claims for those Debtors have not been classified

and those Debtors will be dissolved on the Effective Date of this Plan pursuant to Section 14.18 hereof. Equity Interests in those Debtors have been classified as follows:

	<u>Class</u>	<u>Status</u>
C. Wonder Gift Cards Inc.	Class 1C – Equity Interest	Impaired
C. Wonder Transport LLC	Class 1D – Equity Interest	Impaired
CW International Holdings LLC	Class 1E – Equity Interest	Impaired

## **ARTICLE V**

### **TREATMENT OF CLAIMS AND EQUITY INTERESTS**

#### 5.1. Treatment of Claims.

(A) CLASS 1A – OTHER PRIORITY CLAIMS AGAINST C. WONDER LLC

(i) Classification. Class 1A consists of Other Priority Claims against C. Wonder LLC pursuant to Section 507 of the Bankruptcy Code.

(ii) Impairment and Voting. Class 1A is Unimpaired by this Plan. Holders of Class 1A Claims are conclusively presumed to have accepted this Plan and, therefore, are not entitled to vote to accept or reject this Plan.

(iii) Treatment. Except to the extent that a Holder of an Allowed Class 1A Claims against C. Wonder LLC agrees to a less favorable treatment, Holders of Allowed Class 1A Claims, if any, shall be paid within seven (7) Business Days from the Effective Date or earlier if practicable, in full and final satisfaction of their Class 1A Claims, Cash equal to one hundred (100%) percent of their Allowed Claims.

(B) CLASS 2A – GENERAL UNSECURED CREDITORS OF C. WONDER  
LLC

(i) Classification. Class 2A consists of General Unsecured Claims against C. Wonder LLC.

(ii) Impairment and Voting. Class 2A is Impaired by this Plan. Holders of Class 2A Claims are entitled to vote to accept or reject this Plan.

(iii) Treatment. Except for the extent that a holder of an Allowed Class 2A Claim agrees to less favorable treatment, Holders of Allowed Class 2A Claims shall receive in full satisfaction of their Class 2A Claims, Cash equal to their Pro Rata share of the Available Cash of C. Wonder LLC on the later of (i) seven (7) Business Days after such General Unsecured Claim becomes an Allowed Claim, and (ii) thirty (30) days after the expiration of the Claims Objection Deadline, or as earlier if practicable; provided, however, neither Burch nor any of its affiliates including, without limitation, J. Christopher Burch, shall share in the distribution of any Available Cash until after other General Unsecured Creditors of C. Wonder LLC are paid in full.

(C) CLASS 3A – EQUITY INTERESTS OF C. WONDER LLC

(i) Classification. Class 3A consists of the Equity Interests in C. Wonder LLC.

(ii) Impairment and Voting. Class 3A is Impaired under this Plan. The Holders of the Class 3A Equity Interests are deemed to have rejected this Plan and, therefore, are not entitled to vote to accept or reject this Plan.

(iii) Treatment. The Holders of the Class 3A Equity Interests will not receive any distribution on account of such interests. On the Effective Date, all

Class 3A Equity Interests shall be cancelled, extinguished and of no further force and effect.

(D) CLASS 1B – OTHER PRIORITY CLAIMS OF CW HOLLAND LLC

(i) Classification. Class 1B consists of Other Priority Claims against CW Holland LLC. The Debtors do not believe that Other Priority Claims against CW Holland LLC exist, but have classified them in an abundance of caution.

(ii) Impairment and Voting. Class 1B is Unimpaired by this Plan. Holders of Class 1B Claims are conclusively presumed to have accepted this Plan and, therefore, are not entitled to vote to accept or reject this Plan.

(iii) Treatment. Unless otherwise agreed to by Holders of Allowed Class 1B Claims and CW Holland LLC, Holders of Allowed Class 1B Claims, if any, agree to less favorable treatment, such Holders shall be paid within seven (7) Business Days from the Effective Date or earlier if practicable, in full and final satisfaction of their Class 1B Claims, Cash equal to one hundred (100%) percent of their Allowed Claims.

(E) CLASS 2B – GENERAL UNSECURED CREDITORS OF  
CW HOLLAND LLC

(i) Classification. Class 2B consists of General Unsecured Claims against CW Holland LLC.

(ii) Impairment and Voting. Class 2B is Impaired by this Plan. Holders of Class 2B Claims are entitled to vote to accept or reject this Plan.

(iii) Treatment. Holders of Allowed Class 2B Claims shall be paid, in full and final satisfaction of their Class 2B Claims, Cash equal to their Pro Rata

share of the Available cash of CW Holland on the later of (i) seven (7) Business Days after such General Unsecured Claim becomes an Allowed Claim, and (ii) thirty (30) days after the expiration of the Claims Objection Deadline, or earlier if practicable.

(F) CLASS 3B – EQUITY INTERESTS OF CW HOLLAND LLC

(i) Classification. Class 3B consists of the Equity Interests in CW Holland LLC.

(ii) Impairment and Voting. Class 3B is Impaired under this Plan. The Holders of the Class 3B Equity Interests are deemed to have rejected this Plan and, therefore, are not entitled to vote to accept or reject this Plan.

(iii) Treatment. The Holders of the Class 3B Equity Interests will not receive any distribution on account of such interests. On the Effective Date, all Class 3B Equity Interests shall be cancelled, extinguished and of no further force and effect.

(G) CLASS 1C – EQUITY INTERESTS OF C. WONDER GIFT CARDS INC.

(i) Classification. Class 1C consists of the Equity Interests in C. Wonder Gift Cards Inc.

(ii) Impairment and Voting. Class 1C is Impaired under this Plan. The Holders of the Class 1C Equity Interests are deemed to have rejected this Plan and, therefore, are not entitled to vote to accept or reject this Plan.

(iii) Treatment. The Holders of the Class 1C Equity Interests will not receive any distribution on account of such interests. On the Effective Date, all



Class 1C Equity Interests shall be cancelled, extinguished and of no further force and effect.

(H) CLASS 1D – EQUITY INTERESTS OF C. WONDER TRANSPORT  
LLC

(i) Classification. Class 1D consists of the Equity Interests in C. Wonder Transport LLC.

(ii) Impairment and Voting. Class 1D is Impaired under this Plan. The Holders of the Class 1D Equity Interests are deemed to have rejected this Plan and, therefore, are not entitled to vote to accept or reject this Plan.

(iii) Treatment. The Holders of the Class 1D Equity Interests will not receive any distribution on account of such interests. On the Effective Date, all Class 1D Equity Interests shall be cancelled, extinguished and of no further force and effect.

(I) CLASS 1E – EQUITY INTERESTS OF CW INTERNATIONAL  
HOLDINGS LLC

(i) Classification. Class 1E consists of the Equity Interests in CW International Holdings LLC.

(ii) Impairment and Voting. Class 1E is Impaired under this Plan. The Holders of the Class 1E Equity Interests are deemed to have rejected this Plan and, therefore, are not entitled to vote to accept or reject this Plan.

(iii) Treatment. The Holders of the Class 1E Equity Interests will not receive any distribution on account of such interests. On the Effective Date, all

Class 1E Equity Interests shall be cancelled, extinguished and of no further force and effect.

5.2. Modification of Treatment of Claims and Equity Interest. The Debtors reserve the right to modify the treatment of any Allowed Claim or Equity Interest in any manner adverse only to the Holder of such Claim or Equity Interest at any time after the Effective Date upon the consent of the Holder of the Claim or Equity Interest whose Allowed Claim or Equity Interest, as the case may be, is being adversely affected.

## **ARTICLE VI**

### **MEANS FOR IMPLEMENTATION**

6.1. Liquidation of the Debtors. Upon the Effective Date, the Debtors shall be liquidated in accordance with this Plan and applicable law, and the Debtors' operations shall become the responsibility of the Plan Administrator, who shall thereafter have responsibility for the management, control, and operation of the Debtors and who may use, acquire, and dispose of property free and clear of any restrictions of the Bankruptcy Code or Bankruptcy Rules, in each instance in consultation with the Plan Committee. The Plan Administrator shall act as the Debtors' liquidating agent and shall be authorized and obligated, as such, to take any and all actions necessary or appropriate to implement this Plan or wind down the Debtors, in each instance in consultation with the Plan Committee, including any and all actions necessary to (a) liquidate the Debtors' Assets, (b) investigate and prosecute Causes of Action on the Debtors' behalf in the Bankruptcy Court or any other court of competent jurisdiction, (c) defend, protect, and enforce any and all rights and interests of the Debtors, (d) make any and all Distributions required or permitted to be made, (e) file any and all reports, requests for relief, or objections thereto, (f) dissolve

the Debtors and otherwise wind down the Debtors and any corporate entity owned by the Debtors including preparation of and filing of final tax returns, (g) file such post-Effective Date reports as may be required under applicable law, (h) pay all Statutory Fees, (i) object to Claims filed against the Debtors, and (j) pay any and all claims, liabilities, losses, damages, costs, and expenses incurred in connection therewith or as a result thereof, including all fees and expenses of the Plan Administrator's attorneys and other professionals. The Plan Administrator shall be authorized to execute such documents and take such other action as may be necessary to effectuate this Plan and perform his duties as liquidating agent. The Plan Administrator shall be authorized to retain attorneys and other professionals and may incur reasonable fees and expenses in the performance of his duties as the Debtors' liquidating agent, which reasonable fees and expenses shall be paid from the Administrative Reserve.

6.2. Plan Administrator. Upon the Effective Date, the Plan Administrator shall be deemed the sole member of each Debtor for all purposes, with all necessary and appropriate power to act for, on behalf of, and in the name of the Debtors. The Plan Administrator may be removed for cause by order of the Bankruptcy Court following notice and a hearing. As used in this Section, "cause" means a judicial determination that the Plan Administrator has engaged in actual fraud, gross negligence, or willful misconduct, or has otherwise materially and substantially failed to discharge his duties under this Plan, and such material and substantial failure has continued for sixty (60) days following the Plan Administrator's receipt of written notice specifically asserting such failures. For the avoidance of doubt, the Plan Committee shall have standing to seek entry of an order removing the Plan Administrator for cause. The Plan

Administrator may also voluntarily resign, upon notice filed with the Bankruptcy Court and served upon the Plan Committee; provided, however, that no voluntary resignation by the Plan Administrator shall be effective until a successor has been appointed by the Plan Committee. If the Plan Administrator is removed for cause, voluntarily resigns, or is otherwise unable to serve, the Plan Committee shall, upon notice filed with the Bankruptcy Court, appoint a qualified individual to replace the Plan Administrator.

6.3. Plan Committee. Upon the Effective Date, the Plan Committee shall be appointed, which shall be comprised of one or more members of the Creditors' Committee as designated by the Creditors' Committee at least three (3) days prior to the Confirmation Hearing. In the event of the death or resignation of any member of the Plan Committee, such committee's remaining members shall be entitled to designate a successor member from among the holders of Allowed General Unsecured Claims. If a Plan Committee member assigns its Claim in full or releases the Debtors from payment of the balance of its Claim, such act shall constitute a resignation from the Plan Committee. Until a vacancy on the Plan Committee is filled, such committee shall function in its reduced number. Promptly following the establishment of the Plan Committee, the Plan Committee shall enact bylaws governing its operating procedures and related matters, as deemed appropriate in the Plan Committee's sole discretion. While decision making authority will reside with the Plan Administrator, the Plan Administrator will meet with and/or consult with the Plan Committee periodically and the Plan Committee will have standing, consistent with Section 6.2 of the Plan, to seek the removal of the Plan Administrator and appoint his successor. Members of the Plan Committee shall be entitled to reimbursement of reasonable and necessary expenses

incurred in carrying out their duties as members of the Plan Committee, all of which shall be paid from the Available Cash. The Plan Committee shall have the right to retain attorneys or other professionals, the reasonable fees and expenses of which shall be paid from the Available Cash, provided, however, the Plan Committee's retention of professionals shall be limited to investigating and/or seeking the appointment of a replacement Plan Administrator. Following all payments being made to holders of Allowed Claims under this Plan, the Plan Committee shall be dissolved and the members thereof shall be released from any and all further authority, duties, responsibilities, and obligations related to their service as Plan Committee members, and the retention or employment of the Plan Committee's attorneys and other professionals shall terminate.

6.4. No Liability. The Plan Administrator, the Plan Committee, the Plan Committee's members, and their respective employees, professionals, agents, and representatives shall not be liable for the act or omission of any other member, employee, professional, agent, or representative of the Plan Administrator or the Plan Committee, nor shall they be liable for any act or omission taken or omitted to be taken in their respective capacities, other than acts or omissions constituting actual fraud, gross negligence, or willful misconduct. The Plan Administrator and Plan Committee shall be entitled to consult with attorneys, accountants, financial advisors, and other agents and representatives, and shall not be liable for any act taken or omitted to be taken in accordance with advice rendered by such entities. Notwithstanding the foregoing, the Plan Administrator and Plan Committee shall not be under any obligation to consult with attorneys, accountants, financial advisors, or other agents or representatives, and their

determination not to do so shall not result in the imposition of liability, unless such determination constitutes actual fraud, gross negligence, or willful misconduct.

6.5. Indemnification. The Debtors and their estates shall indemnify and hold harmless the Plan Administrator, the Plan Committee, the Plan Committee's members, and their respective employees, professionals, agents, and representatives, in each case in their capacity as such, from and against any and all liabilities, losses, damages, claims, costs, and expenses, including, but not limited to attorneys' fees and expenses, arising out of or due to their acts or omissions related to the performance of their duties under this Plan; provided, however, that no such indemnification shall be made to such entities for such acts or omissions constituting actual fraud, gross negligence, or willful misconduct.

6.6. No Substantive Consolidation. The Debtors' estates are not being substantively consolidated under this Plan. Holders of Claims against C. Wonder LLC and CW Holland LLC shall be paid from the Available Cash of each Debtor. For avoidance of doubt, Holders of Claims of CW Holland LLC shall not be paid from the Available Cash of C. Wonder LLC.

6.7. Corporate Action. Upon the Effective Date, all matters under this Plan involving or requiring corporation action of the Debtors shall be deemed to have been authorized and to have occurred and be in effect from and after the Effective Date without further action by the Debtors or authorization from the Bankruptcy Court.

6.8. Continued Corporate Existence; Dissolution of the Debtors. From and after the Effective Date, the Debtors shall remain in existence for the purpose of liquidating and winding down their estates. As soon as practicable after the liquidation and wind down and the completion of Distributions, the Plan Administrator shall file

certificates of dissolution in respect of the Debtors and take such other action as may be required to dissolve the Debtors

6.9. Cancellation of Securities. Except as otherwise provided in this Plan, on the Effective Date, all notes, indentures, stock, instruments, certificates, and other documents evidencing Equity Interests shall be deemed automatically cancelled and shall be of no further force or effect, whether surrendered for cancellation or otherwise, and the obligations of the Debtors' estates thereunder or in any way related thereto shall be terminated. In addition, notwithstanding the cancellation of Equity Interests pursuant to this Plan, the Plan Administrator shall be deemed the holder of all equity interests in the Debtors on and after the Effective Date solely to effectuate this Plan.

6.10. Disputed Claims Reserve. The Plan Administrator will maintain, in accordance with the Plan Administrator's powers and responsibilities under this Plan, a Disputed Claims Reserve. The Plan Administrator will, in his sole discretion, distribute such amounts (net of any expenses), as provided herein, as such Disputed Claims are resolved pursuant to Article VI hereof, and such amounts may be distributed on account of such Disputed Claims as if such Disputed Claims had been Allowed General Unsecured Claims as of the Effective Date. When such Disputed Claims are ultimately resolved, Holders whose Disputed Claims are determined to be Allowed General Unsecured Claims will receive distributions.

6.11. Professionals, Exculpation, Indemnification. The Plan Administrator may retain and compensate professionals, including professionals who have been or are currently retained as estate professionals to provide continuity and assist in the activities

of the Plan Administrator. The Plan Administrator and the professionals retained by the Plan Administrator will be exculpated and indemnified as set forth in this Plan.

6.12. Preservation of Causes of Action. Except as otherwise provided in this Plan, all Claims and Causes of Action that the Debtors may have against any Person or entity shall be preserved.

## **ARTICLE VII**

### **PROVISIONS GOVERNING DISTRIBUTIONS UNDER THIS PLAN**

7.1. Method of Payment. Unless otherwise expressly agreed, in writing, all Cash payments to be made pursuant to this Plan shall be made by check drawn on a domestic bank.

7.2. Administrative and Disputed Claims Reserves. Prior to making any Distribution on account of Allowed General Unsecured Claims, the Plan Administrator shall establish the Administrative Reserve and Disputed Claims Reserve. The Plan Administrator shall (a) pay Allowed Administrative Expense Claims and the fees and expenses associated with liquidating and administering the Debtors' estates with funds from the Administrative Reserve and (b) make Distributions to holders of Claims which become Allowed after the Effective Date from the Disputed Claims Reserve. Any excess Cash remaining in the (i) Administrative Reserve after the payment of all Allowed Administrative Expense Claims and the fees and expenses of liquidating and administering the Debtors' estates and (ii) Disputed Claims Reserve after all Disputed Claims have been either Allowed or disallowed shall become Available Cash and be distributed pursuant to this Plan.



7.3. Record Date for Distributions. Upon the Distribution Record Date, the transfer registers for each Class of Claims maintained by the Claims Agent shall be deemed closed and the Debtors shall have no obligation to recognize any transfer of Claims occurring on or after the Distribution Record Date.

7.4. Delivery of Distributions. The Plan Administrator shall make all Distributions on behalf of the Debtors. The Plan Administrator shall make Distributions to holders of Allowed Claims as of the Distribution Record Date at the address for each such holder as indicated on the Debtors' books and records or as set forth in any proof of claim filed by such holder.

7.5. Objections to and Resolution of Claims. The Plan Administrator shall have the right to file objections to Claims (including Claims which may have been listed by the Debtors as not contingent, not disputed and liquidated) after the Effective Date. In addition, the Plan Administrator shall have the right to file amendments to the Debtors' Schedules of Assets and Liabilities. All objections shall be litigated to entry of a Final Order; provided, however, that only the Plan Administrator shall have the authority to compromise, settle, otherwise resolve or withdraw any objections, without approval of the Bankruptcy Court.

7.6. Objection Deadline. The Plan Administrator, and any other party in interest to the extent permitted pursuant to Section 502(a) of the Bankruptcy Code, shall file and serve any objection to any Claims no later than the Claims Objection Deadline.

7.7. Amendments to Claims. On and after the Effective Date, A Claim may not be filed or amended without prior authorization of the Bankruptcy Court or the Plan Administrator, and any such new or amended Claim filed without such prior

authorization shall be disallowed and expunged without a Claim objection having to be filed with the Bankruptcy Court and without any further notice to the Claimholder or order of the Bankruptcy Court.

7.8. Setoff and Recoupment. The Debtors or Plan Administrator may setoff against or recoup from any Claim, and Distributions to be made in respect thereof pursuant to this Plan, claims of any nature whatsoever the Debtors may have against the Claimholder. Neither the failure to do so nor the allowance of any Claim under this Plan shall constitute a waiver or release by the Debtors of any right to setoff or recoupment that the Debtors may have against the Claims of such holder.

7.9. No Interest. Postpetition interest shall not accrue or be paid on Claims and no Claimholder shall be entitled to interest accruing on or after the Commencement Date on any Claim. For the avoidance of doubt, interest shall not accrue on or be paid on any Disputed Claim in respect of the period from the Effective Date through the date of a final distribution is made when and if such Disputed Claim becomes Allowed.

7.10. Disallowance of Paid Claims. Any Claim that has been paid shall be disallowed and expunged without a Claim objection having to be filed with the Bankruptcy Court and without any further notice to the Claimholder or order of the Bankruptcy Court.

7.11. No Distribution Pending Allowance. Notwithstanding any other provision of this Plan, no payment or Distribution of Cash or other property shall be made with respect to any portion of a Disputed Claim unless and until all objections to such Claim are resolved by Final Order or as otherwise permitted by this Plan.

7.12. Escrow of Cash Distributions. On any date that Distributions are to be made under the terms of this Plan, the Plan Administrator shall deposit in one or more segregated accounts, Cash or property equal to 100% of the Cash or property that would be distributed on such date on account of Disputed Claims as if each such Disputed Claim were an Allowed Claim but for the pendency of a dispute with respect thereto. The Plan Administrator shall also segregate any interest, dividends or proceeds of such Cash. Such Cash together with any interest, dividends or proceeds thereof, shall be held in trust for the benefit of the Holders of all General Unsecured Creditors.

7.13. Distribution After Allowance. Within the later of (i) seven (7) Business Days after and such Claim becomes an Allowed Claim and (ii) thirty (30) days after the expiration of the Claims Objection Deadline, the Plan Administrator shall distribute all Cash or other property, including any interest, dividends or proceeds thereof, to which a Holder of an Allowed Claim is then entitled.

7.14. Investment of Segregated Cash and Property. To the extent practicable, the Plan Administrator may invest any Cash or other property segregated on account of a Disputed Claim, undeliverable distribution, or any proceeds thereof (i) in a manner that will yield a reasonable net return taking into account the safety of the investment or (ii) in any manner permitted by Section 345 of the Bankruptcy Code; provided, however, that the Plan Administrator shall be under no obligation to so invest such Cash or proceeds and shall have no liability to any party for any investment made or any omission to invest such Cash, other property or proceeds.

7.15. Delivery of Distributions. Except as provided herein, Distributions to Holders of Allowed Claims shall be made: (1) at the addresses set forth on the respective

Proofs of Claim Filed by such Holders; (2) at the addresses set forth in any written notices of address changes delivered to the Plan Administrator after the date of any related Proof of Claim; or (3) at the address reflected in the Schedules if no Proof of Claim is filed and the Plan Administrator has not received a written notice of a change of address.

7.16. Undeliverable Distributions.

(A) If the Distribution to the Holder of any Claim is returned to the Plan Administrator as undeliverable, no further Distribution shall be made to such Holder unless and until the Plan Administrator is notified in writing of such Holder's then current address.

Undeliverable Distributions shall remain in the possession of the Plan Administrator until the earlier of (i) such time as a Distribution becomes deliverable or (ii) such undeliverable Distribution becomes an Unclaimed Distribution pursuant to Section 7.17 of this Plan.

(B) Until such time as an undeliverable Distribution becomes an Unclaimed Distribution pursuant to this Section 7.17 of this Plan, within 30 days after the end of each calendar quarter following the Effective Date, the Plan Administrator shall make Distributions of all Cash and property that has become deliverable during the preceding quarter. Each such Distribution shall include the net return yielded from the investment of any undeliverable Cash, from the date such Distribution would have been due had it then been deliverable to the date that such Distribution becomes deliverable.

(C) The Plan Administrator shall make reasonable efforts to update or correct contact information for recipients of undeliverable Distributions, provided, however, nothing contained in this Plan shall require the Plan Administrator to locate any Holder or an Allowed Claim.

7.17. Unclaimed Distributions. Any Cash or other property to be distributed under this Plan shall revert to the Plan Administrator if it is not claimed by the Entity (an “Unclaimed Distribution”) entitled thereto before ninety (90) days from the date such Unclaimed Distribution was made and such Entity’s claim shall be deemed to be reduced to zero. Any Unclaimed Distributions shall be either (a) distributed Pro Rata to Holders of Allowed Claims in Class 2A or 2B; or (b) donated to charity if the amount of the Unclaimed Distribution is insufficient to justify the time and expense of effectuating additional Distributions.

7.18. Failure to Present Checks. Each check issued by the Plan Administrator on account of an Allowed Claim shall be null and void if not negotiated within ninety (90) days after the issuance of such check. Requests for reissuance of any check shall be made to the Plan Administrator by the holder of the Allowed Claim to whom such check was originally issued. After the ninety (90) day period following the date of issuance of such check, the amount represented by such check shall irrevocably revert to the Debtors and any Claim in respect thereof shall be deemed satisfied and the holder thereof shall be forever barred from asserting such Claim against the Debtors and their property.

## **ARTICLE VIII**

### **IMPLEMENTATION AND EFFECT OF CONFIRMATION OF PLAN**

8.1. Sources of Cash for Plan Distribution. All Cash necessary for the Plan Administrator to make payments pursuant hereto shall be obtained from the Available Cash of each of the Debtors.

8.2. Further Actions. On and after the Effective Date, the Plan Administrator is authorized and directed to issue, execute and deliver the agreements, documents and

distributions contemplated by this Plan in the name of and on behalf of the Liquidating Debtors.

8.3. Release of Liens, Claims and Equity Interests. Except as otherwise provided herein or in any contract, instrument, release or other agreement or document entered into or delivered in connection with this Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to this Plan, all Claims, Equity Interests, liens or other security interests against the property of the Estates shall be fully released and discharged.

8.4. Corporate Action; Effectuating Documents; Further Transactions. On the Effective Date, all matters and actions provided for under this Plan that would otherwise require approval of the member or managers of the Debtors shall be deemed to have been authorized and effective in all respects as provided herein and shall be taken without any requirement for further action by the member and managers of the Debtors. The Debtors are authorized to execute, deliver, file or record such contracts, instruments, releases, and other agreements or documents and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

## **ARTICLE IX**

### **PLAN INJUNCTION**

9.1. Term of Bankruptcy Injunction or Stays. All injunctions or stays provided for in these Chapter 11 Cases under Sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Except as otherwise expressly provided in this Plan or to the extent necessary to enforce the terms and conditions of this Plan, the Confirmation Order

or a separate Order of the Bankruptcy Court, all Entities who have held, hold, or may hold Claims against or Equity Interest in the Debtors, are permanently enjoined, on and after the Confirmation Date, from (A) commencing or continuing in any manner, directly or indirectly, any action or other proceeding of any kind against the Debtors, their estates, or the Plan Administrator, with respect to any such Claim or Equity Interest, (B) enforcing, attaching, collecting or recovering, by any manner or means, whether directly or indirectly, any judgment, award, decree or Order against the Debtors, their estates or the Plan Administrator on account of any such Claim or Equity Interest, (C) creating, perfecting or enforcing, in any manner, directly or indirectly, any lien or encumbrance of any kind against the Debtors, the property or interests in property of the Debtors, or the Plan Administrator, on account of any such Claim or Equity Interest, and (D) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors, their estates, or the Plan Administrator on account of any such Claim or Equity Interest.

9.2. Exculpation. The Chief Restructuring Officer, the Assistant Chief Restructuring Officer, the Committee and the Plan Administrator and their respective members, managers, partners, officers, directors, employees and agents (including any attorneys retained by such Persons) shall have no liability to any person or entity for any Claim, Equity Interest Cause of Action, or other assertion of liability for any act taken or omission occurring in connection with, or arising out of, arising from, or relating to the Debtors, these Chapter 11 Cases, this Plan, the Disclosure Statement, the pursuit of confirmation of this Plan, the consummation of this Plan, or the administration of this Plan or the property to be distributed under this Plan, except for actual fraud, willful

misconduct or gross negligence as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under this Plan.

The Debtors and their respective members, managers, partners, officers, directors, employees and agents shall have no liability to any Holder of any Claim or Equity Interest for any post-Filing Date act or omission in connection with, or arising out of, the Chapter 11 Cases, the Plan, the Disclosure Statement, the pursuit of confirmation of the Plan, the consummation of the Plan, or the administration of the Plan or the property to be distributed under the Plan, except for willful misconduct or gross negligence as determined by a Final Order of the Bankruptcy Court and, in all respects, shall be entitled to rely on the advice of counsel with respect to their duties and responsibilities under the Plan.

## **ARTICLE X**

### **CAUSES OF ACTION**

10.1. Causes of Action. The Plan Administrator, on behalf of and for the benefit of the Liquidating Debtors' estates, shall be vested with and shall retain and may enforce any and all claims, rights, demands and Causes of Action of any kind or nature whatsoever held by, through or on behalf of the Liquidating Debtors, the Committee and/or the Estates against any other entity, arising before the Effective Date that have not been fully resolved or disposed of prior to the Effective Date whether or not such claims or Causes of Action are specifically identified in the Disclosure Statement accompanying this Plan and whether or not litigation with respect to same has been commenced prior to the Effective Date.



## **ARTICLE XI**

### **EXECUTORY CONTRACTS AND UNEXPIRED LEASES**

11.1. Rejection of Executory Contracts and Unexpired Leases. On the Effective Date, all Executory Contracts and unexpired leases not assumed before the Confirmation Date will be deemed rejected. The Confirmation Order shall constitute an order approving such rejection as of the Effective Date.

11.2. Deadline for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to this Plan. If the rejection by the Debtors, pursuant to this Plan or otherwise, of an Executory Contract or unexpired leases gives rise to a Claim, a Proof of Claim must be filed with the Claims Agent at C. Wonder LLC Claims Processing Center, c/o Prime Clerk LLC, 830 Third Avenue, 9<sup>th</sup> Floor, New York, New York 10022, and served upon the Claims Agent and the Debtors' counsel or as otherwise may be provided in the Confirmation Order, by no later than thirty (30) days after the later of (i) notice of entry of the Confirmation Order, and (ii) other notice that the Executory Contract or unexpired lease has been rejected. Any Proofs of Claim not filed and served within such time periods will be forever barred from assertion against the Debtors and their estates. Unless otherwise Ordered by the Bankruptcy Court, all Claims arising from the rejection of Executory Contracts and unexpired leases shall be treated as General Unsecured Claims under this Plan.

## **ARTICLE XII**

### **CONDITIONS TO THE EFFECTIVE DATE**

12.1. Conditions Precedent to the Effective Date. This Plan shall not become effective unless and until each of the following conditions shall have been satisfied or waived:

(A) The Confirmation Order shall be in form and substance acceptable to the Debtors and the Committee, in their sole and absolute discretion.

(B) The Confirmation Order shall have become a Final Order.

12.2. Effect of Failure of Conditions. If each condition to the Effective Date has not been satisfied or duly waived within forty-five (45) days after the Confirmation Date, then upon motion by any party in interest, made before the time that each of the conditions has been satisfied or duly waived and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order may be vacated by the Bankruptcy Court; provided, however, that notwithstanding the filing of such motion, the Confirmation Order shall not be vacated if each of the conditions to the Effective Date is either satisfied or duly waived by the Debtors and the Committee before the any Order granting such relief becomes a Final Order. If the Confirmation Order is vacated pursuant to this Section, this Plan shall be deemed null and void in all respects and nothing contained herein shall (A) constitute a waiver or release of any Claims by or against the Debtors, or (B) prejudice in any manner the rights of the Debtors.

12.3. Waiver of Conditions to Confirmation and Effective Date. Each of the conditions to the Effective Date may be waived, in whole or in part, by the Debtors, without notice or an Order of the Bankruptcy Court, provided, however, the Debtors shall

provide written notice to the Committee of any such waiver and an opportunity to consent, which consent shall not be unreasonably withheld. The failure to satisfy or to waive any condition may be asserted by the Debtors regardless of the circumstances giving rise to failure of such condition to be satisfied (including any action or inaction by the Debtor). The failure of the Debtors to exercise any of the foregoing rights will not be deemed a waiver of any other rights, and each such right will be deemed an ongoing right that may be asserted at any time.

### **ARTICLE XIII**

#### **RETENTION OF JURISDICTION**

The Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of, and related to, these Chapter 11 Cases and this Plan pursuant to, and for the purposes of, Sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

- (A) To hear and determine any objections to Claims and to address any issues relating to Disputed Claims;
- (B) To hear and determine any adversary proceedings, contested matters/motions and applications;
- (C) To enter and implement such Orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;
- (D) To issue such Orders in aid of execution and consummation of this Plan, to the extent authorized by Section 1142 of the Bankruptcy Code;
- (E) To consider any amendments to or modifications of this Plan, to cure any defect or omission, or reconcile any inconsistency in any Order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

(F) To hear and determine all requests for compensation and reimbursement of expenses to the extent Allowed by the Bankruptcy Court under Section 330 or 503 of the Bankruptcy Code;

(G) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of this Plan;

(H) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Sale Orders;

(I) To hear and determine matters concerning state, local and federal taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code;

(J) To hear any other matter not inconsistent with the Bankruptcy Code;

(K) To enter a final decree closing these Chapter 11 Cases;

(L) To ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;

(M) To decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtors that may be pending on the Effective Date;

(N) To issue injunctions, enter and implement other Orders or take such other actions as may be necessary or appropriate to restrain interference by any Person or Entity with the occurrence of the Effective Date or enforcement of this Plan, except as otherwise provided herein;

(O) To determine any other matters that may arise in connection with or related to this Plan, the Disclosure Statement, the Confirmation Order or any contract,

instrument, release, indenture or other agreement or document created or implemented in connection with this Plan or the Disclosure Statement;

(P) To determine any other matters that may arise in connection with or related to the Sale Order or any contract, instrument, release, indenture or other agreement or document created or implemented in connection with the Sale Orders;

(Q) To enforce, interpret, and determine any disputes arising in connection with any stipulations, orders, judgments, injunctions, exculpations, and rulings entered in connection with these Chapter 11 Cases (whether or not these Chapter 11 Cases have been closed);

(R) To resolve disputes concerning any reserves with respect to Disputed Claims or the administration thereof; and

(S) To resolve any disputes concerning whether a Person or Entity had sufficient notice of these Chapter 11 Cases, the Bar Date, the Governmental Bar Date, the hearing on the approval of the Disclosure Statement, the hearing on the confirmation of this Plan for the purpose of determining whether a Claim, or Equity Interest is discharged hereunder or for any other purpose.

#### **ARTICLE XIV**

#### **MISCELLANEOUS PROVISIONS**

14.1. Amendment or Modification of this Plan. Alterations, amendments or modifications of this Plan may be proposed in writing by the Debtors, at any time before the Confirmation Date, provided that this Plan, as altered, amended or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code, and the Debtors shall have complied with Section 1125 of the Bankruptcy Code.

14.2. Severability. In the event the Bankruptcy Court determines, before the Confirmation Date, that any provision in this Plan is invalid, void or unenforceable, such provision shall be invalid, void or unenforceable with respect to the Holder or Holders of such Claims or Equity Interest as to which the provision is determined to be invalid, void or unenforceable. The invalidity, voidability or unenforceability of any such provision shall in no way limit or affect the enforceability and operative effect of any other provision of this Plan. In the event the Bankruptcy Court determines that this Plan can only be confirmed with respect to some but not all of the Debtors, the Debtors reserve the right to move forward with confirmation of this Plan as it relates only to those Debtors that satisfy the requirements for confirmation.

14.3. Revocation or Withdrawal of this Plan. The Debtors reserve the right to revoke or withdraw this Plan before the Confirmation Date. If the Debtors revoke or withdraw this Plan before the Confirmation Date, then this Plan shall be deemed null and void. In such event, nothing contained herein shall constitute or be deemed a waiver or release of any Claims by or against the Debtors or the Plan Administrator or to prejudice in any manner the rights of either of the Debtors or the Plan Administrator in any further proceedings involving the Debtors. The Debtors reserve the right to revoke or withdraw this Plan as it relates to certain of the Debtors.

14.4. Binding Effect. This Plan shall be binding upon and inure to the benefit of the Debtors, the Holders of Claims, and the Holders of Equity Interests, and their respective successors and assigns.

14.5. Notices. All notices, requests and demands to or upon the Plan Administrator to be effective shall be in writing and, unless otherwise expressly provided

herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, addressed as shall be set forth in the Confirmation Order.

14.6. Governing Law. Except to the extent the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to this Plan provides otherwise, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New Jersey, without giving effect to the principles of conflicts of law of such jurisdiction.

14.7. Withholding and Reporting Requirements. In connection with the consummation of this Plan, the Debtors and Plan Administrator shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority and all distributions hereunder shall be subject to any such withholding and reporting requirements.

14.8. Allocation of Plan Distributions Between Principal and Interest. To the extent that any Allowed Claim entitled to a Distribution under this Plan is comprised of indebtedness and accrued but unpaid interest thereon, such distribution shall be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

14.9. Headings. Headings are used in this Plan for convenience and reference only, and shall not constitute a part of this Plan for any other purpose.

14.10. Exhibits/Schedules. All exhibits and schedules to this Plan are incorporated into and are a part of this Plan as if set forth in full herein.

14.11. Filing of Additional Documents. On or before substantial consummation of this Plan, the Debtors shall file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

14.12. No Admissions. Notwithstanding anything herein to the contrary, nothing contained in this Plan shall be deemed as an admission by any Entity with respect to any matter set forth herein.

14.13. Successors and Assigns. The rights, benefits and obligations of any Person or Entity named or referred to in this Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor or assign of such Person or Entity.

14.14. Reservation of Rights. Except as expressly set forth herein, this Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. None of the filing of this Plan, any statement or provision contained herein, or the taking of any action by the Debtors with respect to this Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors, Holders of Claims or Equity Interest before the Effective Date.

14.15. Implementation. The Debtors shall take all steps, and execute all documents, including appropriate releases, necessary to effectuate the provisions contained in this Plan.

14.16. Inconsistency. In the event of any inconsistency among this Plan, the Disclosure Statement, or any other instrument or document created or executed pursuant to this Plan, the provisions of this Plan shall govern.



14.17. Closing of Cases. Upon substantial consummation of this Plan, the Debtors are deemed dissolved. The Plan Administrator may move for a final decree to close these Chapter 11 Cases and to request such other order as may be just.

14.18. Dissolution of Certain Debtors. Upon the Effective Date, C. Wonder Gift Cards Inc., C. Wonder Transport LLC and CW International Holdings LLC shall be deemed dissolved under applicable law without the need for filing any document. Upon the occurrence of the Effective Date, the Debtors, their members, professionals and agents shall be released from any duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code except with respect to applications for payments of fees and reimbursement of expenses of Professionals for which the Professionals shall be entitled to compensation for after the Effective Date.

14.19. Dissolution of the Committee. Upon the occurrence of the Effective Date, the Committee shall dissolve automatically, whereupon its members, professionals and agents shall be released from any duties and responsibilities in the Chapter 11 Cases and under the Bankruptcy Code (except with respect to (i) obligations arising under confidentiality agreements, which shall remain in full force and effect, (ii) applications for payment of fees and reimbursement of expenses of Professionals for which the Professionals shall be entitled to compensation for after the Effective Date, and (iii) any pending motions or motions for other actions seeking enforcement of implementation of the provisions of this Plan).

14.20. Compromise of Controversies. Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under this Plan, the provisions of this Plan shall constitute a good faith compromise and settlement

of all Claims or controversies resolved pursuant to this Plan and in these Chapter 11 Cases. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in this Plan and these Chapter 11 Cases, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtors, the Estates and all Holders of Claims and Equity Interests against the Debtors.

C. WONDER LLC

By: /s/ Stephen Marotta

Stephen Marotta

Chief Restructuring Officer of C. Wonder LLC

DATED: July 20, 2015

C. WONDER GIFT CARDS INC.

By: /s/ Stephen Marotta

Stephen Marotta

Chief Restructuring Officer of C. Wonder LLC

DATED: July 20, 2015

C. WONDER TRANSPORT LLC

By: /s/ Stephen Marotta

Stephen Marotta

Chief Restructuring Officer of C. Wonder LLC

DATED: July 20, 2015

CW HOLLAND LLC

By: /s/ Stephen Marotta

Stephen Marotta

Chief Restructuring Officer of C. Wonder LLC

DATED: July 20, 2015

CW INTERNATIONAL HOLDING LLC

By: /s/ Stephen Marotta

Stephen Marotta

Chief Restructuring Officer of C. Wonder LLC

DATED: July 20, 2015

OFFICIAL COMMITTEE OF UNSECURED  
CREDITORS

By: /s/ Ronald Tucker

Ronald M. Tucker

Co-Chairperson of the Committee

DATED: July 20, 2015

## **RETENTION AGREEMENT**

This agreement (the "Agreement") is by and between C. Wonder LLC, C. Wonder Gift Cards Inc., C. Wonder Transport LLC, CW Holland LLC and CW International Holdings LLC (collectively the "Debtors"), as debtors and debtors in possession in chapter 11 cases currently pending before the United States Bankruptcy Court for the District of New Jersey (the "Bankruptcy Court"), and Brian Ryniker, an individual (the "Plan Administrator"), in connection with Debtors' Chapter 11 Joint Plan of Liquidation, filed with the Bankruptcy Court on June, 26, 2015 (as may be amended, the "Plan"). Capitalized terms used but not otherwise-defined herein have the meanings ascribed to them in the Plan.

In consideration of the mutual covenants herein, the Debtors and the Plan Administrator agree as follows:

1. Relationship. The Debtors hereby retain the Plan Administrator, and the Plan Administrator hereby accepts such retention, upon terms and conditions set forth in this Agreement and in the Plan. To the extent that anything herein is inconsistent with the Plan, the terms of the Plan shall govern.
2. Position and Responsibilities. The Plan Administrator shall be retained as the sole member for each of the Debtors for all purposes and in all respects, including, but not limited to, the implementation of the Plan and the liquidation and wind down of the Debtors' estates, as set forth in greater detail in the Plan.
3. Term. The Plan Administrator's retention will commence on the Plan's Effective Date and shall continue until (a) the Bankruptcy Court enters an order closing the Debtors' Chapter 11 Cases and the Debtors are dissolved; (b) the Bankruptcy Court enters an order removing the Plan Administrator for cause (as defined in the Plan); or (c) the Plan Administrator voluntarily resigns, upon notice to the Plan Committee and filed with the Bankruptcy Court, and the Plan Committee appoints a successor.
4. Compensation. In consideration for all services rendered by the Plan Administrator under the Plan and this Agreement, the Debtors shall pay the Plan Administrator the following:
  - (a) Monthly Fees. The Plan Administrator shall record and bill his time spent as Plan Administrator at his normal hourly rate of \$595, subject to a cap of \$5000 per month for services rendered as Plan Administrator pursuant to the Plan and this Agreement. The monthly fees shall be paid within ten days following the submission of an invoice to the Debtors reasonably describing the Plan Administrator's services. CBIZ MHM, LLC ("CBIZ") shall be engaged as the Plan Administrator's financial advisor. To the extent that Mr. Ryniker performs financial advisory services on behalf of CBIZ, he shall record that time separately from his time spent as Plan

Administrator and CBIZ shall be compensated for Mr. Ryniker's time at his normal hourly rate of \$595.

- (b) Reimbursement of Expenses. The Plan Administrator shall be entitled to reimbursement for reasonable expenses incurred in the course of rendering services to the Debtors under the Plan and this Agreement, to be paid within ten days following the delivery of an invoice to the Debtors reasonably describing such expenses. The Plan Administrator shall be entitled to reimbursement of reasonable expenses incurred prior to the Effective Date relating to the Debtors and the Plan.
- (c) Indemnification. The Plan Administrator shall be entitled to indemnification upon the terms set forth in Section 6.5 of the Plan, which is incorporated herein by reference,
- (d) Exculpation and Release. The Plan Administrator shall be entitled to an exculpation and release upon the terms set forth in Article IX of the Plan, which is incorporated herein by reference, and may file a motion for a further release of the Plan Administrator, the Plan Committee, the Plan Committee's members, and/or their professionals and advisors, as contemplated by Section 9.2 of the Plan.

5. Assignment. This Agreement is personal to the Plan Administrator and may not be assigned in any way by the Plan Administrator. This Agreement shall not be assigned or delegated by the Debtors without the prior written consent of the Plan Administrator. The rights and obligations under the Agreement shall inure to the benefit of and shall be binding upon the heirs, administrators, and representatives of the Plan Administrator and the successors, assigns, and representatives of the Debtors.

6. Severability and Reformation. The parties hereto intend all provisions of the Agreement to be enforced to the fullest extent permitted by law. If any provision of this Agreement is held to be illegal, invalid, or unenforceable under applicable law, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision were never a part hereof, and the Agreement's remaining provisions shall remain in full force and effect unaffected by the illegal, invalid, or unenforceable provision.

7. Further Actions. Whether or not specifically required under the terms of this Agreement, the parties to this Agreement shall execute and deliver such documents and take such further actions as may be necessary in order for such party to perform all of his or its obligations under this Agreement.

8. Entire Agreement. This Agreement and the Plan contain the entire understanding and agreement between the Debtors and the Plan Administrator and supersede any other agreement between the Debtors and the Plan Administrator, whether oral or in writing, with respect to the subject matter hereof. This Agreement may not be altered, amended, or rescinded,

nor may any of its provisions be waived, except by an instrument in writing signed by the parties hereto.

9. Governing Law; Venue. This Agreement shall be governed by the laws of the State of New Jersey, without regard to conflict of law provisions. Any claim, dispute, or controversy arising out of or related to this Agreement shall be determined by the Bankruptcy Court.

10. Counterparts. This Agreement may be executed in counterparts, with the same effect as if both parties had signed the same document. All such counterparts shall be deemed an original, shall be construed together, and shall constitute one and the same instrument.

In witness whereof, the parties have executed this Agreement as follows:

Date: June 26, 2015

C. WONDER LLC

By: /s/ Stephen Marotta  
Stephen Marotta

DATED: June 26, 2015

Chief Restructuring Officer of C. Wonder LLC

C. WONDER GIFT CARDS INC.

By: /s/ Stephen Marotta  
Stephen Marotta

DATED: June 26, 2015

Chief Restructuring Officer of C. Wonder LLC

C. WONDER TRANSPORT LLC

By: /s/ Stephen Marotta  
Stephen Marotta

DATED: June 26, 2015

Chief Restructuring Officer of C. Wonder LLC

CW HOLLAND LLC

By: /s/ Stephen Marotta  
Stephen Marotta

DATED: June 26, 2015

Chief Restructuring Officer of C. Wonder LLC

CW INTERNATIONAL HOLDING LLC

By: /s/ Stephen Marotta

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Stephen Marotta

Chief Restructuring Officer of C. Wonder LLC

DATED: June 26, 2015

## OFFICIAL COMMITTEE OF UNSECURED CREDITORS

By: /s/ Catherine Martin

DATED: June 25, 2015

**[PLAN ADMINISTRATOR'S NAME]**

**[PLAN ADMINISTRATOR'S NAME]**, in his individual capacity