

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION

In re: ) Chapter 11  
)  
HARTFORD COMPUTER HARDWARE, ) Case No. 11-49744 (PSH)  
INC., et al.,<sup>1</sup> ) (Jointly Administered)  
)  
Debtors. ) Hon. Pamela S. Hollis

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DISCLOSURE STATEMENT FOR THE JOINT PLAN OF LIQUIDATION OF  
THE DEBTORS AND THE CREDITORS' COMMITTEE

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Dated: June 13, 2012

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<sup>1</sup> The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Old NS, LLC f/k/a Nexicore Services, LLC (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).



**EXHIBITS**

EXHIBIT A: Proposed Joint Plan

EXHIBIT B: Liquidation Analysis

<p>THE DEBTORS HEREBY ADOPT AND INCORPORATE EACH EXHIBIT ATTACHED TO THIS DISCLOSURE STATEMENT BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN.</p>
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**PLEASE REVIEW THIS DOCUMENT FOR IMPORTANT INFORMATION REGARDING:**

- \* **Description of the Debtors**
- \* **Classification and Treatment of Claims and Interests**
- \* **Distribution to Holders of Allowed General Unsecured Claims**
- \* **Implementation and Execution of the Plan**
- \* **Treatment of Contracts and Leases and Procedures to Assert and Resolve Rejection Claims**

**AND IMPORTANT DATES:**

- \* **Date to Determine Record Holders of Claims and Interests – [July 24, 2012]**
- \* **Deadline to Submit Ballots – [August 24, 2012] at 5:00 p.m. (Pacific Time)**
- \* **Deadline to Object to Plan Confirmation – [August 28, 2012] at 5:00 p.m. (Central Time)**
- \* **Hearing on Plan Confirmation– [September 11, 2012 at 11:00 a.m.] (Central Time)**

**A COPY OF THIS DISCLOSURE STATEMENT AND THE DEBTORS' JOINT PLAN OF LIQUIDATION CAN BE FOUND AT <http://www.kccllc.net/Hartford>**

1. **INTRODUCTION.**

1.1. **Purpose of the Disclosure Statement.**

Notice of this disclosure statement (as amended, modified or supplemented, the “**Disclosure Statement**”) is being provided by Hartford Computer Hardware, Inc., Hartford Computer Group, Inc., Hartford Computer Government, Inc., and Old NS, LLC f/k/a Nexicore Services, LLC (collectively, the “**Debtors,**” or, alternatively, the “**Proponents**”) to the Office of the United States Trustee, and to all of the Debtors’ known Creditors and stockholders pursuant to section 1125(b) of title 11 of the United States Code (the “**Bankruptcy Code**”) for the purpose of soliciting acceptances of the Debtors’ Joint Plan of Liquidation (the “**Plan**”). The Plan has been filed with the United States Bankruptcy Court for the Northern District of Illinois-Eastern Division (the “**Bankruptcy Court**”) and the summaries of the Plan contained herein shall not be relied upon for any purpose other than to make a judgment with respect to, and determine how to vote on, the Plan. A copy of the Plan is attached hereto as **Exhibit A.** All capitalized terms used within this Disclosure Statement which are not defined herein have the meanings set forth in the attached Plan. **The deadline to object to Plan Confirmation is [August 28, 2012] at 5:00 p.m. (Central time).**

PLEASE NOTE THAT MUCH OF THE INFORMATION CONTAINED HEREIN HAS BEEN TAKEN, IN WHOLE OR IN PART, FROM INFORMATION CONTAINED IN THE DEBTORS’ BOOKS AND RECORDS AND PLEADINGS FILED BY THE DEBTORS. STATEMENTS MADE IN THE DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN. ALTHOUGH THE PROPONENTS HAVE ATTEMPTED TO BE ACCURATE IN ALL MATERIAL RESPECTS, THE PROPONENTS ARE UNABLE TO WARRANT OR REPRESENT THAT ALL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ERROR. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER RULES GOVERNING DISCLOSURE OUTSIDE THE CONTEXT OF CHAPTER 11.

NO REPRESENTATION CONCERNING THE DEBTORS OR THE VALUE OF THE DEBTORS’ ASSETS HAS BEEN AUTHORIZED BY THE BANKRUPTCY COURT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT OR ANY OTHER DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT. THE PROPONENTS ARE NOT RESPONSIBLE FOR ANY INFORMATION, REPRESENTATION OR INDUCEMENT MADE TO OBTAIN YOUR ACCEPTANCE, WHICH IS OTHER THAN, OR INCONSISTENT WITH, INFORMATION CONTAINED HEREIN AND IN THE PLAN.

YOU ARE STRONGLY URGED TO CONSULT WITH YOUR FINANCIAL, LEGAL, AND TAX ADVISORS TO UNDERSTAND FULLY THE PLAN AND DISCLOSURE STATEMENT. THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS GIVEN AS OF THE DATE HEREOF, UNLESS OTHERWISE SPECIFIED. THE DELIVERY OF THIS DISCLOSURE STATEMENT DOES NOT, UNDER ANY CIRCUMSTANCE, IMPLY THAT THERE HAS BEEN NO CHANGE IN THE FACTS SET FORTH HEREIN SINCE SUCH DATE. THIS DISCLOSURE STATEMENT IS INTENDED, AMONG OTHER THINGS, TO SUMMARIZE THE PLAN AND MUST BE READ IN CONJUNCTION WITH THE PLAN AND ITS EXHIBITS, IF ANY. IF ANY CONFLICTS EXIST BETWEEN THE PLAN AND DISCLOSURE STATEMENT, THE TERMS OF THE PLAN SHALL CONTROL.

IF A HOLDER OF A CLAIM WISHES TO CHALLENGE THE ALLOWANCE OR DISALLOWANCE OF A CLAIM FOR VOTING PURPOSES UNDER THE TABULATION RULES SET FORTH IN THE DISCLOSURE STATEMENT ORDER, SUCH ENTITY MUST FILE A MOTION, PURSUANT TO BANKRUPTCY RULE 3018(A), FOR AN ORDER TEMPORARILY ALLOWING SUCH CLAIM IN A DIFFERENT AMOUNT OR CLASSIFICATION FOR PURPOSES OF VOTING TO ACCEPT OR REJECT THE PLAN AND SERVE SUCH MOTION ON THE UNDERSIGNED COUNSEL TO THE DEBTORS SO THAT IT IS RECEIVED NO LATER THAN **5:00 P.M., PREVAILING CENTRAL TIME, ON [AUGUST 21, 2012]**. UNLESS THE COURT ORDERS OTHERWISE, SUCH CLAIM WILL NOT BE COUNTED FOR VOTING PURPOSES IN EXCESS OF THE AMOUNT DETERMINED IN ACCORDANCE WITH THE TABULATION RULES.

**THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.**

**TREATMENT AND CLASSIFICATION OF CLAIMS AND INTERESTS; IMPAIRMENT**

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, Confirmation and Distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code.

Class & Description	Estimated Allowed Claims	Treatment	Estimated Recovery to Holders of Allowed Claims
Administrative Claims  (excluding Professional Fee Claims)	Approximately \$100,000 – \$250,00	<i>Unimpaired.</i> Except to the extent that a Holder of an Allowed Administrative Claim agrees to a different treatment, each Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, and release of and in exchange for such Allowed Administrative Claim, Cash in an amount equal to such Allowed Administrative Claim, either (i) as soon as reasonably practicable after the Effective Date or (ii) if the Administrative Claim is not Allowed as of the Effective Date, thirty (30) days after the date on which such Administrative Claim becomes an Allowed Administrative Claim; <u>provided, however,</u> that Allowed Administrative Claims representing obligations incurred in the ordinary course of business of the	100%

		Debtors may be paid by the Debtors in the ordinary course, consistent with past practice of the Debtors and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to, such transactions, without further action by the Holders of such Administrative Claims or further approval by the Bankruptcy Court. If a Holder of a Claim under section 503(b)(9) is a defendant in an Avoidance Action with a count asserted under section 502(d) of the Bankruptcy Code, such Claim shall be deemed Disputed and shall become Allowed only after resolution of the Avoidance Action.	
Priority Tax Claims	Approximately \$100,000 – \$200,000	<i>Unimpaired.</i> Except to the extent that any governmental unit entitled to payment of any Allowed Priority Tax Claim has previously agreed or agrees to a different treatment by stipulation or otherwise, pursuant to section 1129(a)(9) of the Bankruptcy Code, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, settlement, and release of and in exchange for such Allowed Priority Tax Claim, Cash in an amount equal to such Allowed Priority Tax Claim, (i) as soon as reasonably practicable after the Effective Date or (ii) if the Priority Tax Claim is not Allowed as of the Effective Date, thirty (30) days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim.	100%
Priority Wage Claims	\$400,000 - \$800,000	<i>Unimpaired.</i> Except to the extent a Holder of an Allowed Priority Wage Claim has previously agreed or agrees to a different treatment by stipulation or otherwise, pursuant to section 1129(a)(9) of the Bankruptcy Code, each Holder of an Allowed Priority Wage Claim shall receive, in full satisfaction, settlement, and release of and in exchange for such Allowed Priority Wage Claim, Cash in an amount equal to such Allowed Priority Wage Claim, (i) as soon as reasonably practicable after the Effective Date or (ii) if the Priority Tax Claim is not Allowed as of the Effective Date, thirty (30) days after the date on which such Priority Wage Claim becomes an Allowed Priority Wage Claim.	100%
Class I: Secured Claims of Delaware Street Capital Master Fund, L.P.	\$61,497,313	<i>Impaired – Entitled to Vote.</i> The Holder of each Allowed Class I Secured Claim shall receive Cash distributed on the Effective Date in an amount equal to all proceeds of the Avnet Transaction, the right to the Earnout, except for the portion of the Earnout included in the Settlement Sum, all Excess Cash of the Debtors, and the DSC Assigned Causes of Action.	Approximately 30% - 62%
Class II: Subordinated Secured Claims	Approximately \$2,000,000	<i>Impaired – Deemed to Reject.</i> The Holder of each Allowed Class II Subordinated Secured Claims shall receive no Distributions through the Plan.	0%
Class III: General Unsecured Claims	Approximately \$2,500,000 - \$3,500,000	<i>Impaired – Entitled to Vote.</i> The Holders of Allowed General Unsecured Claims shall share, on a pro-rata basis, in the Hartford Trust Assets.	Approximately 25% - 40%
Class IV: Equity Interests		<i>Impaired – Deemed to Reject.</i> Shareholders of the Debtors will retain no ownership interests in the Debtors under the Plan and	0%

		such Interests shall be cancelled effective as of the Effective Date.	
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1.2. **Final Approval of the Disclosure Statement and Confirmation of the Plan.**

1.2.1. **Requirements.** The requirements for Confirmation of the Plan are set forth in section 1129 of the Bankruptcy Code. The requirements for the Disclosure Statement are set forth in section 1125 of the Bankruptcy Code.

1.2.2. **Approval of the Plan and Confirmation Hearing.** To confirm the Plan, the Bankruptcy Court must hold the Confirmation Hearing to determine whether the Plan meets the requirements of section 1129 of the Bankruptcy Code.

1.2.3. **Effect of Confirmation.** Except as otherwise provided in the Plan or in the Confirmation Order, confirmation will effect the continued administration of the Debtors' remaining assets in accordance with the Plan and the Liquidating Trust Agreement and the dissolution of the Debtors. Confirmation serves to make the Plan binding upon the Debtors, all Creditors, Interest Holders, and other parties-in-interest, regardless of whether they cast a Ballot to accept or reject the Plan.

1.2.4. **Impaired Claims or 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 (Class IV – Equity Interests and Class II – Subordinated Secured Claims) are deemed to reject the Plan and do not have the right to vote.

1.2.5. **Eligibility to Vote on the Plan.** Unless otherwise ordered by the Bankruptcy Court, only Record Holders of Allowed Class I Claims and Allowed Class III Claims may vote on the Plan.

1.2.6. **Voting Procedure and Ballot Deadline.** 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 in Item 3 of 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.**

1.3. **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.**

## 2. **THE DEBTORS.**

2.1. **Description of Debtors, Debtors' History, and Debtors' Business.** The Debtors consist of: Hartford Computer Group, Inc., a Delaware corporation ("Hartford Group"), Hartford Computer Hardware, Inc., an Illinois corporation ("Hardware"), Hartford Computer Government, Inc., an Illinois corporation ("HCGovernment"), and Old NS, LLC f/k/a Nexicore Services, LLC, a Delaware limited liability company ("Nexicore"). Hartford Group is the parent company and owns 100% of the outstanding equity interests of Hardware and Nexicore. Hardware owns 100% of the outstanding equity interests of HCGovernment. The Debtors were one of the leading providers of repair and installation services in North America for consumer electronics and computers. The Debtors operated in three complementary business lines: parts distribution and repair, depot repair, and onsite repair and installation. Products serviced include laptop and desktop computers, commercial computer systems, flat-screen television, consumer gaming units, printers, interactive whiteboards, peripherals, servers, POS devices, and other electronic devices. The Debtors also engaged in hardware sales.

The Debtors operated out of five locations: Schaumburg, Illinois, Simi Valley, California, Tampa, Florida, Columbia, Maryland, and Markham, Ontario, Canada. As of June 2011, the Debtors employed approximately 486 employees, including approximately 250 employees in California and 113 employees in Canada. The Debtors' senior management had almost 70 years of experience with the Debtors and included Brian Mittman, their president and chief executive officer, Ron Brinckerhoff, as vice president of sales, Randy Hodgson as vice president of onsite operations, Rich Levin, as vice president of procurement, Jo Lamoreaux, as chief financial officer, John Nelson, as general manager in Canada, and Greg McDonald, as vice president of depot operations.

2.2. **Events Leading to the Commencement of the Chapter 11 Cases.** For the five years prior to the Petition Date, the Debtors had implemented various turnaround initiatives that focused on creating an efficient operation capable of delivering high-quality service. With the operational turnaround largely complete, the Debtors were achieving significant momentum in each of their business lines. During that period, the companies' total revenues had grown from \$55.1 million in 2006 to \$95.1 million and earnings had increased at an even larger degree.

In addition to operational initiatives, the Debtors also engaged in out-of-court restructuring efforts. Effective as of May 9, 2005, the Debtors entered into that certain Master Restructuring Agreement (the "Restructuring Agreement") with Delaware Street, MRR Venture LLC ("MRR"), ARG Investments ("ARG"), SKM Equity Fund II, L.P. ("SKM I"), and SKM Investment Fund II ("SKM II" and together with MRR, ARG and SKM I, the "Subordinated Lenders"), HCG Financial Services, Inc. (the "Financial PO Lender"), and Enable Systems, Inc. Pursuant to the Restructuring Agreements, the Debtors amended and restructured their

agreements with their various stakeholders. Specifically, after the execution and effectiveness of the Restructuring Agreement, the Debtors' long-term, secured debt was as follows: (a) pursuant to that certain Amended and Restated Loan and Security Agreement dated as of December 17, 2004, among the Debtors and Delaware Street and various promissory notes and other documents (collectively, as may have been amended, supplemented, and modified, the "Senior Credit Agreement"), the Debtors were indebted to Delaware Street, as of the Petition Date, in the aggregate amount of \$70,573,615; (b) pursuant to that certain Substituted and Amended Subordinated Promissory Note dated May 9, 2005, made by Hartford Group in favor of MRR Venture LLC (the "Prepetition Subordinated Lender"), Hartford Group was indebted to Prepetition Subordinated Lender in the approximate amount of \$1,166,388.89; (c) pursuant to that certain Subordinated Promissory Note dated as of May 9, 2005, made by Hartford Group in favor of the Financial PO Lender, Hartford Group was indebted to the Financial PO Lender in the initial principal balance of \$869,000.00; and (d) pursuant to that certain Revolving Credit Agreement by and between IBM Credit LLC ("IBM"), Hardware and HCGovernment, dated as of May 5, 2005 (the "IBM Credit Agreement"), Hardware and HCGovernment were indebted to IBM in the amount of \$1,030,545. On December 9, 2011, the IBM Credit Agreement was paid off in fully through the use of cash collateral which secured a letter of credit that secured that facility.

As a result of the Restructuring Agreement, the Subordinated Lenders became holders of certain classes of preferred and common equity interests in Hartford Group, which is the sole shareholder and member of Hardware and Nexicore, respectively. The remaining equity interest holders of Hartford Group include Delaware Street and Brian Mittman. As set forth above, Hardware is the sole shareholder of HCGovernment.

Pursuant to the Senior Credit Agreement, Delaware Street made certain loans and other financial accommodations to or for the benefit of the Debtors. In connection with the Senior Credit Agreement, the Debtors entered into certain collateral and ancillary documentation with Delaware Street (such collateral and ancillary documentation collectively with the Prepetition Credit Agreement, the "Prepetition Credit Documents"). All obligations of the Debtors arising under the Prepetition Credit Documents, including all loans, advances, debts, liabilities, principal, interest, fees, swap exposure, charges, expenses, indemnities, and obligations for the performance of covenants, tasks or duties, or for the payment of monetary amounts owing to Delaware Street by the Debtors, of any kind or nature, whether or not evidenced by any note, agreement or other instrument, shall hereinafter be referred to as the "Prepetition Obligations."

As of December 1, 2011, the Prepetition Obligations, not including fees or interest, included:

- Revolver: \$9,076,302 (the "Prepetition Revolving Debt");
- Term Loan A: \$27,482,409;
- Term Loan B: \$12,660,490;
- Term Loan C: \$5,748,432;
- Term Loan D: \$6,965,575; and
- Term Loan E: \$8,640,407 (collectively, the "Prepetition Term Debt").

The documents evidencing and supporting the Financial PO Lender and the Prepetition Subordinated Lender contain subordination provisions that provide, among other things, that the



Debtors shall not make any distributions on account of those claims unless and any until the Prepetition Obligations owing to Delaware Street are paid in full.

Given the Debtors' prepetition performance, as well as its capital structure, the Debtors commenced an aggressive marketing and sales effort so as to take advantage of their improvements for the benefit of all their creditors. The Debtors, with the assistance of their advisors, actively marketed the company since late January 2011, focusing on a sale of substantially all of their assets as a going concern. Even before the Petition Date, the Debtors conducted a well-orchestrated sale process targeting the company's universe of potential strategic and financial buyers in an effort to maximize the value of the Debtors' assets.

Prior to the commencement of these Chapter 11 Cases, the Debtors retained Paragon Capital Partners, LLC ("Paragon") to act in an advisory capacity to explore strategic alternatives. As part of this evaluation, the Debtors and Paragon aggressively pursued a potential sale of the Debtors' assets. The Debtors and Paragon undertook exhaustive efforts to solicit interest in the Debtors from third parties with the potential to acquire all or a substantial portion of the Debtors' assets.

At the outset of this process, the Debtors determined, in consultation with their advisors, to focus their sale efforts on locating a stalking horse bidder for substantially all of their assets. The Debtors believed that their businesses and assets had little value if liquidated separately (with the exception of Hardware and HCGovernment, which together constitute a discrete business unrelated to the other Debtors), and that a sale process that including a sale of substantially all of the assets of Hartford Group and Nexicore (the "Acquired Assets") as a going concern would maximize value to the estates.

During the marketing process, the Debtors and Paragon identified and contacted approximately ninety-one potential strategic and financial counterparties. Approximately thirty-two of these parties executed confidentiality agreements and received a confidential information memorandum providing extensive information relating to the Debtors' businesses, financial performance and projections, customers, programs, technology, information systems, operations, facilities, management and employees. Approximately eleven companies received a detailed management presentation, either in-person or by phone, and were given the opportunity to speak extensively with the Debtors and their advisors. Of these, eight companies were strategic buyers (including five public companies with a median market capitalization in excess of \$4 billion), and three counterparties were major private equity firms with relevant portfolio companies and significant funds under management. Six of these parties submitted written indications of interest to acquire all of the Acquired Assets of the Debtors as a going concern (the Acquired Assets exclude the Debtors' hardware business). Five of these parties attended in-person management presentations conducted by the Debtors' senior management team, and conducted site visits with respect to the Acquired Assets. All of these parties were granted access to supplemental due diligence materials made available on an electronic data site. One of these parties, Avnet, Inc. ("Avnet"), submitted a preliminary proposal, and subsequently submitted a definitive agreement. As of November 3, 2011, Avnet had a market capitalization of approximately \$4.6 billion. For its most recent fiscal year ending July 2, 2011, Avnet reported total sales of \$26.5 billion and had cash on its balance sheet of \$675 million.

Avnet's offer was the basis for extensive discussions and negotiations with the Debtors, ongoing diligence and discussions with management, and visits to the Debtors' facilities. As a result, on December 12, 2011, Avnet and Avnet International (Canada) Ltd. (together, the "Purchaser") executed an Asset Purchase Agreement (the "Agreement"), pursuant to which, among other things, the Purchaser agreed to purchase, subject to higher and better bids and an order from the Bankruptcy Court, substantially all of the assets of Hartford Group and Nexicore. The purchase price under the Agreement consisted of an initial cash payment of \$35,500,000, subject to a working capital adjustment, plus a potential earn out, subject to certain adjustments described more fully below, plus the assumption of certain liabilities, including certain cure costs and certain post-petition administrative expenses. Avnet is a New York Stock Exchange-listed, Fortune 500 company engaged in, among other things, consumer electronic manufacture, repair, and distribution.

The Agreement contemplated chapter 11 filings by the Debtors and the approval of the Agreement through Bankruptcy Court-supervised sale process and auction pursuant to section 363 of the Bankruptcy Code. As of the Petition Date, the Purchaser's bid was the highest and best that the Debtors had received. As a result, as soon as practicable after the execution of the Agreement, the Debtors commenced these Chapter 11 Cases and commenced a sale process (described below).

The Purchaser was not interested in acquiring the assets related to the Debtors' hardware business, which is the business of Hardware and HCGovernment. The hardware business has two main customer groups: the public school universities in Maryland and Sears Brands, LLC. The former business is the sole operation of HCGovernment (the "Maryland Business"), and the later is that of Hardware, though Hardware owned certain assets useful to the Maryland Business.

On November 22, 2011, Hardware and HCGovernment entered into that Asset Purchase Agreement with HCGI-Hartford, Inc., pursuant to which Hardware and HCGovernment sold all assets used in connection with the Maryland Business. The purchase price was \$325,000, and \$225,000 was paid upon closing; the remaining \$100,000 purchase price was paid on May 21, 2012. The portion of the proceeds received prepetition were transferred to Delaware Street in partial satisfaction of the obligations owing it. The portion of the proceeds that were receive post-petition will constitute Excess Cash to be disbursed to Delaware Street under the Plan.

2.3. **Debtors' First Day Motions and Orders.** On the Petition Date, the Debtors filed certain motions requesting customary "first day" relief, as well as for authority to pay certain prepetition obligations. Those motions included:

(i) Administrative Motions: To facilitate a smooth and efficient administration of these Chapter 11 Cases and to reduce the administrative burden associated therewith, the Bankruptcy Court entered the following procedural orders: (a) authorizing the joint administration of the Debtors' Chapter 11 Cases [Motion Docket No. 10, Order Docket No. 43]; (b) granting the Debtors an extension of time to file their schedules of assets and liabilities and statement of financial affairs (collectively, the "Schedules and Statements") [Motion Docket No. 21, Order Docket No. 58]; and (c) authorizing the employment and

retention of KCC as notice and claims agent [Motion Docket No. 12, Order Docket No. 51];

(ii) Debtors' Motion for An Order (i) Approving Continued Use of Existing Bank Accounts, Business Forms, and Cash Management System, and (ii) To Obtain Limited Waiver of the Requirements of 11 U.S.C. § 345(b): The Bankruptcy Court authorized the Debtors to continue using their cash management systems and their respective bank accounts and business forms, with the exception that the Debtors were required to close their prepetition accounts with the Royal Bank of Scotland in lieu of accounts at the Bank of Montreal [Motion Docket No. 13, Order Docket No. 61];

(iii) Motion to Pay Employee Wages and Benefits: The Bankruptcy Court entered its order on December 15, 2011, authorizing the Debtors to pay certain prepetition wages, salaries, and other compensation, taxes withholdings and reimbursable expenses of their employees, to pay and honor obligations relating to employee medical and other benefit programs, and to continue their employee benefits programs, including their paid time off programs, on a post-petition basis [Motion Docket No. 19, Order Docket No. 53];

(iv) Debtors' Motion for Entry of An Order Authorizing the Debtors to Pay Prepetition Sales, Use and Other Tax Obligations: The Debtors obtained authority to pay prepetition sales, use, and other withholding taxes [Motion Docket No. 31, Order Docket No. 57];

(v) Debtors' Motion for Entry of an Order (i) Authorizing the Payment of Certain Prepetition Shipping Charges and (ii) Granting Certain Related Relief: By order dated December 15, 2011, the Debtors received authority to pay a limited number of prepetition shipping charges to the Debtors' principal logistics provider [Motion Docket No. 33, Order Docket No. 56];

(vi) Debtors' Motion for Entry of an Order Authorizing Debtors to (A) Honor Certain Prepetition Obligations to Customers and (B) Continue Their Customer Programs and Practices in the Ordinary Course of Business: By order dated December 15, 2011, the Debtors obtained authority from the Bankruptcy Court to honor warranty, rebate, and other prepetition customer programs necessary to sustain the Debtors' reputation among its customer and suppliers [Motion Docket No. 16, Order Docket No. 54];

(vii) Debtors' Motion for Order: Pursuant to Sections 105(a) and 363 of the Bankruptcy Code (I) Authorizing the Debtor to Honor Prepetition Insurance Policies and Renew Such Policies in the Ordinary Course of Business; and (II) Granting Related Relief: The Debtors obtained authority from the Bankruptcy Court to maintain their prepetition property, casualty, pension bond, customs bond, workers' compensation, and directors' and officers' liability policies and pay necessary premiums post-petition [Motion Docket No. 17, Order Docket No. 55];

(vii) Debtors' Motion for Interim and Final Orders (i) Prohibiting Utilities From Altering, Refusing or Discontinuing Services to, or Discriminating Against, the Debtors, (ii) Determining That the Utilities Are Adequately Assured of Future Payment; (iii)

Establishing Procedures for Determining Requests for Additional Assurance; and (iv) Permitting Utility Companies to Opt Out of the Procedures Established Herein: By final order granted on January 26, 2012, the Bankruptcy Court established procedures for determining adequate assurance of payment for future utility service in recognition of the severe impact even a brief disruption of utility services would have on the Debtors [Motion Docket No. 32, Order Docket Nos. 62 and 133].

2.4. **Debtor-In-Possession Financing Orders.** On the Petition Date, the Debtors filed their Motion for Interim and Final Orders (i) Authorizing the Debtors to Obtain Post-Petition Financing Pursuant to 11 U.S.C. § 364, (ii) Authorizing the Use of Cash Collateral Pursuant to 11 U.S.C. § 363, (iii) Granting Adequate Protection to the Prepetition Senior Lender Pursuant to 11 U.S.C. §§ 361 and 363 and (iv) Scheduling a Final Hearing Pursuant to Bankruptcy Rule 4001, pursuant to which, among other things, the Debtors sought authority to borrow money from Delaware Street to fund their working capital needs in these Chapter 11 Cases. Despite efforts to find alternative and more borrower-friendly financing, the Debtors were unable to find any financing sources willing to compete with Delaware Street in connection with providing the Debtors with their necessary working capital needs. As a result, in order to promote the sale of the Debtors assets while at the same time providing liquidity sufficient to fund day-to-day cash needs, pursuant to a budget, the Bankruptcy Court entered interim [Docket No. 66] and final orders [Docket No. 120] authorizing the debtor in possession financing from Delaware Street. Specifically, those orders provided for a \$14,400,000 facility, \$2,750,000 of which could be borrowed prior to the entry of the final order, secured by all of the Debtors' pre- and post-petition assets by superpriority, priming, senior liens pursuant to 364(c)(1) of the Bankruptcy Code, as well as granting adequate protection liens and claims to Delaware Street, as the Debtors' prepetition lender pursuant to sections 361(a) and 363(c) of the Bankruptcy Code. Among other things, the final order provided for the Debtors to apply proceeds received from pre-petition collateral to the Prepetition Revolving Debt and reborrow such amounts as post-petition debtor in possession financing. Pursuant to the Sale Order (described in Section 2.7 below), upon the closing of the transactions approved by the Sale Order, the Debtors were required to remit a portion of the proceeds of the Sale sufficient to repay the debtor in possession loan. On April 2, 2012, Delaware Street sent a notice to the Debtors and the Creditors' Committee that the debtor in possession obligations totaled \$12,182,664, consisting of \$12,076,302 of principal and \$106,362 of interest. These sums included funds borrowed to replace working capital used to repay the \$9,076,302 in Prepetition Revolving Debt. On April 6, 2012, the Debtors paid to Delaware Street \$12,182,644 in full satisfaction of the Delaware Street's DIP Loan claims.

2.5. **Canadian Proceedings.** On the Petition Date, the Debtors filed their Motion Pursuant to Section 1505 of the Bankruptcy Code for Authorization of Hardware to Act as the Debtors' Foreign Representative in an ancillary proceeding commenced under Part IV of the Companies' Creditors Arrangement Act in the Ontario Superior Court of Justice (Commercial List) in order to seek recognition of these Chapter 11 Cases and certain orders entered in these Chapter 11 Cases. The Bankruptcy Court granted the motion, and appointed Hardware as the Debtors' foreign representative on December 15, 2011 [Motion Docket No. 11, Order Docket No. 52]. The Debtors' thereafter commenced the ancillary proceeding and orders entered in these Chapter 11 Cases have been recognized therein, as necessary.

2.6. **Appointment of Creditors' Committee.** On December 28, 2011, the United States Trustee appointed an Official Committee of Unsecured Creditors (the "Creditors' Committee") pursuant to 11 U.S.C. § 1102(a)(1) [Docket No. 73]. The Creditors' Committee is comprised of the following unsecured creditors of the Debtors: C&K Industrial Painting, Inc., RipplePak and Select Staffing. The Creditors' Committee employed legal counsel, Levenfeld Pearlstein LLC, and financial advisors, Crowe Horwath LLP, to represent and advise it in these Chapter 11 Cases.

2.7. **Sale Related Motions and Orders.** On the Petition Date, the Debtors filed a Motion Pursuant to 11 U.S.C. §§ 105(a), 363, 365 and Fed. R. Bankr. P. 2002, 6004, 6006 for (I) Entry of an Order (A) Approving Bidding Procedures; (B) Granting Certain Bid Protections; (C) Approving Form and Manner of Sale Notices; (D) Setting Sale Hearing Date in Connection With Sale of Substantially All of Debtors' Assets; and (II) Entry of an Order (A) Approving the Sale of Debtors' Assets Free and Clear of All Liens, Claims, Encumbrances and Interests; (B) Authorizing the Assumption And Assignment of Certain Executory Contracts and Unexpired Leases; (C) the Assumption of Certain Liabilities; and (D) Granting Certain Related Relief [Docket No. 33]. On January 26, 2012, the Bankruptcy Court entered an order approving the bidding procedures and setting a sale hearing [Docket No. 128]. Debtors thereafter conducted a sale process at the conclusion of which, the Purchaser's bid for the Debtors' assets was highest and best. The Debtors filed pleadings with the Bankruptcy Court setting forth the executory contracts and unexpired leases that the Debtors intended to assume and assign to the Purchaser [Docket Nos. 152 and 214]. On February 28, 2012, the Bankruptcy Court entered an order approving the sale of the assets to the Purchaser [Docket No. 208]. The sale transaction closed effective 11:59 p.m. on April 2, 2012. As set forth above, the sale order has been recognized by the Canadian court in the Canadian proceeding. Debtors have also filed a motion to reject all contracts that were not assumed and assigned to the Purchaser [Docket No. 236].

2.8. **Sale of the Debtors' Assets.** Pursuant to the APA, the purchase price due and payable at closing was \$35,500,000 in cash. The purchase price was also subject to adjustment subsequent to the closing based upon a working capital adjustment and an Earnout based on the operating income of the business in calendar years 2012 and 2013. The Debtors submitted a working capital adjustment of \$3,563,639 to the Purchaser. Pursuant to the Agreement, a final determination of the Working Capital Adjustment was to be made within 60 days following the closing (since extended).

2.8.1. **Sale Escrows.** Pursuant to the APA, the Debtors and the Purchaser established two escrows to hold sale proceeds in reserve pending certain events. The first escrow was deposited with Wells Fargo Bank and was established to address any net Working Capital Adjustment to the purchase price (the "Wells Escrow"). The Debtors are obligated to deliver to the Purchaser a closing working capital statement within 60 days following the closing date of the Avnet Transaction (which date has now been extended to June 29, 2012). Within 20 days following the delivery of the closing working capital statement, the Purchaser shall notify the Debtors whether the closing working capital adjustment is accepted or objectionable. The APA contains a dispute resolution mechanism in the event the parties are unable to agree on what the final purchase price adjustment should be. If, as a result of the closing working capital statement, the purchase price goes up, the Purchaser will pay the increased amount and

the funds held in the Wells Escrow will be turned over to the Debtors. If, on the other hand, the purchase price decreases as a result of the closing working capital statement, the funds in the Wells Escrow will be turned over to the Purchaser to the extent of the purchase price decrease, with the rest of the funds in the Wells Escrow, if any, being turned over to the Debtors. If the purchase price decrease exceeds the funds in the Wells Escrow, all funds in the Wells Escrow will be transferred to the Purchaser, and the Purchaser has the ability to offset the payment of the Earnout for any excess. The Debtors are hopeful that the full amount of the Wells Escrow will be transferred to the Debtors, but the Debtors cannot predict what the final outcome might be.

The Debtors also established an escrow with the Purchaser's Canadian counsel, Fraser Milner Casgrain (the "**Canadian Tax Escrow**"). A total of 5,000,000 Canadian Dollars of the purchase price under the APA were deposited in the Canadian Tax Escrow. Under Canadian law, when a non-Canadian sells assets in Canada, the seller is required to obtain and deliver to the buyer a certificate of compliance issued by the Minister of National Revenue (Canada) under subsections 116(2) and 116(5.2) of the Income Tax Act (Canada), in each case with a certificate limit in an amount not less than the Canadian dollar equivalent of the portion of the purchase price allocated to the applicable Canadian assets being sold (the "**116 Certificate**"). Under Canadian law, a buyer of Canadian assets from a non-Canadian seller may be liable for certain Canadian taxes arising from the sale and that amount is reflected on the 116 Certificate.

As of closing, the Debtors had not received the 116 Certificate from the Canadian taxing authorities. Pursuant to section 9.5(g) of the APA, the Debtors and the Purchaser agreed that the maximum potential tax liability arising from the Canadian components of the Avnet Transaction would be deposited in the Canadian Tax Escrow. Following the receipt of the 116 Certificate, which is expected in June or July 2012, an amount equal to the certificate limit (i.e., the anticipated tax owing by the Debtors) will be remitted from the Canadian Tax Escrow to the Canadian taxing authorities. Any funds remaining in the Canadian Tax Escrow will be remitted to the Debtors. While the Debtors expect that a substantial portion of the Canadian Tax Escrow will be remitted back to the Debtors, the Debtors cannot predict what the final outcome might be. In addition, the Debtors expect that any Canadian taxes required to be paid will be recoverable as a refund after the Debtors file their Canadian tax returns for 2012.

**2.8.2. Earnout.** Pursuant to section 3.5 of the APA, the Debtors may be entitled to an Earnout as additional purchase price. The Earnout is calculated using the operating income in 2012 and 2013 derived from the acquisition of the acquired assets under the Avnet Transaction, less certain costs and offsets, all of which are more fully set forth in the APA. The Earnout is payable, if at all, approximately 4 months following the end of the year in which the operating income is measured (e.g., the Earnout based on 2012's operating income would be payable in approximately April of 2013). The APA sets forth the manner in which the proposed Earnout amount is to be calculated, conveyed by the Purchaser to the Debtors, and challenged by the Debtors, if necessary. Pursuant to the section 3.5(c) of the APA, the Earnout has a maximum cap for each year in which an Earnout would be calculated. Though the Debtors expect the Earnout will be collected in both 2013 and 2014, the Debtors cannot predict what the final outcome might be.

**2.9. Chief Restructuring Officer Appointment.** Following the closing of the sale of the Acquired Assets to the Purchaser, nearly all of the Debtors' employees, including all of the Debtors' officers, ceased working for the Debtors and were hired by the Purchaser. As a result, on March 29, 2012, the Debtors filed a motion for appointment of Silverman Consulting and Steven Nerger as Chief Restructuring Officer as of April 3, 2012 [Docket No. 229]. The Chief Restructuring Officer has and will continue to act as an estate representative for the Debtors through the Effective Date.

**2.10. Investigation by Creditors' Committee of Delaware Street and Settlement.** Pursuant to the final debtor-in-possession financing order, the Creditors' Creditors' Committee was granted until June 11, 2012,<sup>1</sup> to investigate the pre-petition liens and claims of Delaware Street as well as potential claims of the Debtors against Delaware Street. The Creditors' Creditors' Committee commenced its investigation and requested documents from and depositions of officers of the Debtors, Delaware Street and the Debtors' other secured creditors. Such parties responded to the Creditors' Creditors' Committee's requests and cooperated with the Creditors' Creditors' Committee in its investigation.

After significant document production had been made by the Debtors and Delaware Street, among others, the Creditors' Committee, Delaware Street and the Debtors reached a settlement as to all claims of the Debtors and/or the Creditors' Committee of any kind or nature (including without limitation, all derivative claims or claims brought or that could be brought by or through the Debtors) against Delaware Street and its affiliates, partners, members, officers, directors, employees and agents. The terms of the settlement are incorporated in the Plan and the Debtors, the Creditors' Committee and Delaware Street all support the Plan.

In sum, the terms of the Creditors' Committee/Delaware Street Settlement are as follows:

- Delaware Street shall consent to the Debtors use of its cash collateral pursuant to a budget and a form of cash collateral order, both in form and substance acceptable to Delaware Street, necessary for the Debtors and the Creditors' Committee to file, confirm and consummate the Plan.
- On and subject to the Effective Date of the Plan, Delaware Street shall carve out from its liens the Settlement Sum for the benefit of all General Unsecured Creditors holding Allowed Unsecured Claims as set forth as follows: (a) cash in the sum of \$333,000, (b) the first dollars of any Earnout payable to the Debtors by the Buyers for the calendar year ending December 31, 2012 in an amount not exceeding \$450,000, and (c) the first dollars of any Earnout payable to the Debtors by the Buyers for the calendar year ending December 31, 2013 in an amount not exceeding \$667,000 less any amount recovered by the General Unsecured Creditors under subpart (b) hereof. The Settlement Sum will fund the Hartford Liquidating Trust. The

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<sup>1</sup> Under the final financing order entered by the Bankruptcy Court on January 30, 2012 [Docket No. 137], the investigation period expired on April 25, 2012. The Bankruptcy Court subsequent extended that expiration date to June 11, 2012, by an ordered entered on April 12, 2012 [Docket No. 265].

assets of the Hartford Liquidating Trust will be used to fund Distributions to the General Unsecured Creditors. Delaware Street shall waive its share of the General Unsecured Claims entitled to payment from the Hartford Trust Assets.

- Delaware Street shall consent to the use of its cash collateral in an amount necessary to pay all Administrative Expense Claims, Priority Tax Claims, and Priority Wage Claims, in an amount set forth in the Cash Collateral Budget plus up to an additional \$300,000.
- Subject to the Settlement Sum, all rights to collect any Earnouts payable by the Buyers shall be assigned to Delaware Street on the Effective Date.
- The claims set forth in the Shareholder Suit shall be deemed settled, released, and dismissed with prejudice as of the Effective Date and all other claims of the Debtors against Delaware Street shall be deemed released as of the Effective Date.
- Delaware Street will waive any deficiency claim and will not participate in any distributions to General Unsecured Creditors.
- All parties in interest will be permanently enjoined from prosecuting any claims relating to the Debtors against Delaware Street. The DSC Assigned Causes of Action, which include claims against directors, officers, employees and agents of the Debtors (including Avoidance Actions) will be assigned to Delaware Street, and Delaware Street shall have exclusive standing to pursue such claims; provided, however, that if and to the extent that a director or officer of the Debtors files a non-administrative, non-priority claim against the Debtors which, if allowed, would be a General Unsecured Creditor, the Hartford Liquidating Trust may bring an avoidance action against such director or officer solely for purposes of offsetting against the amount of such non-administrative, non-priority claim, but may not seek affirmative recovery from such director or officer.

2.11. **Shareholder Suit.** Prior to the Petition Date, several entities filed the Shareholder Suit, a lawsuit in Delaware state court against Delaware Street, certain of its officers, Hartford Group and certain of its officers seeking, inter alia, to challenge Delaware Street's claims in these Chapter 11 Cases. The Shareholder Suit was stayed by the Debtors' bankruptcy filing. On March 9, 2012, the Debtors removed the state court lawsuit to the United States District Court for the District of Delaware and have subsequently filed a motion to transfer venue to the Bankruptcy Court. Their motion to transfer venue is pending at this time. As set forth above, pursuant to the Creditors' Committee/Delaware Street Settlement, the claims set forth in the Shareholder Suit will be deemed settled, released and dismissed with prejudice as of the Effective Date.

### 3. **SUMMARY OF THE PLAN.**

3.1. **Purpose of the Plan.** The Debtors proposed the Plan, in consultation with the Creditors' Committee and Delaware Street, over the alternative of converting the Debtors' bankruptcy cases to chapter 7 of the Bankruptcy Code because the Debtors believe that the Plan: (i) provides a more orderly liquidation and a greater recovery to creditors than a chapter 7 liquidation, (ii) consummates a settlement between the Debtors, the Creditors' Committee, and



Delaware Street that results in the funding of the Plan and the full payment of Chapter 11 administrative expenses, and (iii) avoids unnecessary costs to the Debtors' estates which would accrue should the Debtors' bankruptcy cases be converted to chapter 7 of the Bankruptcy Code.

3.2. **Classification of Claims and Interests under the Plan.** All Allowed Claims and Interests, except the Allowed Unclassified Claims, are placed in the Classes set forth in Article III of the Plan. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims (including Professional Fee Claims), Allowed Priority Wage Claims, and Priority Tax Claims have not been classified. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest qualifies within the description of that Class and is classified in other Classes to the extent that any remainder of the Claim or Interest qualifies within the description of such other Classes.

3.3. **Treatment of Allowed Claims under the Plan.** As set forth in Article III of the Plan, the Record Holders of Allowed Claims shall be treated as follows:

3.3.1. **Allowed Class I Secured Claims.** The only Holder of Class I Claims is Delaware Street, and pursuant to the settlement set forth herein, Delaware Street has an Allowed Class I Claim secured by substantially all of the Debtors' assets in the amount of \$61,497,313. The Holder of each Allowed Class I Secured Claim shall receive Cash distributed on the Effective Date in an amount equal to all remaining proceeds of the Avnet Transaction, and all Excess Cash, less Cash portion of the Settlement Sum, which shall be paid by the Debtors to the Hartford Liquidating Trust. In addition, on the Effective Date, Delaware Street shall be assigned the right to receive the Earnout (subject to the requirement that any amount thereof included in the Settlement Sum be turned over to the Hartford Liquidating Trust), and the DSC Assigned Causes of Action.

3.3.2. **Allowed Class II Claims.** The Holders of Allowed Class II Subordinated Secured Claims shall received no Distributions through the Plan

3.3.3. **Allowed Class III Claims.** Pursuant to the terms of the Hartford Liquidating Trust Agreement, the Record Holders of Allowed General Unsecured Claims (excluding any deficiency claim of Delaware Street under Section 506(a) of the Bankruptcy Code) shall become beneficiaries of the Hartford Liquidating Trust, and shall share pro rata in Distributions of the Hartford Trust Assets in the manner provided in the Hartford Liquidating Trust Agreement.

3.4. **Implementation and Execution of the Plan.**

3.4.1. **Effective Date.** The Plan shall become effective on the date which is the first Business Day on which each condition set forth in Article V of the Plan has been satisfied or waived as set forth therein.

3.5. **The Hartford Liquidating Trust.**

3.5.1. **Establishment of Hartford Liquidating Trust.** The Debtors shall transfer all of the Hartford Trust Assets to the Hartford Liquidating Trust

on the Effective Date. Such transfer of assets shall be free and clear of all liens, claims, and encumbrances.

- 3.5.2. **Execution of Hartford Liquidating Trust Agreement.** On the Effective Date, the Hartford Liquidating Trust Agreement, in a form consistent with the Plan, shall be executed, and all other necessary steps shall be taken to establish the Hartford Liquidating Trust.
- 3.5.3. **Authority and Role of the Hartford Liquidating Trustee.** The Hartford Liquidating Trustee shall be Peter Kravitz, who is serving as the chairperson of the Creditors' Committee. In furtherance of and consistent with the purpose of the Hartford Liquidating Trust and the Plan, the Hartford Liquidating Trustee shall be deemed to be a judicial substitute for each of the Debtors as the party-in-interest in these Bankruptcy Cases, under the Plan or in any judicial proceeding or appeal to which the Debtor is a party, consistent with section 1123(b)(3)(B) of the Bankruptcy Code and section 303 of the Delaware General Corporation Law, and is appointed as the representative of the Estates for all purposes, including for the retention and enforcement of all claims and rights, known and unknown, which arose prior to the Effective Date, except as provided for in the Plan and the Hartford Liquidating Trust Agreement. On the Effective Date or the Outside Date, which ever is later, the current officers and directors of each of the Debtors, including, without limitation, the Chief Restructuring Officer, shall be deemed to have resigned and shall be fully discharged from their responsibilities and duties as officers and directors of the Debtors.
- 3.5.4. **Authorization.** The Hartford Liquidating Trustee shall be empowered and authorized to, among other things: (a) liquidate the Hartford Trust Assets; (b) make one or more Distributions after the Effective Date of Hartford Trust Assets pursuant to his reasonable business judgment and in accordance with the Hartford Liquidating Trust Agreement; (c) pursue, in accordance with his reasonable business judgment, Identified Avoidance Actions; (d) after December 1, 2013 pursue, in accordance with his reasonable business judgment, Avoidance Actions against any Person (except DSC Assigned Causes of Action and any Cause of Action released pursuant to the Plan); (e) retain and/or employ professionals; (f) after the Outside Date, exercise all power and authority that may be exercised by any officer, director or Holder of an Interest in such Debtor with like effect as if authorized, exercised and taken by unanimous consent of such officers, directors or Holders of Interests; (g) pursue objections to, and estimations and settlements of, Class III Claims; (h) prosecute any Causes of Action of the Estates, except the DSC Assigned Causes of Action and Causes of Action released pursuant to the Plan; provided, however, that, as set forth in the Hartford Liquidating Trust Agreement, prior to December 1, 2013, the Hartford Liquidating Trustee may only commence Avoidance Actions that constitute Identified Avoidance Actions; (i) calculate and

implement all Distributions to be made under this Plan to Creditors holding Allowed Class III Claims pursuant to the Hartford Liquidating Trust Agreement; (j) market, sell, lease, or otherwise dispose of or realize the value of all Hartford Liquidating Trust Assets; (k) file all required tax returns and pay taxes and all other obligations on behalf of the Hartford Liquidating Trust; (l) file required operating reports and quarterly reports relating to the Hartford Liquidating Trust; and/or (m) take all other actions to complete the liquidation, dissolution and wind-up of the Hartford Liquidating Trust in accordance with applicable non-bankruptcy law. The Hartford Liquidating Trustee shall serve as the disbursing agent for holders of Allowed Class III Claims. The Hartford Liquidating Trustee shall also be authorized and directed to review, object to, prosecute, negotiate, settle or otherwise compromise any Disputed Class III Claims, pending Causes of Action or other Avoidance Actions (but specifically excluding the DSC Assigned Causes of Action and Causes of Action released pursuant to the Plan), in each case in accordance with Bankruptcy Rule 9019; provided, however, that any Disputed Class III Claim may be settled by the Hartford Liquidating Trustee in an amount less than \$50,000 without the need for Bankruptcy Court approval under Bankruptcy Rule 9019 or otherwise. The powers granted to the Hartford Liquidating Trustee shall be exercisable without further approval of the Court.

- 3.5.5. **Liquidation of Assets.** The Debtors shall pursue the recovery and liquidation of any remaining miscellaneous Assets, other than the Hartford Trust Assets, the DSC Assigned Causes of Action, and any Claims or Causes of Action released by this Plan, in a commercially reasonable manner. The Hartford Liquidating Trustee shall pursue recovery of Hartford Liquidating Trust Assets in accordance with the terms of the Hartford Liquidating Trust Agreement.
- 3.5.6. **Compensation of the Hartford Liquidating Trustee and the Hartford Liquidating Trustee's Professionals.** The Hartford Liquidating Trustee shall be entitled to reasonable compensation in an amount consistent with that of similar professionals in similar types of bankruptcy proceedings. The costs and expenses of the Hartford Liquidating Trustee, including the fees and expenses of the Hartford Liquidating Trustee and his retained professionals, shall be paid out of the Hartford Trust Assets and shall be paid without further Bankruptcy Court approval and in the Hartford Liquidating Trustee's reasonable business judgment. The Hartford Liquidating Trustee shall maintain appropriate reserves to fund administrative expenses and operating expenses during the implementation of the Plan. Such reserves shall be established by the Hartford Liquidating Trustee in accordance with his reasonable business judgment.

- 3.5.7. **Execution of Documents.** The Debtors and Hartford Liquidating Trustee, as applicable, may execute any and all documents and instruments necessary to effectuate the Plan.
- 3.5.8. **Cash.** The Hartford Liquidating Trustee may invest Cash of the Hartford Liquidating Trust (including any earnings thereon); provided, however, that such investments are investments permitted to be made by a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable Internal Revenue Service guidelines, rulings, or other controlling authorities.
- 3.5.9. **Retention of Professionals by the Hartford Liquidating Trustee.** The Hartford Liquidating Trustee may retain and reasonably compensate counsel and other professionals to assist in his or her duties on such terms as the Hartford Liquidating Trustee deems appropriate without Bankruptcy Court approval. The Hartford Liquidating Trustee may retain any professional who represented parties in interest in the Cases.

3.6. **Description of Projected Recoveries and Assets Available for Distribution.**

The Holders of Allowed General Unsecured Claims shall share, on a pro-rata basis, in the Hartford Trust Assets. The Hartford Trust Assets available to Holders of Allowed General Unsecured Claims will consist primarily of the Settlement Sum and the proceeds of the Causes of Action.

As referenced in the Debtors' chart of ranges of recoveries, the Debtors estimate that there will be approximately \$1,000,000 available for distribution to General Unsecured Creditors from the proceeds of the Hartford Trust Assets. However, the amount available for distribution to General Unsecured Creditors cannot be determined with certainty. There can be no assurance that the Debtors' estate will recover the estimates below from recoveries of Avoidance Actions. The Hartford Liquidating Trustee will commence approximately 25 Avoidance Actions seeking to avoid and recover transfers under sections 547 and 550 of the Bankruptcy Code. The Debtors estimate that they will recover approximately \$250,000 for the Avoidance Actions, net of costs.

- 3.6.1. **Delivery of Distribution.** Any Distribution shall be made to Record Holders of Allowed Claims: (i) at the address set forth on the proof of claim Filed by such Holder, (ii) at the address set forth in any written notices of address change Filed by such Holder, (iii) at the addresses reflected in the Schedules if neither a proof of claim nor a written notice of address change has been Filed, or (iv) if the Holder's address is not listed in the Schedules, at the last known address of such Holder according to the Debtors' books and records. Except as otherwise provided for herein, ordered by the Bankruptcy Court, or otherwise, Distributions under the Plan shall be made as soon as is practicable on the later to occur of (a) the Effective Date, (b) when a Claim becomes an Allowed Claim, or (c) when sufficient Cash is available for a Distribution to a particular Class pursuant to the treatment of such Class under the Plan, as determined by the

Debtors (in respect of Allowed Administrative Claims, Priority Tax Claims and Priority Wage Claims) and the Hartford Liquidating Trustee (in respect of Allowed Class III Claims) in accordance with their respective reasonable business judgment. The Debtors shall make all Distributions to Holders of Allowed Administrative Claims, Priority Tax Claims, and Priority Wage Claims due and payable on the Effective Date or the Outside Date, as appropriate. The Hartford Liquidating Trustee shall make all Distributions payable to Holders of Allowed Class III Claims.

In accordance with the provisions of the Hartford Liquidating Trust Agreement, the Hartford Liquidating Trustee shall establish a reserve of Cash that he estimates to be sufficient to satisfy incurred and anticipated post-Effective Date Claims to be incurred by the Hartford Liquidating Trustee and to fund the Distribution Reserve. The Hartford Liquidating Trustee may make any additional Distribution after the initial Distribution is made on or about the Effective Date as provided in the Hartford Liquidating Trust Agreement. Such additional Distribution may be made at such time(s) and in such amount(s) as are consistent with the Hartford Liquidating Trust Agreement.

3.7. **Procedures for Treating and Resolving Disputed Claims.** No payments or Distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim. All objections to Claims must be filed by the Hartford Liquidating Trustee or any other party in interest entitled to object under the Bankruptcy Code and/or Bankruptcy Rules on or before the Claims Objection Deadline. The Claims Objection Deadline may be extended by the Bankruptcy Court for cause shown. The filing of a motion to extend the Claims Objection Deadline shall automatically extend the Claims Objection Deadline until a Final Order is entered on such motion. In the event that such motion is denied, the Claims Objection Deadline shall be the later of the current Claims Objection Deadline (as previously extended, if applicable) or 30 days after the Bankruptcy Court's entry of an order denying the motion to extend the Claims Objection Deadline. Following the Effective Date, the Hartford Liquidating Trustee shall have the exclusive authority to object to Class III Claims.

3.7.1. **Distribution Reserve.** The Hartford Liquidating Trustee will withhold the Distribution Reserve from the property to be distributed to Holders of Allowed Class III Claims. The Hartford Liquidating Trustee may request that the Bankruptcy Court estimate for purposes of allowance any Disputed Class III Claim, and the Hartford Liquidating Trustee will withhold the Distribution Reserve based upon the estimated amount of each such Disputed Class III Claim as determined by Final Order of the Bankruptcy Court. If the Hartford Liquidating Trustee elects not to request such estimation from the Bankruptcy Court with respect to a Disputed Class III Claim that is contingent or unliquidated, the Hartford Liquidating Trustee will withhold the Distribution Reserve based upon the

appropriate pro rata percentage distribution of the Face Amount of such Claim. The Distribution Reserve shall be closed and extinguished by the Hartford Liquidating Trustee when all distributions and other dispositions of Cash or other property required to be made therefrom under the Hartford Liquidating Trust have been made. Upon closure of the Distribution Reserve, all Cash and other property held therein shall become part of the general Hartford Trust Assets.

- 3.7.2. **Distributions After Allowance.** Payments and Distributions on account of a Disputed Claim, to the extent that such Disputed Claim ultimately becomes an Allowed Claim, will be made in accordance with provisions of the Plan that govern the Class in which such Claim is classified. Distributions on account of Disputed Class III Claims shall be made in accordance with the terms of the Hartford Liquidating Trust Agreement. All Distributions made under this Section of the Plan on account of an Allowed Claim shall be made as if such Claim had been an Allowed Claim on the dates Distributions were previously made to Allowed Claims.

3.8. **Substantive Consolidation.** For the purposes of the Cases and the Plan only, all Assets of and Claims against the Debtors will be deemed to be substantively consolidated. As a result, Claims filed against multiple Debtors seeking recovery of the same debt shall be treated as one Claim against the consolidated Debtors' estates to the extent such Claim is an Allowed Claim. Claims of Debtors against other Debtors will be disregarded for both voting and Distribution purposes.

3.9. **The Hartford Liquidating Trustees' Abandonment, Disposal and/or Destruction of the Records.** Pursuant to section 554 of the Bankruptcy Code, the Hartford Liquidating Trustee shall be authorized to abandon all originals and/or copies of documents and business records upon order of the Bankruptcy Court obtained on motion on twenty days negative notice to the Debtors' Bankruptcy Rule 2002 service list.

3.10. **Executory Contracts and Unexpired Leases.** As stated in Article IV of the Plan, the Debtors believe that all executory contracts and unexpired leases of the Debtors were assumed and assigned, or rejected, during the Cases. Accordingly, Article IV of the Plan is included out of an abundance of caution and (i) provides that all executory contracts and unexpired leases of the Debtors which are not assumed and assigned, or rejected, prior to the Confirmation Date, if any, shall be deemed rejected and (ii) sets forth procedures for asserting and resolving Rejection Claims, if any.

3.11. **Assignments to Delaware Street.**

3.11.1. **Earnouts.** As of the Effective Date, subject to the Settlement Sum, all rights to collect the Earnout shall be assigned to Delaware Street.

3.11.2. **DSC Assigned Causes of Action.** As of the Effective Date, the DSC Assigned Causes of Action shall be assigned to Delaware Street and/or

released by the Debtors and the Hartford Liquidating Trust. Upon the Effective Date, Delaware Street shall have exclusive standing to bring the DSC Assigned Causes of Action; provided, however, that if and to the extent that a director or officer of the Debtors files a non-administrative, non-priority claim against the Debtors which, if allowed, would be a beneficiary of the Hartford Liquidating Trust, the Hartford Liquidating Trust may bring an Avoidance Action against such director or officer solely for purposes of offsetting against the amount of such non-administrative, non-priority claim that was not included on the Debtors' schedules, but may not seek affirmative recovery from such director or officer.

3.12. **Debtors' Duties and Rights.**

3.12.1. **Tax Returns.** The Debtors shall be responsive for filing their own tax returns for periods prior to the Effective Date.

3.12.2. **Dissolution of the Debtors.** On later of the Effective Date or the Outside Date, or as soon thereafter as is reasonably practicable, the Debtors shall be authorized to take all actions necessary to effect the dissolution of any of the Debtors as corporate entities without the need for any further action or approval; provided, however, that the entry of the Final Decree in these Cases shall effect such dissolution of all remaining Debtors to the extent permissible under applicable law.

3.12.3. **Administrative Claims and Priority Claims.**

3.12.3.1. **Reconciliation and Allowance.** Before and after the Effective Date, and until the Outside Date, the Debtors shall be responsible for and empowered to review, adjudicate and/or settle any and all Administrative Claims, Priority Tax Claims, Professional Fee Claims, and Priority Wage Claims.

3.12.3.2. **Administrative and Priority Reserve.** On the Effective Date, the Debtors will establish and maintain a reserve of Cash in an amount to be agreed upon by the Debtors and Delaware Street for the payment of Administrative Claims, Priority Tax Claims, Professional Fee Claims, and Priority Wage Claims that are disputed.

3.12.3.3. **Distributions After Allowance.** Payments from the reserve on account of disputed Administrative Claims, Priority Tax Claims, Professional Fee Claims, and Priority Wage Claims, to the extent that such disputed Administrative Claims, Priority Tax Claims, Professional Fee Claims, and Priority Wage Claims ultimately become Allowed Claims, will be made within thirty (30) days after the date when the order or

judgment of the Bankruptcy Court allowing all or part of such Administrative Claims, Professional Fee Claims, Priority Tax Claims, and Priority Wage Claims.

3.12.3.4. **Return of Excess Reserve to Delaware Street.** After the payment adjudication of all Disputed Administrative Claims, Priority Tax Claims, Professional Fee Claims, and Priority Wage Claims and payment of the Allowed amounts thereof, any remaining Cash in the reserve established pursuant to Section 2.15.2 hereof shall become Excess Cash and shall be distributed to Delaware Street pursuant to the Plan.

3.13. **Conditions Precedent to Confirmation and Consummation of the Plan.** Article V of the Plan sets forth the conditions that must occur prior to both Confirmation of the Plan and the occurrence of the Effective Date. Article V also describes the ability of the Debtors, the Creditors' Committee, and Delaware Street to waive such conditions, as well as the effect of non-occurrence of the conditions to the Effective Date, including the vacation of the Confirmation Order. If the Confirmation Order is vacated pursuant to section 5.3 of the Plan, (i) the Plan shall be null and void in all respects; and (ii) nothing contained in the Plan shall (a) constitute a waiver or release of any Claims by or against, or any Interest in, the Debtors or (b) prejudice in any manner the rights of the Debtors or any other party in interest.

3.14. **Miscellaneous Provisions.** Article VI of the Plan contains several miscellaneous provisions, including: (i) the retention of jurisdiction by the Bankruptcy Court over certain matters following the Confirmation Date; (ii) the payment of statutory fees pursuant to 28 U.S.C. section 1930; (iii) the dissolution of the Creditors' Committee; and (iv) the termination of Kurtzman Carson Consultants LLC in its capacity as claims, noticing and balloting agent.

3.15. **The Professional Fee Claims Bar Date.** Any and all applications for the final allowance of Professional Fee Claims shall be Filed and served upon counsel to the Debtors, counsel to the Creditors' Committee, the United States Trustee, and all Persons on the Debtors' Bankruptcy Rule 2002 service list on or before the Professional Fee Claim Bar Date.

3.16. **Final Fee Hearing.** A hearing on final allowance of Professional Fee Claims shall be held as soon as practicable after the Professional Fee Claim Bar Date. The Debtors' counsel shall File a notice of the Final Fee Hearing. Such notice shall be posted on the Noticing Agent Website, and served upon counsel for the Creditors' Committee, all Professionals, the United States Trustee and all parties on the Debtors' Bankruptcy Rule 2002 service list. No professional fees in excess of the amounts allocated in the Cash Collateral Order shall be Allowed Professional Fees payable by the Debtors or from the reserves created under the Plan, but all Professional Fee Claims of the professionals for the Creditors' Committee that were not paid from funds allocated to them pursuant to the Cash Collateral Order shall be paid from the Hartford Trust Assets, as provided in the Hartford Liquidating Trust Agreement.

**3.17. ADDITIONALLY, PLEASE NOTE THAT SECTIONS 6.13, 6.14, AND 6.15 OF THE PLAN GOVERN THE EXCULPATION AND LIMITATION OF LIABILITY OF CERTAIN PARTIES WITH RESPECT TO THE CASES, INCLUDING RELEASES**



**INVOLVING DELAWARE STREET. PLEASE REVIEW THOSE PROVISIONS CAREFULLY.**

4. **FEASIBILITY.**

4.1. **Financial Feasibility Analysis.**

4.1.1. **Bankruptcy Code Standard.** The Bankruptcy Code requires that, in order to confirm a plan, the Bankruptcy Court must find that confirmation of such plan is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor(s) unless contemplated by the plan.

4.1.2. **No Need for Further Reorganization of Debtors.** The Plan provides for the liquidation and distribution of all of the Debtors' Assets. Accordingly, the Debtors believe that all Plan obligations will be satisfied without the need for further reorganization of the Debtors.

5. **BEST INTERESTS OF CREDITORS AND ALTERNATIVES TO PLAN.**

5.1. **Chapter 7 Liquidation.**

5.1.1. **Plan is in the Best Interests of Creditors.** Notwithstanding acceptance of the Plan by a voting Impaired Class, in order to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the best interests of each Holder of a Claim or Interest in any such Impaired Class which has not voted to accept the Plan. Accordingly, if an Impaired Class does not vote unanimously to accept the Plan, the best interests test requires the Bankruptcy Court to find that the Plan provides to each member of such Impaired Class a recovery on account of the Class member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of the recovery that each such Class member would receive if the Debtors were liquidated under chapter 7.

The Debtors believe that the Plan satisfies the best interests test, because, among other things, the recoveries expected to be available to Holders of Allowed Claims under the Plan will be greater than the recoveries expected to be available in a chapter 7 liquidation.

In a typical chapter 7 case, a trustee is elected or appointed to liquidate a debtor's assets for distribution to creditors in accordance with the priorities set forth in the Bankruptcy Code. Generally, secured creditors are paid first from the proceeds of sales of the properties securing their liens. If any assets are remaining in the bankruptcy estate after satisfaction of secured creditors' claims from their collateral, administrative expenses are next to receive payment. Unsecured creditors are paid from any remaining sales proceeds, according to their respective priorities. Unsecured creditors with the same priority share in proportion to the amount of their allowed claims in relationship to the total amount of allowed

claims held by all unsecured creditors with the same priority. Finally, equity interests are cancelled.

Substantially all of the Debtors' Assets have already been liquidated during the Cases through the sale consummated by the Debtors pursuant to the Sale Order. All of the proceeds of the sale and all of the Debtors other assets, other than Avoidance Actions, constitute collateral of Delaware Street. In light of this, the Proponents believe that the Plan provides the best source of recovery to Holders of Allowed General Unsecured Claims. Because all of the proceeds constitute collateral of Delaware Street and the Debtors' belief that the Settlement Sum would not be made available in a chapter 7 scenario, a chapter 7 would not provide a timely Distribution to Holders of Class III Claims and would likely not provide a Distribution to Holders of such Claims at all because of the lack of unencumbered funds available. The Proponents believe that, absent the Plan, it is not even likely that administrative or priority claims could be paid in full in a Chapter 7 scenario. The fees and expenses that would be incurred during a chapter 7 liquidation, including potential added time and expense incurred by the Trustee and any retained professionals in familiarizing themselves with the Cases, would only further diminish the likelihood of any recovery by Class III Claims, and reduce the recoveries that might be available to Allowed Administrative and Priority Claims from recoveries from Avoidance Actions, which constitute the only unencumbered assets of the estates. Attached as Exhibit B to this Disclosure Statement is a liquidation analysis performed by the Debtors which substantiates the Debtors' view that the Debtors' Plan provides greater recoveries to creditors than a chapter 7 liquidation.

Accordingly, the Debtors believe that the Plan is in the best interests of Creditors.

5.2 **Alternative Plan(s).** The Debtors do not believe that there are any alternative plans. The Debtors believe that the Plan, as described herein, enables Holders of Claims to realize the greatest possible value under the circumstances, and that, compared to any alternative plan, the Plan has the greatest chance to be confirmed and consummated.

## 6. **RISK FACTORS.**

Holders of Claims who are entitled to vote on the Plan should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement and the Plan, before deciding whether to vote to accept or reject the Plan.

### 6.1. **Certain Bankruptcy Considerations.**

Even if the Impaired Voting Class votes to accept the Plan, the Court may exercise substantial discretion and may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, that the value of Distributions to dissenting Holders of Claims or Interests may not be less than the value such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Proponents believe that

the Plan will meet such requirement, there can be no assurance that the Court will reach the same conclusion.

6.2. **Claims Estimation.**

There can be no assurance that the estimated amount of Claims set forth in the Plan is correct, and the actual allowed amounts of Claims may differ from the estimates. The Debtors are in process of reconciling Claims, including tax Claims. Any value given as to the Claims against and the Assets of the Debtors is based upon an estimation of such value.

6.3 **Additional Recoveries.**

There can be no assurance by the Debtors that any additional liquidation proceeds will be generated from the liquidation of the Hartford Trust Assets for distribution to Holders of Allowed General Unsecured Claims.

7. **TAX CONSEQUENCES OF THE PLAN.**

THE DEBTORS HAVE NOT REQUESTED A RULING FROM THE IRS OR AN OPINION OF COUNSEL WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN. THUS, NO ASSURANCE CAN BE GIVEN AS TO THE TAX CONSEQUENCES OF THE PLAN. EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS URGED TO CONSULT ITS OWN TAX ADVISOR FOR THE FEDERAL, STATE, LOCAL AND OTHER TAX CONSEQUENCES APPLICABLE UNDER THE PLAN.

NO STATEMENT IN THIS DISCLOSURE STATEMENT SHOULD BE CONSTRUED AS LEGAL OR TAX ADVICE. THE DEBTORS AND THEIR PROFESSIONALS DO NOT ASSUME ANY RESPONSIBILITY OR LIABILITY FOR THE TAX CONSEQUENCES THE HOLDER OF A CLAIM MAY INCUR AS A RESULT OF THE TREATMENT AFFORDED ITS CLAIM UNDER THE PLAN AND DO NOT REPRESENT WHETHER THERE COULD BE ADDITIONAL TAX EXPOSURE TO THEMSELVES OR THEIR NON-DEBTOR AFFILIATES AS A RESULT OF THIS PLAN.

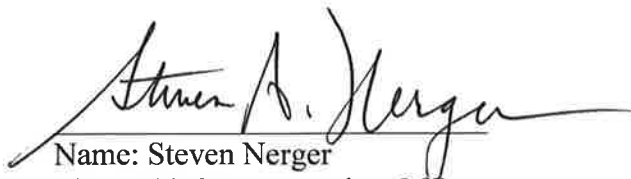
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8. **CONCLUSION.**

It is important that you exercise your right to vote on the Plan. It is the Proponents' belief and recommendation that the Plan fairly and equitably provides for the treatment of all Claims against and Interests in the Debtors.

IN WITNESS WHEREOF, the Debtors have executed this Disclosure Statement this 13th day of June, 2012.

Hartford Computer Hardware, Inc.  
Hartford Computer Group, Inc.  
Hartford Computer Government, Inc.  
Old NS, LLC f/k/a Nexicore Services, LLC

By:   
Name: Steven NERGER  
Title: Chief Restructuring Officer

**DISCLOSURE STATEMENT EXHIBIT A**

**IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE NORTHERN DISTRICT OF ILLINOIS  
EASTERN DIVISION**

In re: ) Chapter 11  
)  
HARTFORD COMPUTER HARDWARE, ) Case No. 11-49744 (PSH)  
INC., *et al.*,<sup>1</sup> ) (Jointly Administered)  
)  
Debtors. ) Hon. Pamela S. Hollis

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**DEBTORS' AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS'  
JOINT PLAN OF LIQUIDATION**

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Dated: June 13, 2012

John P. Sieger (ARDC No. 6240033)  
Peter A. Siddiqui (ARDC No. 6278445)  
Paige E. Barr (ARDC No. 6282474)  
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*Counsel for the Creditors' Committee*

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<sup>1</sup> The Debtors are Hartford Computer Hardware, Inc. (FEIN 27-4297525), Old NS, LLC (f/k/a Nexicore Services, LLC) (FEIN 03-0489686), Hartford Computer Group, Inc. (FEIN 36-2973523), and Hartford Computer Government, Inc (FEIN 20-0845960).

## Introduction

Hartford Computer Hardware, Inc. and the other Debtors<sup>2</sup> in the above-captioned Cases, together with the Creditors' Committee appointed in these Cases, jointly propose the following Plan. Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan incorporates a proposed compromise and settlement of potential litigation regarding certain issues, including without limitation, the resolution of outstanding Claims against, and Interests in, the Debtors. The Debtors and the Creditors' Committee are joint proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code. The classifications of the Claims and Interests set forth in the Plan shall be deemed to apply to all Debtors, unless otherwise specified. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, and all exhibits to the Disclosure Statement. In the event of any inconsistency between the Disclosure Statement and the Plan, the relevant provision of the Plan, as it relates to such inconsistency, will govern. Subject to the restrictions and requirements set forth in section 1127 the Bankruptcy Code, Fed. R. Bankr. P. 3019, and the Plan, the Debtors reserve the right to alter, amend, modify or withdraw this Plan at any time before its substantial consummation.

## Article I

### 1.1 Definitions of Terms Utilized in the Plan.

Unless the context otherwise requires or a term is defined within the Plan itself, the following terms shall have the respective meanings set forth below, except as expressly provided otherwise.

1.1.1 **Administrative Claim:** Any cost or expense of administration of the Cases allowed by the Bankruptcy Court pursuant to section 503(b) of the Bankruptcy Code, including, without limitation, Professional Fee Claims.

1.1.2 **Allowed Claim:** Any Claim (i)(a) for which a proof of claim was timely Filed with the Bankruptcy Court by the Bar Date; or (b) that is listed in the Schedules and not listed as disputed, contingent or unliquidated as to amount; and, in either case, as to which no objection to the allowance thereof has been Filed by the Claims Objection Deadline or (ii) which has otherwise been allowed by a Final Order. Unless otherwise specified in the Plan, an "Allowed Claim" shall not include: (i) untimely Filed Claims or untimely requests for administrative expenses, (ii) interest, fees, or other damages accruing on or related to the principal amount of the Allowed Claim from and after the Petition Date, and (iii) any punitive damages.

1.1.3 **Allowed Class . . . Claim:** An Allowed Claim in the designated Class.

1.1.4 **APA:** That certain Asset Purchase Agreement by and between Avnet, Inc., Avent International (Canada) Ltd., Hartford Computer Group, Inc. and Nexicore Services, LLC dated as of December 12, 2011.

1.1.5 **Assets:** Any and all right, title, and interest of any of the Debtors in and to property of whatever type or nature.

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<sup>2</sup> All capitalized terms used in this introductory paragraph are defined below.

1.1.6 **Assumption Order:** The Order Authorizing the Assumption and Assignment of Certain Additional Leases and Contracts Under Bankruptcy Code section 365 entered by the Bankruptcy Court on March 20, 2012 [Docket No. 221].

1.1.7 **Avnet Transaction:** The transactions approved by the Sale Order and contemplated by the APA.

1.1.8 **Avoidance Actions:** Any and all pending or possible actions, proceedings, accounts, controversies, agreements, promises, claims, and rights, except the DSC Assigned Causes of Action and those Avoidance Actions previously waived by the Debtors pursuant to any Final Order, of each Debtor and its Estate to avoid or recover a transfer of property of any of the Debtors' Estates or an interest of any of the Debtors in property, including, without limitation, actions arising under sections 506, 510, 541, 542, 544, 545, 547, 548, 549, 550 and 553 of the Bankruptcy Code and any other applicable federal, state, or common law, including fraudulent transfers, whether or not litigation has been commenced with respect to such Causes of Action as of the Effective Date.

1.1.9 **Balloting Agent:** Kurtzman Carson Consultants LLC or such other entity determined by the Debtors in consultation with the Committee.

1.1.10 **Bankruptcy Code:** Title 11 of the United States Code, as in effect on the Petition Date and as thereafter amended, if such amendments are made applicable to the Cases.

1.1.11 **Bankruptcy Court:** The United States Bankruptcy Court for the Northern District of Illinois-Eastern Division, or in the event such court ceases to exercise jurisdiction over any Case, such court or adjunct thereof that exercises jurisdiction over such Case in lieu of the United States Bankruptcy Court for the Northern District of Illinois-Eastern Division.

1.1.12 **Bankruptcy Rules:** The Federal Rules of Bankruptcy Procedure pursuant to title 28 of the United States Code, 28 U.S.C. § 2075, as they have been or may hereafter be amended.

1.1.13 **Bar Date:** June 12, 2012, which was the date by which a proof of claim or request for payment of Administrative Claim was to be Filed pursuant to the Bar Date Order.

1.1.14 **Bar Date Order:** The Order entered by the Court on April 12, 2012, establishing certain deadlines and procedures to file proofs of claim and administrative claims [Docket No. 266].

1.1.15 **Business Day:** Any day except a Saturday, Sunday or any day on which commercial banks in the State of Illinois are authorized or required by applicable law to close.

1.1.16 **Buyers:** Avnet, Inc. and Avnet International Canada, Ltd.

1.1.17 **Case:** With respect to each Debtor, the Chapter 11 case initiated by such Debtor's Filing on the Petition Date of a voluntary petition for relief in the Bankruptcy Court under Chapter 11 of the Bankruptcy Code (collectively, the "**Cases**"). The Cases are being jointly administered in the Bankruptcy Court as Bankruptcy Case No. 11-49744 pursuant to the Order Directing Joint Administration of the Debtors' Cases entered by the Bankruptcy Court on December 15, 2011 [Docket No. 43].



1.1.18 **Cash:** Legal tender of the United States of America and equivalents thereof. Cash shall include money on hand as of the Effective Date, as well as the cash proceeds from the liquidating of any and all of the Debtors' remaining Assets, after payment of any and all expenses.

1.1.19 **Cash Collateral Budget.** The budget attached to the Debtors' Motion to Use Cash Collateral filed on or after the date of this Plan.

1.1.20 **Causes of Action:** Any and all actions, causes of action, proceedings, controversies, liabilities, obligations, rights, suits, choses in action, claims for money or refunds due, indebtedness (for borrowed money or in the nature of a guarantee), damages, judgments, Claims, objections to Claims, benefits of subordination of Claims, demands, debts, liens, contracts, agreements, promises, representations, torts, damages, costs, losses, attorneys' fees, moneys due on account, obligations, judgments or liabilities of any kind whatsoever, whether known or unknown, anticipated or unanticipated, suspected or unsuspected, reduced to judgment, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, secured or unsecured, assertable directly or derivatively, existing or hereafter arising in law, equity arising out of agreement or imposed by statute, common law or otherwise, including but not limited to Avoidance Actions.

1.1.21 **Chief Restructuring Officer:** Steven Neger of Silverman Consulting as appointed by the Bankruptcy Court pursuant to that certain Order Granting Debtors' Application for an Order Pursuant to 11 U.S.C. §§ 105(a) and 363(b) Authorizing the Employment and Retention of Certain Professionals from Silverman Consulting and Steven Neger as Chief Restructuring Officer Nunc Pro Tunc to April 3, 2012 entered on April 12, 2012 [Docket No. 270].

1.1.22 **Claim:** A claim, as defined in section 101(5) of the Bankruptcy Code, against one of the Debtors (or all or some of them) whether or not asserted or Allowed.

1.1.23 **Claims Objection Deadline:** The end of the day (11:59 p.m., Central Time) on the date that is second anniversary of the Petition Date (i.e., December 12, 2013); provided, however, that such date may be extended in accordance with Section 2.4 of the Plan.

1.1.24 **Class:** A category of Claims or Interests designated pursuant to the Plan.

1.1.25 **Class . . . Claim/Interest:** The specific Class into which Allowed Claims or Allowed Interests are classified pursuant to the Plan.

1.1.26 **Confirmation:** Entry by the Bankruptcy Court of the Confirmation Order.

1.1.27 **Confirmation Date:** The date upon which the Confirmation Order is entered by the Bankruptcy Court.

1.1.28 **Confirmation Hearing:** Collectively, the hearing or hearings held by the Bankruptcy Court on confirmation of the Plan, as such hearing or hearings may be continued from time to time.

1.1.29 **Confirmation Order:** The Order of the Bankruptcy Court confirming the Plan.

1.1.30 **Creditor:** Holder of an Allowed Claim.

1.1.31 **Creditors' Committee:** The official committee of unsecured creditors of the Debtors appointed by the United States Trustee in the Cases pursuant to section 1102 of the Bankruptcy Code as its composition may be changed from time to time by addition, resignation or removal of its members.

1.1.32 **Debtor:** Individually, Hartford Computer Hardware, Inc., Hartford Computer Group, Inc., Hartford Computer Government, Inc., and Old NS, LLC f/k/a Nexicore Services, LLC (collectively, the "**Debtors**").

1.1.33 **Delaware Street:** Delaware Street Capital Master Fund, L.P.

1.1.34 **DIP Loan:** The secured post petition financing provided to the Debtors by Delaware Street that was approved on a final basis by order of the Bankruptcy Court on January 26, 2012 [Docket No. 137].

1.1.35 **Disallowed:** A Claim or any portion thereof that is not Allowed, including any untimely Filed Claims or untimely Filed requests for payment of administrative expenses.

1.1.36 **Disputed Claim:** Any Claim, (i) proof of which has been Filed and to which an objection to the allowance thereof has been Filed before the Claim Objection Deadline and such objection has not been either (a) determined by a Final Order or (b) been settled by the parties under a settlement approved by Final Order of the Bankruptcy Court pursuant to Bankruptcy Rule 9019; or (ii) which was scheduled as contingent, unliquidated, or disputed on the Debtors' Schedules.

1.1.37 **Distribution(s):** The Debtors' and/or Hartford Liquidating Trustee's initial, interim and/or final distribution(s) of Cash and property to the Record Holders of Allowed Claims, as set forth in section 2.3 of the Plan.

1.1.38 **Distribution Reserve:** Cash from the Hartford Trust Assets in an amount equal to the Distribution or Distributions to Holders of Class III Claims that may be payable on account of Disputed Class III Claims if Allowed, which Cash will be held by the Hartford Liquidating Trustee pending allowance of Disputed Class III Claims, and then distributed on account of Allowed Class III Claims in accordance with Section 2.3 of the Plan.

1.1.39 **DSC Assigned Causes of Action:** Subject to the setoff rights of the Hartford Liquidating Trustee pursuant to Section 2.13.2 hereof, any and all Causes of Action that constitute property of the Debtors' Estates that have been or could be brought, whether directly or in any derivative capacity, against any of the Debtors' present or former directors, officers, employees, Insiders, and agents, including, without limitation, Brian Mittman, Jo Lamoreaux, Ron Brinckerhoff, Randy Hodgson, Rich Levin, John Nelson, Greg McDonald, Subhash Desai, Prashant Gupta, David Heller, Shepherd Pryor, IV, and Emily Roynesdal.

1.1.40 **Earnout:** All sums payable pursuant to the Section 3.5 of the APA.

1.1.41 **Effective Date:** The first Business Day on which all of the conditions set forth in Article V of the Plan has been satisfied or waived.

1.1.42 **Estate:** The bankruptcy estate of each Debtor, as created under section 541 of the Bankruptcy Code.

1.1.43 **Excess Cash:** All Cash of the Debtors remaining after the funding of the Cash portion of the Settlement Sum, the payment of all Allowed Administrative Claims, Priority Tax Claims, Priority Wage Claims and Professional Fee Claims payable on the Effective Date, and the funding of the reserve contemplated by Section 2.15.2 of the Plan; provided however that after the liquidation and payment of all Allowed Administrative Claims, Priority Tax Claims, Priority Wage Claims and Professional Fee Claims, any remaining Cash in the reserve contemplated by Section 2.15.2 hereof shall become Excess Cash.

1.1.44 **Face Amount:** (A) When used in reference to a Disputed Claim, the full stated amount claimed by the Claim Holder in any proof of claim timely Filed or otherwise deemed timely Filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and (B) when used in reference to an Allowed Claim, the Allowed amount of such Claim

1.1.45 **File, Filed, or Filing:** File, filed or filing with the Bankruptcy Court or its authorized designee in the Cases or with another Court or administrative body of competent jurisdiction.

1.1.46 **Final Decree:** The Order entered pursuant to section 350 of the Bankruptcy Code, Bankruptcy Rule 3022, and Local Rule 3022-1 closing the Cases.

1.1.47 **Final Order:** An order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in any Case or the docket of any other court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal or seek certiorari or move for a new trial, reargument or rehearing has expired, and no appeal or petition for certiorari or other proceedings for a new trial, reargument or rehearing has been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely Filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing has been denied or resulted in no modification of such order, provided, however, that the possibility that a motion under Rule 59 or Rule 60 of the Federal Rules of Civil Procedure, or any analogous rule under the Bankruptcy Rules or applicable state court rules of civil procedure, may be Filed with respect to such order shall not cause such order not to be a Final Order.

1.1.48 **General Unsecured Claim:** Any Claim against a Debtor which is not (a) a Claim of Delaware Street, (b) a Subordinated Secured Claim, (c) an Administrative Claim, (d) a Priority Tax Claim, (e) a Priority Wage Claim, (f) a Professional Fee Claim, (g) a Claim subordinated to General Unsecured Claims under 11 U.S.C. § 510(b) or otherwise, or (h) an Interest.

1.1.49 **General Unsecured Creditor:** The Holder of a General Unsecured Claim.

1.1.50 **Hartford Liquidating Trust:** The Hartford Liquidating Trust to be created pursuant to Section 2.2 of the Plan for the benefit of Holders of Class III Allowed Claims.

1.1.51 **Hartford Liquidating Trust Agreement:** The agreement described in Section 2.2 of the Plan for the benefit of Holders of Class III Allowed Claims that establishes and delineates the terms and conditions of the Hartford Liquidating Trust, substantially in the form to be annexed hereto as Exhibit A (which form shall be acceptable in form and substance to the Creditors' Committee, and reasonably acceptable to the Debtors and Delaware Street) and filed with the Court within ten (10) business days prior to the Confirmation Hearing, which agreement is incorporated in full into and is a part of the Plan as if set forth herein.

1.1.52 **Hartford Liquidating Trustee:** The Person appointed pursuant to the Hartford Liquidating Trust Agreement to administer the Hartford Trust Assets.

1.1.53 **Hartford Trust Assets:** The assets to be transferred to the Hartford Liquidating Trust pursuant to the terms of the Hartford Liquidating Trust Agreement consisting of all of the Debtors' right, title and interest in the following property and assets of the Debtors, (a) the Settlement Sum and (b) all Causes of Action, except and specifically excluding (i) the DSC Assigned Causes of Action and (ii) any Claims or Causes of Action released by this Plan.

1.1.54 **Holder:** The Person that is the owner of record of a Claim or Interest, as applicable, including such Person's successors and/or assigns.

1.1.55 **Identified Avoidance Actions:** Those Avoidance Actions identified by the Debtors and appended as a confidential schedule to the Hartford Liquidating Trust Agreement, which the Hartford Liquidating Trustee shall be empowered to pursue immediately upon the Effective Date.

1.1.56 **Impaired:** With respect to any Class of Claims or Interests, the Claims or Interests in such Class that are impaired within the meaning of section 1124 of the Bankruptcy Code.

1.1.57 **Insider:** An insider, as defined in section 101(31) of the Bankruptcy Code.

1.1.58 **Interest:** Either (i) the legal, equitable, contractual or other rights of any Person with respect to the preferred or common stock, or any other equity interest in any of the Debtors, including any other interest in or right to convert into such equity interest (ii) the legal, equitable, contractual or other right of any Person to acquire or receive any of the foregoing or (iii) a claim subordinated to the General Unsecured Claims pursuant to Section 510(b) of the Bankruptcy Code.

1.1.59 **Lien:** With respect to any interest in property, any mortgage, lien, pledge, charge, security interests or encumbrance of any kind affecting such interest in property.

1.1.60 **Local Rules:** The Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Northern District of Illinois, as amended from time to time.

1.1.61 **Noticing Agent Website:** <http://www.kccllc.net/Hartford>

1.1.62 **Order:** An order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in any Case or the docket of any other court of competent jurisdiction.

1.1.63 **Outside Date:** The date when all final Distributions on account of Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Professional Fee Claims, and Allowed Priority Wage Claims have been made by the Debtors.

1.1.64 **Person:** An individual, limited liability company, corporation, partnership, association, trust or unincorporated organization, joint venture or other person or a government or any agency or political subdivision thereof.

1.1.65 **Petition Date:** December 12, 2012, the date on which the Debtors Filed their respective petitions for relief in the Bankruptcy Court.

1.1.66 **Plan:** This joint plan of liquidation of the Debtors and the Creditors' Committee, as the same may hereafter be amended or modified.

1.1.67 **Priority Tax Claim:** A Claim that is entitled to priority under section 507(a)(8) of the Bankruptcy Code.

1.1.68 **Priority Wage Claim:** A Claim that is entitled to priority under sections 507(a)(3)-(4) of the Bankruptcy Code.

1.1.69 **Professional:** Any professional employed in the Cases pursuant to sections 327, 328 or 1103 of the Bankruptcy Code or any Professional or other Person seeking compensation or reimbursement of expenses in connection with the Cases pursuant to section 503(b)(4) of the Bankruptcy Code.

1.1.70 **Professional Fee Claim:** A Claim of a Professional for compensation or reimbursement of costs and expenses relating to services incurred during the period from the Petition Date to the Effective Date.

1.1.71 **Professional Fee Claim Bar Date:** The date that is thirty (30) days after the Effective Date.

1.1.72 **Record Date:** The Record Date shall be the Confirmation Date.

1.1.73 **Record Holder:** The Holder of an Interest or Claim as of the Record Date.

1.1.74 **Sale Order:** The Order Authorizing the Sale of Property of the Estate Under Bankruptcy Code section 363 and the Assumption and Assignment of Executory Contracts and Leases Under Bankruptcy Code section 365 entered by the Bankruptcy Court on February 28, 2012 [Docket No. 208].

1.1.75 **Scheduled Claim:** Any claim set forth on the Schedules.

1.1.76 **Schedules:** With respect to any Debtor, the Schedules of Assets and Liabilities Filed by such Debtor, as such Schedules may be amended from time to in accordance with Bankruptcy Rule 1009.

1.1.77 **Secured Claim:** A Claim that is secured by a lien on property in which the Debtors have an interest, which lien is valid, perfected and enforceable under applicable law or pursuant to a Final Order, or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value of the Creditor's interest in such property or to the extent of the amount subject to setoff, as applicable, all as determined pursuant to section 506(a) of the Bankruptcy Code.

1.1.78 **Settlement Sum:** A carve out from Delaware Street's liens of: (a) cash in the sum of \$333,000, (b) the first dollars of any Earnout payable to the Debtors by the Buyers for the calendar year ending December 31, 2012 in an amount not exceeding \$450,000, and (c) the first dollars of any Earnout payable to the Debtors by the Buyers for the calendar year ending December 31, 2013 in an amount not exceeding \$667,000 less any amounts calculated under subpart (b) of this definition.

1.1.79 **Shareholder Suit:** The case captioned *ARG Investments, Enable Systems, Inc., MRR Venture LLC, SKM Equity Fund II, L.P., and SKM Investment Fund II v. Delaware Street Capital Master Fund, L.P., Brian Mittman, Subhash Desai, Prashant Gupta, David Heller, Shepherd Pryor IV, And Emily Roynesdal* (Del. Ch. No. 6764-VCL) (as currently pending and as may be removed and transferred to the Bankruptcy Court).

1.1.80 **Subordinated Secured Claims:** Any Claims asserted against any of the Debtors by (i) MRR Venture LLC, an Illinois limited liability company, pursuant to that certain Amended Promissory Note dated as of May 9, 2005, in the initial principal balance of \$1,166,388.89 made by Hartford Group, together with all other documents related thereto; and (ii) HCG Financial Services, Inc., an Illinois corporation, pursuant to that certain Subordinated Promissory Note dated as of May 9, 2005, in the initial principal balance of \$869,000.00 made by Hartford Group, together with all other documents related thereto.

1.1.81 **Transaction:** The transactions contemplated by the APA and approved by the Sale Order and the Assumption Order.

1.1.82 **Unclassified Claims:** Claims which, pursuant to section 1123(a)(1) of the Bankruptcy Code, shall not be placed into a Class. Unclassified Claims include Administrative Claims, Professional Fee Claims, Priority Tax Claims, and Priority Wage Claims.

1.1.83 **Unimpaired:** With respect to a Class of Claims or Interests, any Class that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

1.1.84 **United States Trustee:** The Office of the United States Trustee for Region 11.

1.1.85 **Voting Class:** Class I and Class III, which are Impaired and entitled to vote on the Plan.

1.1.86 **Working Capital Adjustment:** All sums payable by the Buyer pursuant to Section 3.4 of the APA.

## Article II

### IMPLEMENTATION AND EXECUTION OF THE PLAN

2.1 **Effective Date.** The Plan shall become effective on the Effective Date.

2.2 **The Hartford Liquidating Trust.**

2.2.1 **Establishment of Hartford Liquidating Trust.** The Debtors shall transfer all of the Hartford Trust Assets to the Hartford Liquidating Trust on the Effective Date. Such transfer of assets shall be free and clear of all Liens and Claims.

2.2.2 **Execution of Hartford Liquidating Trust Agreement.** On the Effective Date, the Hartford Liquidating Trust Agreement, in a form consistent with the Plan shall be executed, and all other necessary steps to establish the Hartford Liquidating Trust shall be taken. In the event of any conflict between the terms of the Hartford Liquidating Trust Agreement and the terms of this Plan, the terms of the Plan shall be controlling.

2.2.3 **Hartford Liquidating Trustee.** The trustee of the Hartford Liquidating Trust shall be Peter Kravitz.

2.2.4 **Authority and Role of the Hartford Liquidating Trustee.** The authority and role of the Hartford Liquidating Trustee shall be in accordance with the provisions of the Hartford Liquidating Trust Agreement. In furtherance of and consistent with the purpose of the Hartford Liquidating Trust and the Plan, solely for the purpose of carrying out the Plan and discharging the duties in the Hartford Liquidating Trust Agreement, the Hartford Liquidating Trustee shall be deemed to be a judicial substitute for each of the Debtors as the party-in-interest in these Bankruptcy Cases, under the Plan or in any judicial proceeding or appeal to which any Debtor is a party, consistent with section 1123(b)(3)(B) of the Bankruptcy Code and applicable State corporate law, and is appointed as the successor-in-interest to, and representative of, the Estates for the retention and enforcement of all claims and rights, known and unknown, which arose prior to the Confirmation Date, except for all Administrative Claims, Priority Tax Claims, all Priority Wage Claims, the Allowed Class I Secured Claim of Delaware Street, the DSC Assigned Causes of Action, and any right or Cause of Action released pursuant to this Plan. On the Effective Date or the Outside Date, which ever is later, the current officers and directors of each of the Debtors, including, without limitation, the Chief Restructuring Officer, shall be deemed to have resigned and shall be fully discharged from their responsibilities and duties as officers and directors of the Debtors.

2.2.5 **Authorization.** The Hartford Liquidating Trustee shall be empowered and authorized to, among other things: (a) liquidate the Hartford Trust Assets; (b) make one or more Distributions after the Effective Date of Hartford Trust Assets pursuant to his reasonable business judgment and in accordance with the Hartford Liquidating Trust Agreement; (c) pursue, in accordance with his reasonable business judgment, Identified Avoidance Actions; (d) after December 1, 2013 pursue, in accordance with his reasonable business judgment, Avoidance Actions against any Person (except DSC Assigned Causes of Action and any Cause of Action released pursuant to this Plan); (e) retain and/or employ professionals; (f) after the Outside Date, exercise all power and authority that may be exercised by any officer, director or Holder of an Interest in such Debtor with like effect as if authorized, exercised and taken by unanimous

consent of such officers, directors or Holders of Interests; (g) pursue objections to, and estimations and settlements of, Class III Claims; (h) prosecute any Causes of Action of the Estates, except the DSC Assigned Causes of Action and Causes of Action released pursuant to this Plan; provided, however, that, as set forth in the Hartford Liquidating Trust Agreement, prior to December 1, 2013, the Hartford Liquidating Trustee may only commence Avoidance Actions that constitute Identified Avoidance Actions; (i) calculate and implement all Distributions to be made under this Plan to Creditors holding Allowed Class III Claims pursuant to the Hartford Liquidating Trust Agreement; (j) market, sell, lease, or otherwise dispose of or realize the value of all Hartford Liquidating Trust Assets; (k) file all required tax returns and pay taxes and all other obligations on behalf of the Hartford Liquidating Trust; (l) file required operating reports and quarterly reports relating to the Hartford Liquidating Trust; and/or (m) take all other actions to complete the liquidation, dissolution and wind-up of the Hartford Liquidating Trust in accordance with applicable non-bankruptcy law. The Hartford Liquidating Trustee shall serve as the disbursing agent for holders of Allowed Class III Claims. The Hartford Liquidating Trustee shall also be authorized and directed to review, object to, prosecute, negotiate, settle or otherwise compromise any Disputed Class III Claims, pending Causes of Action or other Avoidance Actions (but specifically excluding the DSC Assigned Causes of Action and Causes of Action released pursuant to this Plan), in each case in accordance with Bankruptcy Rule 9019; provided, however, that any such Disputed Class III Claim, pending Cause of Action, or other Avoidance Action may be settled by the Hartford Liquidating Trustee in an amount less than \$50,000 without the need for Bankruptcy Court approval under Bankruptcy Rule 9019 or otherwise. The powers granted to the Hartford Liquidating Trustee shall be exercisable without further approval of the Court.

**2.2.6 Liquidation of Assets.** The Debtors shall pursue the recovery and liquidation of any remaining miscellaneous Assets, other than the Hartford Trust Assets, the DSC Assigned Causes of Action, and any Claims or Causes of Action released by this Plan, in a commercially reasonable manner. The Hartford Liquidating Trustee shall pursue recovery of Hartford Liquidating Trust Assets in accordance with the terms of the Hartford Liquidating Trust Agreement.

**2.2.7 Compensation of the Hartford Liquidating Trustee and the Hartford Liquidating Trustee's Professionals.** The Hartford Liquidating Trustee shall be entitled to reasonable compensation in an amount consistent with that of similar professionals in similar types of bankruptcy proceedings. The costs and expenses of the Hartford Liquidating Trustee, including the fees and expenses of the Hartford Liquidating Trustee and his retained professionals, shall be paid out of the Hartford Trust Assets and shall be paid without further Bankruptcy Court approval and in the Hartford Liquidating Trustee's reasonable business judgment. The Hartford Liquidating Trustee shall maintain appropriate reserves to fund administrative expenses and operating expenses during the implementation of the Hartford Liquidating Trust. Such reserves shall be established by the Hartford Liquidating Trustee in accordance with his reasonable business judgment.

**2.2.8 Execution of Documents.** The Debtors and Hartford Liquidating Trustee, as applicable, may execute any and all documents and instruments necessary to effectuate the Plan.

**2.2.9 Cash.** The Hartford Liquidating Trustee may invest Cash of the Hartford Liquidating Trust (including any earnings thereon); provided, however, that such investments are



investments permitted to be made by a liquidating trust within the meaning of Treasury Regulation section 301.7701-4(d), as reflected therein, or under applicable Internal Revenue Service guidelines, rulings, or other controlling authorities.

**2.2.10 Retention of Professionals by the Hartford Liquidating Trustee.** The Hartford Liquidating Trustee may retain and reasonably compensate counsel and other professionals to assist in his or her duties on such terms as the Hartford Liquidating Trustee deems appropriate without Bankruptcy Court approval. The Hartford Liquidating Trustee may retain any professional who represented parties in interest in the Cases.

**2.3 Delivery of Distribution.** Any Distribution shall be made to Record Holders of Allowed Claims: (i) at the address set forth on the proof of claim Filed by such Holder, (ii) at the address set forth in any written notices of address change Filed by such Holder, (iii) at the addresses reflected in the Schedules if neither a proof of claim nor a written notice of address change has been Filed, or (iv) if the Holder's address is not listed in the Schedules, at the last known address of such Holder according to the Debtors' books and records. Except as otherwise provided for herein, ordered by the Bankruptcy Court, or otherwise, Distributions under the Plan shall be made as soon as is practicable on the later to occur of (a) the Effective Date, (b) when a Claim becomes an Allowed Claim, or (c) when sufficient Cash is available for a Distribution to a particular Class pursuant to the treatment of such Class under the Plan, as determined by the Debtors (in respect of Allowed Administrative Claims, Priority Tax Claims and Priority Wage Claims) and the Hartford Liquidating Trustee (in respect of Allowed Class III Claims) in accordance with their respective reasonable business judgment. The Debtors shall make all Distributions to Holders of Allowed Administrative Claims, Priority Tax Claims and Wage Claims due and payable on the Effective Date or the Outside Date, as appropriate. The Hartford Liquidating Trustee shall make all Distributions payable to Holders of Allowed Class III Claims pursuant to the provisions of the Hartford Liquidating Trust.

In accordance with the provisions of the Hartford Liquidating Trust Agreement, the Hartford Liquidating Trustee shall establish a reserve of Cash that he estimates to be sufficient to satisfy incurred and anticipated post-Effective Date Claims to be incurred by the Hartford Liquidating Trustee and to fund the Distribution Reserve. The Hartford Liquidating Trustee may make any additional Distribution after the initial Distribution is made on or about the Effective Date as provided in the Hartford Liquidating Trust Agreement. Such additional Distribution may be made at such time(s) and in such amount(s) as are consistent with the Hartford Liquidating Trust Agreement. The Hartford Liquidating Trustee shall be permitted, in its discretion, to withhold distributions from any beneficiary of the Hartford Liquidating Trust until it shall have received a tax identification number and such other tax withholding forms as it may reasonably require to comply with applicable federal, state, or local laws.

IF A DISTRIBUTION BY THE HARTFORD LIQUIDATING TRUSTEE TO ANY HOLDER OF AN ALLOWED CLASS III CLAIM IS RETURNED AS UNDELIVERABLE, NO FURTHER DISTRIBUTIONS TO SUCH HOLDER SHALL BE MADE UNLESS THE HARTFORD LIQUIDATING TRUSTEE IS NOTIFIED OF SUCH HOLDER'S THEN-CURRENT ADDRESS WITHIN NINETY (90) DAYS FOLLOWING THE RETURN RECEIPT OF SUCH UNDELIVERABLE DISTRIBUTION, AT WHICH TIME ALL MISSED DISTRIBUTIONS SHALL BE MADE TO SUCH HOLDER WITHOUT INTEREST. IF NO SUCH NOTICE IS

TIMELY RECEIVED BY THE HARTFORD LIQUIDATING TRUSTEE, THEN ALL PROPERTY UNCLAIMED BY SUCH HOLDER OF AN ALLOWED CLASS III CLAIM THEN OR THEREAFTER PAYABLE SHALL REVERT TO THE HARTFORD LIQUIDATING TRUSTEE TO BE DISTRIBUTED IN ANY SUBSEQUENT DISTRIBUTIONS MADE TO HOLDERS OF OTHER ALLOWED CLASS III CLAIMS IN ACCORDANCE WITH THE HARTFORD LIQUIDATING TRUST AGREEMENT.

2.4 **Procedures for Treating and Resolving Disputed Claims.** No payments or Distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim. All objections to Claims must be filed by the Hartford Liquidating Trustee or any other party in interest entitled to object under the Bankruptcy Code and/or Bankruptcy Rules on or before the Claims Objection Deadline. The Claims Objection Deadline may be extended by the Bankruptcy Court for cause shown. The filing of a motion to extend the Claims Objection Deadline shall automatically extend the Claims Objection Deadline until a Final Order is entered on such motion. In the event that such motion is denied, the Claims Objection Deadline shall be the later of the current Claims Objection Deadline (as previously extended, if applicable) or 30 days after the Bankruptcy Court's entry of an order denying the motion to extend the Claims Objection Deadline. Following the Effective Date, the Hartford Liquidating Trustee shall have the exclusive authority to object to Class III Claims. The transferee of any Claim shall enjoy no greater rights than any previous transferor of that Claim and all defenses to the Claim of any such transferor (including under section 502(d) of the Bankruptcy Code) may be asserted against the Claim's transferee. Any Person listed on Exhibit B hereto as a potential defendant in an Avoidance Action that is not also an Identified Avoidance Action shall be deemed a Holder of a Disputed Claim unless the Hartford Liquidating Trustee agrees otherwise in his sole and absolute discretion.

2.5 **Distribution Reserve.** The Hartford Liquidating Trustee will withhold the Distribution Reserve from the property to be distributed to Holders of Allowed Class III Claims. The Hartford Liquidating Trustee may request that the Bankruptcy Court estimate for purposes of allowance any Disputed Class III Claim, and the Hartford Liquidating Trustee will withhold the Distribution Reserve based upon the estimated amount of each such Disputed Class III Claim as determined by Final Order of the Bankruptcy Court. If the Hartford Liquidating Trustee elects not to request such estimation from the Bankruptcy Court with respect to a Disputed Class III Claim that is contingent or unliquidated, the Hartford Liquidating Trustee will withhold the Distribution Reserve based upon the appropriate pro rata percentage distribution of the Face Amount of such Claim. The Distribution Reserve shall be closed and extinguished by the Hartford Liquidating Trustee when all distributions and other dispositions of Cash or other property required to be made therefrom under the Hartford Liquidating Trust have been made. Upon closure of the Distribution Reserve, all Cash and other property held therein shall become part of the general Hartford Trust Assets.

2.6 **Distributions After Allowance.** Payments and Distributions on account of a Disputed Claim, to the extent that such Disputed Claim ultimately becomes an Allowed Claim, will be made in accordance with provisions of the Plan that govern the Class in which such Claim is classified. Distributions on account of Disputed Class III Claims shall be made in accordance with the terms of the Hartford Liquidating Trust Agreement. All Distributions made under this

Section of the Plan on account of an Allowed Claim shall be made as if such Claim had been an Allowed Claim on the dates Distributions were previously made to Allowed Claims.

2.7 **Substantive Consolidation.** For the purposes of the Cases and the Plan only, all Assets of and Claims against the Debtors will be deemed to be substantively consolidated. As a result, Claims filed against multiple Debtors seeking recovery of the same debt shall be treated as one non-aggregated Claim against the consolidated Debtors' estates to the extent such Claim is an Allowed Claim. Claims of Debtors against other Debtors will be disregarded for both voting and Distribution purposes.

2.8 **Records.** Pursuant to section 554 of the Bankruptcy Code, the Hartford Liquidating Trustee shall be authorized to abandon and/or destroy all originals and/or copies of documents and business records upon order of the Bankruptcy Court obtained on motion on twenty-one days notice to the Debtors' Bankruptcy Rule 2002 service list.

2.9 **Effectuating Documents.** The Hartford Liquidating Trustee and/or a duly appointed chief restructuring officer of the Debtors shall be authorized to execute, deliver, file or record such contracts, instruments, releases and other agreements or documents and take such other actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan.

2.10 **Objections to Claims.** Except as provided herein and in section 4.3 of the Plan, any objection to the allowance of a timely-Filed Claim which objection is not Filed by the Claims Objection Deadline shall be deemed waived, and the Claim shall be an Allowed Claim in the amount set forth on the proof of claim Filed by the Holder of such Claim. No deadline is established by this Plan for filing objections to proofs of claim Filed after the Claims Bar Date.

2.11 **Term of Injunctions or Stays.** Unless otherwise provided herein or in a Final Order, all injunctions or stays provided for in the Cases pursuant to section 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 close of the Cases.

2.12 **Preservation of Causes of Action.** Any and all Causes of Action accruing to the Debtors and Debtors in Possession, including but not limited to Avoidance Actions, but specifically excluding the DSC Assigned Causes of Action and Causes of Action released pursuant to this Plan, shall be preserved for, transferred to, and retained by the Hartford Liquidating Trust and the Hartford Liquidating Trustee, who shall have the exclusive right to prosecute and enforce any such Causes of Action. The Hartford Liquidating Trustee may pursue, abandon, settle or release any or all such rights of action in accordance with Section 2.2.5 above and the Hartford Liquidating Trust Agreement. Exhibit B hereto contains a list of potential defendants to such Causes of Action and the nature of such action(s) that may be asserted against such Persons.

2.13 **Assignments to Delaware Street.**

2.13.1 **Earnouts.** As part of the treatment of its Allowed Class I Claim, as of the Effective Date, subject to the Settlement Sum, all rights to collect the Earnout shall be assigned to Delaware Street.

2.13.2 **DSC Assigned Causes of Action.** As part of the treatment of its Allowed Class I Claim, as of the Effective Date, the DSC Assigned Causes of Action shall be assigned to Delaware Street and/or released by the Debtors and the Hartford Liquidating Trust. Upon the Effective Date, Delaware Street shall have exclusive standing to bring the DSC Assigned Causes of Action; provided, however, that if and to the extent a director, officer, or Insider of the Debtors files a non-administrative, non-priority Claim against the Debtors which was not scheduled by the Debtors as disputed, unliquidated, or contingent, and which, if Allowed, would result in the Holder of that Claim becoming a beneficiary of the Hartford Liquidating Trust, the Hartford Liquidating Trust may bring an Avoidance Action against such Holder based on any Avoidance Action that could be asserted against such director, officer, or Insider solely for purposes of offsetting against the amount of such non-administrative, non-priority Claim (presuming that such Claim is not Allowed on account of its inclusion in the Debtors' Schedules), but may not seek affirmative recovery from such director, officer, or Insider in connection with such Avoidance Action.

2.14 **Debtors' Duties and Rights.**

2.14.1 **Tax Returns.** The Debtors shall be responsible for filing their own tax returns prior to and after the Effective Date.

2.14.2 **Dissolution of the Debtors.** On later of the Effective Date or the Outside Date, or as soon thereafter as is reasonably practicable, the Debtors shall be authorized to take all actions necessary to effect the dissolution of any of the Debtors as corporate entities without the need for any further action or approval; provided, however, that the entry of the Final Decree in these Cases shall effect such dissolution of all remaining Debtors to the extent permissible under applicable law.

2.15 **Administrative Claims and Priority Claims.**

2.15.1 **Reconciliation and Allowance.** Before and after the Effective Date, and until the Outside Date, the Debtors shall be responsible for and empowered to review, adjudicate and/or settle any and all Administrative Claims, Priority Tax Claims, Professional Fee Claims, and Priority Wage Claims.

2.15.2 **Administrative and Priority Reserve.** On the Effective Date, the Debtors will establish and maintain a reserve of Cash in an amount to be agreed upon by the Debtors and Delaware Street for the payment of Administrative Claims, Priority Tax Claims, Professional Fee Claims, and Priority Wage Claims that are disputed.

2.15.3 **Distributions After Allowance.** Payments from the reserve on account of disputed Administrative Claims, Priority Tax Claims, Professional Fee Claims, and Priority Wage Claims, to the extent that such disputed Administrative Claims, Priority Tax Claims, Professional Fee Claims, and Priority Wage Claims ultimately become Allowed Claims, will be made within thirty (30) days after the date when the order or judgment of the Bankruptcy Court allowing all or part of such Administrative Claims, Priority Tax Claims, Professional Fee Claims and Priority Wage Claims.

2.15.4 **Return of Excess Reserve to Delaware Street.** After the payment adjudication of all Disputed Administrative Claims, Priority Tax Claims, Professional Fee Claims, and

Priority Wage Claims and payment of the Allowed amounts thereof, any remaining Cash in the reserve established pursuant to Section 2.15.2 hereof shall become Excess Cash and shall be distributed to Delaware Street pursuant to Section 3.1 of this Plan.

### Article III

#### CLASSIFICATION AND PROVISIONS FOR TREATMENT OF CLAIMS AND INTERESTS

Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against and Interests in the Debtors. A Claim or Interest is placed in a particular Class for the purposes of voting on the Plan and receiving Distributions pursuant to the Plan only to the extent that such Claim or Interest is an Allowed Claim or Allowed Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled. In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims, Priority Tax Claims, and Priority Wage Claims have not been classified.

3.1 **Class I (Secured Claims - Delaware Street).** The only Holder of Class I Claims is Delaware Street, and pursuant to the settlement set forth herein, Delaware Street has an Allowed Class I Claim secured by substantially all of the Debtors' assets in the amount of \$61,497,313. The Holder of each Allowed Class I Secured Claim shall receive Cash distributed on the Effective Date in an amount equal to all remaining proceeds of the Avnet Transaction, and all Excess Cash, less the Cash portion of the Settlement Sum, which shall be paid by the Debtors to the Hartford Liquidating Trust. In addition, on the Effective Date, Delaware Street shall be assigned the right to receive the Earnout (subject to the requirement that any amount thereof included in the Settlement Sum be turned over to the Hartford Liquidating Trust), and the DSC Assigned Causes of Action.

3.2 **Class II (Subordinated Secured Claims).** The Holders of Allowed Class II Subordinated Secured Claims shall receive no Distributions through the Plan.

3.3 **Class III (Allowed General Unsecured Claims).** Pursuant to the terms of the Hartford Liquidating Trust Agreement, the Record Holders of Allowed General Unsecured Claims (excluding any deficiency claim of Delaware Street under Section 506(a) of the Bankruptcy Code) shall become beneficiaries of the Hartford Liquidating Trust, and shall share pro rata in Distributions of the Hartford Trust Assets in the manner provided in the Hartford Liquidating Trust Agreement.

3.4 **Class IV (Equity Interests).** Shareholders of the Debtors will retain no ownership interests in the Debtors under the Plan and such Interests shall be cancelled effective as of the Effective Date.

3.5 **Administrative Claims.** Except to the extent that a Holder of an Allowed Administrative Claim agrees to a different treatment, each Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement and release of and in exchange for such Allowed Administrative Claim, Cash in an amount equal to such Allowed Administrative Claim, either (i) as soon as reasonably practicable after the Effective Date or (ii) if the Administrative Claim is not Allowed as of the Effective Date, thirty (30) days after the date on which such

Administrative Claim becomes an Allowed Administrative Claim; provided, however, that Allowed Administrative Claims representing obligations incurred in the ordinary course of business of the Debtors and/or the Hartford Liquidating Trustee may be paid by the Debtors and/or the Hartford Liquidating Trustee in the ordinary course, consistent with past practice of the Debtors and in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to, such transactions, without further action by the Holders of such Administrative Claims or further approval by the Bankruptcy Court. For the sake of clarity, no Administrative Claims shall be paid from the Hartford Liquidating Trust or the Hartford Trust Assets. If a Holder of a Claim under section 503(b)(9) is a defendant in a pending Avoidance Action, such Claim shall be deemed Disputed pursuant to section 502(d) of the Bankruptcy Code and shall become Allowed only after full resolution of the Avoidance Action, subject to any other valid and timely objections to the Claim asserted by the Hartford Liquidating Trustee under the Plan.

3.6 **Priority Tax Claims.** Except to the extent that any governmental unit entitled to payment of any Allowed Priority Tax Claim has previously agreed or agrees to a different treatment by stipulation or otherwise, pursuant to section 1129(a)(9) of the Bankruptcy Code, each Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, settlement and release of and in exchange for such Allowed Priority Tax Claim, Cash in an amount equal to such Allowed Priority Tax Claim, (i) as soon as reasonably practicable after the Effective Date or (ii) if the Priority Tax Claim is not Allowed as of the Effective Date, thirty (30) days after the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim. For the sake of clarity, no Priority Tax Claims shall be paid from the Hartford Liquidating Trust or the Hartford Trust Assets.

3.7 **Priority Wage Claims.** Except to the extent that a Person entitled to payment of any Allowed Priority Wage Claim has previously agreed or agrees to a different treatment by stipulation or otherwise, pursuant to section 1129(a)(9) of the Bankruptcy Code, each Holder of an Allowed Priority Wage Claim shall receive, in full satisfaction, settlement and release of and in exchange for such Allowed Priority Wage Claim, Cash in an amount equal to such Allowed Priority Wage Claim, (i) as soon as reasonably practicable after the Effective Date or (ii) if the Priority Wage Claim is not Allowed as of the Effective Date, thirty (30) days after the date on which such Priority Wage Claim becomes an Allowed Priority Wage Claim. For the sake of clarity, no Priority Wage Claims shall be paid from the Hartford Liquidating Trust or the Hartford Trust Assets.

## Article IV

### EXECUTORY CONTRACTS AND UNEXPIRED LEASES

4.1 **Background.** The Debtors believe that all executory contracts and unexpired leases of the Debtors were either assumed and assigned, or rejected, during the pendency of the Cases. Article IV of the Plan is included out of an abundance of caution.

4.2 **Executory Contracts and Unexpired Leases.** All prepetition executory contracts and prepetition unexpired leases of the Debtors which are not assumed and assigned, or rejected, prior to the Confirmation Date shall be deemed rejected as of the Confirmation Date.

4.3 **Rejection Claims.** Any Creditor asserting a claim for monetary damages as a result of the rejection of an executory contract or unexpired lease pursuant to the Confirmation Order shall file a proof of claim substantially in the form of Official Form 10 with the Clerk of the Bankruptcy Court (“**Rejection Claim**”), and serve it upon the Hartford Liquidating Trustee’s counsel by overnight mail within fourteen (14) days following the Confirmation Date. If a Rejection Claim is not timely filed, such Claim, if any, shall be forever disallowed and barred. If one or more Rejection Claims are filed, the Hartford Liquidating Trustee may file one or more objections to any Rejection Claims before the Claims Objection Deadline and serve such objection(s) upon the claimant and the claimant’s counsel, if any. If a Rejection Claim becomes Allowed, in full or in part, such Claim shall be a Class III Claim to the extent such Claim becomes Allowed.

## Article V

### CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

5.1 **Conditions to Confirmation.** The following shall be the conditions to confirmation unless such condition is duly waived pursuant to Section 5.3 of the Plan:

5.1.1 the Confirmation Order is entered by the Bankruptcy Court and is in form and substance reasonably satisfactory to the Debtors, Delaware Street, and the Committee;

5.1.2 unless waived by Delaware Street, the asserted unpaid Administrative Claims and Priority Claims to be paid pursuant to Sections 3.5, 3.6 and 3.7 hereof shall not exceed the amounts set forth in the Cash Collateral Budget by more than \$300,000.

5.2 **Conditions to Effective Date.** The Effective Date shall not occur and the Plan shall not be consummated unless and until each of the following conditions have been satisfied or duly waived pursuant to Section 5.3 of the Plan: (1) the Hartford Liquidating Trust Agreement shall have been duly executed by the parties; (2) the Bankruptcy Court shall have entered the Confirmation Order in form and substance reasonably satisfactory to the Debtors, Delaware Street, and the Committee, and (3) the Confirmation Order shall have become a Final Order.

5.3 **Effect of Nonoccurrence of Conditions to the Effective Date.** If each of the conditions to the Effective Date is not satisfied or duly waived in accordance with Sections 5.1 and 5.2 of the Plan, then upon a joint motion by the Debtors and the Creditors’ Committee (with the consent of Delaware Street) made before the time that each of such 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 may not be vacated if each of the conditions to the Effective Date is either satisfied or duly waived before the Bankruptcy Court enters an order granting such motion. If the Confirmation Order is vacated pursuant to this Section 5.3 of the Plan, (i) the Plan shall be null and void in all respects; and (ii) nothing contained in the Plan shall (a) constitute a waiver or release of any claims by or against, or any interest in, the Debtors or (b) prejudice in any manner the rights of the Debtors or any other party in interest.

## Article VI

### MISCELLANEOUS PROVISIONS

6.1 **Binding Effect of the Plan.** The provisions of the Plan shall be binding upon all parties and inure to the benefit of the Debtors' estate and their respective predecessors, successors, assigns, agents, officers and directors. The terms of the Plan shall be enforceable against the Debtors, their Creditors, Holders of Interests in the Debtors, and all parties-in-interest.

6.2 **Special Provision Governing Claims.** Except for the assignment of the DSC Assigned Causes of Action and the Earnout to Delaware Street, nothing under this Plan shall affect the Debtors' rights and defenses (or the Hartford Liquidating Trust's rights and defenses, as judicial substitute and successor in interest to the Debtors and the Estates) in respect of any Claim (except for Delaware Street's Class I Secured Claim, which shall be Allowed), including all rights in respect of legal and equitable defenses to or setoffs or recoupment against such Claims.

6.3 **Cancellation of Claims and Interests.** Except as otherwise set forth in this Plan, and except for purposes of evidencing a right to a Distribution, on the Effective Date, all agreements and other documents evidencing the Claims or rights of any Creditor against the Debtors, or the Holder of any Interest in the Debtor, including all notes, guarantees, and mortgages, shall be cancelled.

6.4 **Retention of Jurisdiction.** Subsequent to the Confirmation Date (including after the Bankruptcy Cases have been closed), the Court shall retain jurisdiction to the maximum extent permitted by applicable law of all matters arising out of or related to the Bankruptcy Cases and the Plan, including, without limitation, the following purposes:

6.4.1 To determine any and all objections to and proceedings involving the allowance, estimation, classification, priority, payment, avoidance, or subordination of Claims or Interests;

6.4.2 To determine any and all applications or motions for Administrative Claims (including Professional Fee Claims);

6.4.3 To determine any and all applications or motions pending on the Effective Date for the rejection or assumption of executory contracts or unexpired leases, and if need be, liquidate any and all Claims arising therefrom;

6.4.4 To hear and determine any timely objections to, or requests for estimation or allowance of, Disputed Claims, in whole or in part;

6.4.5 To determine any and all applications, adversary proceedings and contested or litigated matters initiated or asserted by the Debtors on or prior to the Effective Date and initiated or asserted by the Hartford Liquidating Trust subsequent to the Effective Date and arising under the Bankruptcy Code or arising in or related to the Bankruptcy Cases, including but not limited to, (i) all Causes of Action and (ii) all Claims, Causes of Action, and other matters that may impact or affect matters and property to be administered by the Hartford Liquidating Trust;



6.4.6 To issue Orders, determinations and rulings regarding the valuation, recovery, disposition, distribution, operation or use of the Debtors' property or of the Hartford Liquidating Trust, including related to any Causes of Action;

6.4.7 To consider any modifications to the Plan, remedy any defect or omission or reconcile any inconsistency in any Order of the Bankruptcy Court, including the Confirmation Order;

6.4.8 To determine all controversies, suits and disputes that may arise in connection with the interpretation, enforcement, implementation or consummation of the Plan or any Person's obligations and responsibilities thereunder;

6.4.9 To consider and act on the compromise and settlement of any Claim against or Cause of Action by or against the Debtors or the Hartford Liquidating Trust;

6.4.10 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;

6.4.11 To hear and determine all disputes involving the existence, scope, nature or otherwise of the discharges, releases, injunctions and exculpations granted under the Plan, the Confirmation Order, or by operation of the Bankruptcy Code;

6.4.12 To enforce the automatic stay and to issue injunctions and effect any other actions that may be necessary or appropriate to restrain interference by any person or entity with the consummation, implementation, or enforcement of the Plan, the Confirmation Order or any other Order of the Bankruptcy Court;

6.4.13 To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

6.4.14 To issue such Orders in aid of execution of the Plan to the extent authorized by 11 U.S.C. § 1142;

6.4.15 To cure any defect or omission, or reconcile any inconsistency, in any Order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

6.4.16 To hear and determine disputes or issues arising in connection with the interpretation, implementation or enforcement of the Plan, the Confirmation Order, the Hartford Liquidating Trust Agreement, any transactions or payments contemplated hereunder, any agreement, instrument, or other document governing or relating to any of the foregoing, or any settlement approved by the Bankruptcy Court;

6.4.17 To recover all assets of the Debtors and property of the Estates, wherever located;

6.4.18 To determine matters concerning state, local and federal taxes in accordance with Sections 346, 505, 546, and 1146 of the Bankruptcy Code;

6.4.19 To hear any other matter not inconsistent with the Bankruptcy Code; and

6.4.20 To enter a final decree closing the Bankruptcy Cases.

6.5 **Governing Law.** Except as mandated by the Bankruptcy Code or Bankruptcy Rules, as applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with the laws of the State of Illinois.

6.6 **Headings.** The headings of articles, sections, and subsections of the Plan are inserted for convenience only and shall not affect the interpretation of any provision of the Plan.

6.7 **Time.** Whenever the time for the occurrence or happening of an event as set forth in this Plan falls on a day that is not a Business Day, then the time for such occurrence or happening of said event shall be extended to the next day which is a Business Day.

6.8 **Revocation.** The Debtors reserve the right to revoke and withdraw the Plan prior to the entry of a Confirmation Order. If the Debtors revoke or withdraw the Plan, the Plan shall be deemed null and void and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors, any other Person, or to prejudice in any manner the rights of such parties in any further proceedings involving the Debtors.

6.9 **Plan Controls.** In the event and to the extent that any provision of the Plan is inconsistent with the provisions of the Disclosure Statement, or any other agreement to be executed by any Person pursuant to the Plan, the provisions of the Plan shall control and take precedence. In the event of any inconsistency between any provision of any of the foregoing documents, and any provision of the Confirmation Order, the Confirmation Order shall control and take precedence.

6.10 **Statutory Fees.** All fees payable pursuant to 28 U.S.C. § 1930 shall be paid on the earlier of when due or the Effective Date, or as soon thereafter as practicable. From and after the Effective Date, the Hartford Liquidating Trustee shall be liable for and shall pay the fees under 28 U.S.C. § 1930 assessed against the Debtors' estate under 28 U.S.C. § 1930 until entry of a final decree closing the Case. In addition, the Hartford Liquidating Trustee shall file post-confirmation quarterly reports or any pre-confirmation monthly operating reports not filed as of the Confirmation Hearing in conformity with the U.S. Trustee guidelines, until entry of an order closing or converting the case. The U.S. Trustee shall not be required to file a request for payment of its quarterly fees, which shall be deemed an administrative claim against the Debtors and their estates.

6.11 **Dissolution of the Creditors' Committee.** On the Effective Date, the Creditors' Committee shall be dissolved and their members shall be deemed released of any continuing duties, responsibilities and obligations in connection with the Cases or the Plan and its implementation, and the retention and employment of the Creditors' Committees' attorneys, accountants and other agents shall terminate, except with respect to: (i) the Final Fee Hearing or (ii) any appeals of the Confirmation Order through the date such appeals are finally decided, settled, withdrawn or otherwise resolved.

6.12 **Claims Agent.** Kurtzman Carson Consultants LLC ("KCC"), in its capacity as claims, noticing and balloting agent shall be relieved of such duties on the Outside Date or upon written notice by the Debtors. KCC shall provide the Hartford Liquidating Trustee with access to all documents within KCC's possession relevant to any asserted Class III Claim, including Filed proofs of claim and ballot information.

6.13 **Exculpation and Limitation of Liability.**

6.13.1 **Plan Related Releases.** The Debtors, the Creditors' Committee, the members of the Creditors' Committee, and Delaware Street, and any of such parties' respective current and/or post-Petition Date and pre-Effective Date affiliates, members, officers, directors, employees, or agents, and any of such parties' successors and assigns, shall not have or incur, and are hereby released from, any claim, obligation, cause of action, or liability to one another or to any Holder of any Claim or Interest, or any other party-in-interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of the Cases, the negotiation and Filing of this Plan, the Filing of the Cases, the settlement of Claims or rejection of executory contracts and leases, 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 their willful misconduct or gross negligence or any obligations that they have under or in connection with this Plan or the transactions contemplated in this Plan, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under this Plan.

6.13.2 **Delaware Street Releases.** In consideration for Delaware Street's provision of (a) the Settlement Sum, (b) use of Cash Collateral sufficient to satisfy Administrative Claims, Priority Tax Claims, and Priority Wage Claims as provided in Sections 3.5, 3.6, and 3.7, respectively, hereof and in the DIP Order and Cash Collateral Budget, which provisions are critical to the Debtors' ability to obtain confirmation of this Plan and to effectuate distributions to Holders of Allowed General Unsecured Claims, and (c) the waiver of the deficiency Claim otherwise permitted to it under Section 506(a) of the Bankruptcy Code, as of the Effective Date:

6.13.2.1 All claims asserted in the Shareholder Suit, all of which are derivative claims belonging to the Debtors, are hereby settled and released, and the Shareholder Suit shall be dismissed with prejudice on the Effective Date.

6.13.2.2 Each of the Debtors, on behalf of themselves and their respective estates and their respective affiliates, members, officers, directors, and employees, and any person claiming by or through them, the Creditors' Committee, on behalf of itself and its affiliates, members, officers, directors, and employees, and any other third party shall be deemed to completely and forever agree, promise, release, waive, void, extinguish and discharge, and shall be permanently enjoined from any prosecution or attempted prosecution of, any and all Claims and Causes of Action against Delaware Street and its members, officers, directors, and employees relating in any way to the Debtors.

6.14 **Existing Injunctions and Stays:** Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Bankruptcy Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order) shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

6.15 **Plan Injunctions:**

6.15.1 From and after the Effective Date, except as otherwise expressly provided in the Plan or the Confirmation Order, all Persons shall be and are permanently enjoined from, and restrained against, commencing or continuing in any court, proceeding or other tribunal of any kind, any suit, action, or other proceeding, or otherwise asserting any Claim, Interest, or Cause of Action, which has been released pursuant to Sections 6.13.1 and 6.13.2 hereof or from seeking to hold any released Person liable for any such Claim, Interest, or Cause of Action that has been released pursuant to Section 6.13.1 or 6.13.2 of the Plan. For avoidance of doubt, this injunction shall enjoin further prosecution of any portion of the Shareholder Suit.

6.15.2 From and after the Effective Date, the Hartford Liquidating Trust and the Hartford Liquidating Trustee shall be enjoined from Filing, pursuing or prosecuting the DSC Assigned Causes of Action in any way which seeks affirmative recovery from any of the Debtors' directors, officers, employees, Insiders, and agents, including those identified in Section 1.1.39 of the Plan, provided, however, that this injunction shall not prohibit the Hartford Liquidating Trust or the Hartford Liquidating Trustee from pursuing an Avoidance Action against any of the Debtors' directors, officers, employees, Insiders, and agents solely for the purpose of offset against or disallowance of a Class III Claim which is not Allowed on account of its inclusion in the Debtors' Schedules but which is timely Filed by such director, officer, employee, Insider, or agent. Any such timely Filed Claim shall be automatically deemed Disallowed if transferred to any other Person.

6.15.3 From and after the Effective Date through November 30, 2013, the Hartford Liquidating Trust and the Hartford Liquidating Trustee shall be enjoined from making any demands relating to, or Filing, any Avoidance Action against any Person except for Identified Avoidance Actions.

**Article VII**

**FINAL FEE HEARING**

7.1 **The Professional Fee Claims Bar Date.** Any and all applications for the final allowance of Professional Fee Claims shall be Filed and served upon counsel to the Debtors, counsel to the Creditors' Committee, the United States Trustee, and all Persons on the Debtors' Bankruptcy Rule 2002 service list on or before the Professional Fee Claim Bar Date. No Professional Fee Claims before or after the Effective Date shall be the responsibility of the Hartford Liquidating Trust except as expressly provided in the Hartford Liquidating Trust Agreement.

7.2 **Final Fee Hearing.** A hearing on final allowance of Professional Fee Claims (the "**Final Fee Hearing**") shall be held as soon as practicable after the Professional Fee Claim Bar Date. The Debtors' counsel shall File a notice of the Final Fee Hearing. Such notice shall be posted on the Noticing Agent Website, and served upon counsel for the Creditors' Committee, all Professionals, the United States Trustee and all parties on the Debtors' Bankruptcy Rule 2002 service list. No professional fees in excess of the amounts allocated in the Cash Collateral Order shall be Allowed Professional Fees payable by the Debtors or from the reserve created pursuant to Section 2.15.2 hereof, but all Professional Fee Claims of the professionals for the Creditors'

Committee that were not paid from funds allocated to them pursuant to the Cash Collateral Order shall be paid from the Hartford Trust Assets, as provided in the Hartford Liquidating Trust Agreement.

### **Article VIII**

#### **REQUEST FOR CONFIRMATION**

8.1 **Request for Confirmation.** The Debtors request confirmation of this Plan in accordance with section 1129(a) of the Bankruptcy Code.

IN WITNESS WHEREOF, the Debtors have executed this Plan this 13th day of June, 2012.

Hartford Computer Hardware, Inc.  
Hartford Computer Group, Inc.  
Hartford Computer Government, Inc.  
Old NS, LLC f/k/a Nexicore Services, LLC

By: \_\_\_\_\_  
Name: Steven Nerger  
Title: Chief Restructuring Officer

John P. Sieger (ARDC No. 6240033)  
Peter A. Siddiqui (ARDC No. 6278445)  
Paige E. Barr (ARDC No. 6282474)  
**KATTEN MUCHIN ROSENMAN LLP**  
525 West Monroe Street  
Chicago, Illinois 60661-3693  
Telephone: (312) 902-5200  
Facsimile: (312) 902-1061  
John.Sieger@kattenlaw.com  
Peter.Siddiqui@kattenlaw.com  
Paige.Barr@kattenlaw.com

*Counsel to Debtors and Debtors in Possession*

The Official Committee of Unsecured  
Creditors

By: \_\_\_\_\_  
Name: Peter Kravitz  
Title: Chairman

Jonathan P. Friedland (ARDC # 6257902)  
Steven R. Jakubowski (ARDC # 6191960)  
Elizabeth B. Vandesteeg (ARDC # 6291426)  
**LEVENFELD PEARLSTEIN, LLC**  
2 North LaSalle, Suite 1300  
Chicago, Illinois 60602  
Telephone: (312) 346-8380  
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jfriedland@lplegal.com  
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*Counsel for the Official Committee of Unsecured Creditors*

**PLAN EXHIBIT A**

[Liquidating Trust Agreement]

HARTFORD LIQUIDATING TRUST AGREEMENT

THIS LIQUIDATING TRUST AGREEMENT (the “Agreement” or “Hartford Liquidating Trust Agreement”), dated as of this \_\_\_\_ day of August, 2012, is entered into by and among Hartford Computer Hardware, Inc., Hartford Computer Group, Inc., Old NS, LLC (f/k/a Nexicore Services, LLC), Hartford Computer Government, Inc., (each a “Debtor” and, collectively, the “Debtors”), as settlors (the “Settlors”), and Peter Kravitz of Solution Trust as Liquidating Trustee (the “Liquidating Trustee” or the “Hartford Liquidating Trustee”).

RECITALS:

**WHEREAS**, on December 12, 2011, the Debtors filed voluntary petitions under chapter 11 of title 11 of the United States Code. The Debtors’ respective chapter 11 cases are being jointly administered under Case No. 11-49744; and

**WHEREAS**, the Debtors and the Committee filed their Joint Plan of Liquidation on June \_\_, 2012 (as amended, modified, or supplemented, the “Plan”);<sup>1</sup> and

**WHEREAS**, the Plan was confirmed by the Bankruptcy Court by Order entered August \_\_, 2012 (the “Confirmation Order”); and

**WHEREAS**, the Plan’s Effective Date occurred on August \_\_, 2012 (the “Effective Date”); and

**WHEREAS**, the Plan contemplates, on the Effective Date, (a) the creation of the Hartford Liquidating Trust (as defined below), (b) the creation of beneficial interests in the Hartford Liquidating Trust in holders of Allowed Claims in Class III of the Plan (collectively, the “Beneficiaries” and, each individually, a “Beneficiary”), (c) the vesting in the Hartford Liquidating Trust of (i) \$333,000 of the Settlement Sum on the Effective Date; (ii) the right to receive the remainder of the Settlement Sum under the Plan after the Effective Date as provided in the Plan; and (iii) all the Debtors’ right, title and interest in all property and assets of the Debtors remaining after distributions are made on the Effective Date under the Plan to Delaware Street on account of its Allowed Class I Claim, holders of Allowed Administrative Claims (including Allowed Professional Fee Claims), Allowed Tax Priority Claims, and Allowed Wage Priority Claims, all as set forth in the Plan, including all books, records, and files of the Debtors and their Estates related to the Hartford Liquidating Trust (collectively, the “Hartford Trust Assets” or the “Liquidating Trust Assets”), (d) the establishment in the Hartford Liquidating Trust of the exclusive right to (i) resolve all Disputed Class III Claims, (ii) prosecute Causes of Action other than the DSC Assigned Causes of Action, and (iii) make all distributions provided for under the Plan and pursuant to this Agreement to the holders of Allowed Class III Claims. The Hartford Trust Assets include, without limitation: (a) the Settlement Sum; and (b) Causes of Actions other than the DSC Assigned Causes of Action; provided, however, that if and to the extent a director or officer of the Debtors files a non-administrative, non-priority claim against the Debtors that was not included on the Schedules as of May 9, 2012 (or if so included on the Schedules, was listed as contingent, unliquidated, or disputed) and that, if allowed, would enable

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<sup>1</sup> Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Plan.



such holder to be a Beneficiary of the Hartford Liquidating Trust as a holder of a Class III Claim, the Hartford Liquidating Trustee may bring an Avoidance Action against such director or officer solely for purposes of offsetting against the amount of such alleged non-administrative, non-priority Class III Claim; and

**WHEREAS**, this Agreement is entered into in accordance with, and to facilitate the implementation and execution of, the Plan; and

**WHEREAS**, the Liquidating Trust is organized for the primary purposes described in Section 1.3 below; and

**WHEREAS**, the Liquidating Trustee's activities, powers and duties are those determined to be reasonably necessary to, and consistent with, accomplishment of these purposes; and

**WHEREAS**, under the terms of the Plan and the Confirmation Order, effective as of the Effective Date, the Estates shall transfer and shall be deemed to have irrevocably transferred to the Liquidating Trust, for and on behalf of the Beneficiaries, with no reversionary interest in the Debtors, the Liquidating Trust Assets existing as of the Effective Date, including, without limitation, the Causes of Action, other than the DSC Assigned Causes of Action, and all rights and remedies of the Debtors that are expressly included therewith; and

**WHEREAS**, under the terms of the Plan and the Confirmation Order, the Debtors shall transfer and shall be deemed to have irrevocably transferred to the Liquidating Trust, for and on behalf of the Beneficiaries, with no reversionary interest in the Debtors, the Liquidating Trust Assets, if any, that are received by the Debtors after the Effective Date; and

**WHEREAS**, the Liquidating Trust is established for the sole purpose of holding its assets, for the sole benefit of the Beneficiaries, in accordance with Treasury Regulation Section 301.7701-4(d), with no objective or authority to continue or engage in the conduct of a trade or business; and

**WHEREAS**, the Liquidating Trust is intended to qualify as a liquidating trust for federal income tax purposes, within the meaning of Treasury Regulations Section 301.7701-4(d) and to be exempt from the requirements of the Investment Company Act of 1940 pursuant to Sections 7(a) and 7(b) thereof; and

**WHEREAS**, the Debtors are joining in the execution of this Agreement as of the Effective Date in accordance with the Plan;

**NOW, THEREFORE**, pursuant to the Plan and the Confirmation Order, in consideration of the premises and agreements contained herein, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and affirmed, the parties hereto agree as follows:

**ARTICLE I**  
Establishment of Trust

1.1 **Creation and Name.** In accordance with the Plan, there is hereby created a trust which shall be known as the “Hartford Liquidating Trust” (hereinafter, the “Liquidating Trust” or the “Hartford Liquidating Trust”) and which is the trust created pursuant to Section 2.2 of the Plan.**Declaration of Trust.**

1.2.1 In consideration of the confirmation of the Plan under the Bankruptcy Code, the Debtors and the Liquidating Trustee have executed this Agreement and, effective on the Effective Date of the Plan, in accordance with Section 2.2 of the Plan and Bankruptcy Code section 1123(b)(3), the Estates are hereby deemed to have irrevocably assigned, transferred and conveyed to the Liquidating Trustee, and to the Liquidating Trustee’s successors and assigns, all the right, title and interests of the Debtors and the Debtors’ Estates in and to the Liquidating Trust Assets (whether existing as of the Effective Date or as of a later date), with no reversionary interest whatsoever therein of the Debtors, to have and to hold unto the Liquidating Trustee and the Liquidating Trustee’s successors and assigns forever, in trust nevertheless, under and subject to the terms and conditions of this Agreement and of the Plan, for the benefit of the Beneficiaries and their successors and assigns as permitted for under the Plan and this Agreement. The use and distribution of the Liquidating Trust Assets to the Beneficiaries shall be made in accordance with this Agreement and the Plan.

1.2.2 On the Effective Date, the Hartford Liquidating Trust shall: (i) take possession of all books, records, and files of the Debtors and their Estates related to the Hartford Trust Assets, and (ii) provide for the retention and storage of such books, records, and files until such time as the Hartford Liquidating Trust determines, in accordance with the Hartford Liquidating Trust Agreement, that retention of same is no longer necessary or required. All such Hartford Trust Assets shall be delivered to the Hartford Liquidating Trust free and clear of interests, claims, liens, or other encumbrances of any kind, except the Allowed Claims of the Beneficiaries. Moreover, on the Effective Date, all privileges with respect to any of the Hartford Trust Assets, including the attorney/client privilege, to which the Debtors are entitled shall be automatically vested in, and available for assertion by or waiver on behalf of the Hartford Liquidating Trust. To the extent any of the foregoing does not automatically occur on the Effective Date or is not effectuated through the Confirmation Order or this Agreement, the Debtors shall, on the Effective Date, execute such other and further documents as are reasonably necessary to effectuate all of the foregoing

1.3 **Purposes of Trust.** The Liquidating Trust shall be established solely for the purpose of holding and administering the Liquidating Trust Assets in accordance with Treasury Regulation Section 301.7701-4(d), all pursuant to the provisions of the Plan, with no objective to continue or engage in the conduct of a trade or business. Accordingly, the Liquidating Trustee shall hold the Liquidating Trust Assets pursuant to the terms of this Agreement and the Plan (and shall not unreasonably prolong the duration of the Liquidating Trust) by engaging in the following activities: (a) resolving all Disputed Claims asserted as Class III Claims; (b) pursuing or otherwise litigating any Causes of Action, other than the DSC Assigned Causes of Action, that

the Liquidating Trustee deems advisable, based on his reasonable business judgment, to pursue, other than those released under the Plan or pursuant to any prior settlement approved by the Bankruptcy Court; provided, however, that prior to December 1, 2013, the Hartford Liquidating Trustee may only commence Avoidance Actions that constitute Identified Avoidance Actions as set forth on the Confidential Schedule 1.3 hereto; (c) making all required distributions to the Beneficiaries as provided for under the Plan; (d) establishing and administering any necessary reserves that may be required for Disputed Claims asserted as Class III Claims, all in accordance with the Plan and this Agreement; (e) establishing and administering the Liquidating Trust's Distribution Reserve in accordance with the Plan and this Agreement; and (f) taking other actions as may be necessary to effectuate the foregoing. The Liquidating Trust will not hold itself out as an investment company and will not conduct a trade or business. At no time shall the Liquidating Trust control or operate the business of the Debtors or any assets of the Debtors other than the Liquidating Trust Assets.

1.4 **Liquidating Trustee's Acceptance.** The Liquidating Trustee accepts the trust imposed on the Liquidating Trustee by this Agreement and agrees to observe and perform that trust, on and subject to the terms and conditions set forth in this Agreement. In connection with and in furtherance of the purposes of the Liquidating Trust, the Liquidating Trustee hereby expressly accepts the transfer of the Liquidating Trust Assets (whether transferred as of the Effective Date or a later date), subject to the provisions of the Plan and this Agreement.

## ARTICLE II

### Funding of the Liquidating Trust and Expenses

2.1 **Funding from Estates.** On the Effective Date, the Debtors will transfer to the Liquidating Trust (a) Cash in the amount of \$333,000 of the Settlement Sum, and (b) the Liquidating Trust Assets available to the Debtors at that time. Additional funding of the Liquidating Trust will be derived from future payments by Delaware Street on account of the Settlement Sum and from the Liquidating Trust's liquidation of the Liquidating Trust Assets.

2.2 **Subsequent Funding.** To the extent that certain Liquidating Trust Assets become available at a later date, such Liquidating Trust Assets will be deposited with the Liquidating Trust within five (5) Business Days of the date that such Liquidating Trust Assets become available. Except as otherwise ordered by the Bankruptcy Court, the Liquidating Trust Expenses shall be paid from the Liquidating Trust Assets without further order of the Bankruptcy Court; provided, however, that the reasonable fees, costs, and expenses of the Liquidating Trust, including, without limitation, (a) the compensation paid to and expenses incurred or as estimated by the Liquidating Trustee to be incurred by the Liquidating Trustee in the administration of the Liquidating Trustee's duties or as contemplated pursuant to this Agreement, (b) the fees and expenses of the Liquidating Trustee's Professionals and (c) the fees and expenses of any other service providers, all as provided for in this Agreement (collectively, the "Liquidating Trust Expenses"), shall be subject to the procedures and review set forth in Section 6.6 of this Agreement.

## ARTICLE III

### Liquidation of Causes of Action and Intervention

3.1 **Liquidation of Causes of Action.** The Liquidating Trustee shall take such steps as the Liquidating Trustee deems necessary to investigate, pursue, litigate, settle, compromise, transfer, sell, dispose of and/or abandon all or any of the Causes of Action, other than the DSC Assigned Causes of Action, to reduce the Causes of Action, other than the DSC Assigned Causes of Action, to Cash proceeds and to make distributions of the Cash proceeds to the Beneficiaries as required under the Plan and this Agreement. Notwithstanding the forgoing or any other provision of this Hartford Liquidating Trust Agreement, prior to December 1, 2013, the Hartford Liquidating Trustee may only commence Avoidance Actions that constitute Identified Avoidance Actions. On and after December 1, 2013, the Hartford Liquidating Trustee may commence Avoidance Actions against any Person.**Intervention.** On the Effective Date, and without having to obtain any further order of the Bankruptcy Court, the Liquidating Trustee is authorized to (a) intervene as plaintiff, movant or additional party, as appropriate, in any Causes of Action other than the DSC Assigned Causes of Action (whether asserted in actions, adversary proceedings, contested matters, avoidance actions or motions or otherwise which were filed prior to the Effective Date), where the subject matter of any such cause of action involves a Cause of Action other than the DSC Assigned Causes of Action, and (b) subject to the terms of the Plan, intervene or seek to be substituted in place of the Debtors' Estates in connection with the prosecution of any objections to Disputed Claims of any holder of

a	Class	III	Claim.
	Distribution of Liquidating Trust Assets		

4.1 **Distribution of Liquidating Trust Assets to Beneficiaries.**

4.1.1 **Distribution Dates.** On or as soon as reasonably practicable after the Effective Date (such date, the "Initial Distribution Date"), the Liquidating Trustee shall make initial distributions in accordance with the Plan and Section 4.1 of this Agreement. During the first year after the Initial Distribution Date and subject to Section 4.4 below, unless otherwise ordered by the Bankruptcy Court, the Liquidating Trustee shall make subsequent distributions on (i) the first Business Day that is 120 days after the Initial Distribution Date and (ii) the first Business Day that occurs after each subsequent 120-day period (each, a "Periodic Distribution Date" and, together with the Initial Distribution Date, the "Distribution Dates"). After one year following the Initial Distribution Date, Periodic Distribution Dates will occur on the first Business Day that is 180 days after the immediately preceding Periodic Distribution Date.

4.1.2 **Distributions to Beneficiaries.** On each applicable Distribution Date, the Liquidating Trustee will distribute the Liquidating Trust Assets that have been converted to Cash to each Beneficiary after payment of or reserve for the items described in Section 4.1(d) below. The Liquidating Trustee shall distribute Liquidating Trust Assets that have been converted to Cash to the Beneficiaries in accordance with the Plan and this Agreement.

4.1.3 **Required Deductions From Liquidating Trust Assets.** Prior to distribution of any portion of the Liquidating Trust Assets to any Beneficiary, the Liquidating Trustee shall, when becoming due and payable, (a) pay all Allowed Administrative Claims of professionals and members of the Creditors' Committee that were not paid from funds allocated to them in the Carve Out established pursuant to the Cash Collateral Order, (b) pay all amounts

payable pursuant to 28 U.S.C. § 1930, if any, on account of funds distributed by the Liquidating Trust, (c) pay to any taxing authorities, as necessary, any taxes of the Liquidating Trust, (d) pay to the Liquidating Trustee's Professionals, in accordance with Sections 6.4 and 6.6(b) hereof, for services rendered and expenses incurred; (e) pay to the Liquidating Trustee, in accordance with Section 6.6(a) hereof, the Liquidating Trustee's compensation and reasonable and necessary expenses incurred in fulfilling the Liquidating Trustee's obligations set forth in the Plan and in this Agreement; (f) pay any additional expenses incurred in fulfilling the obligations of the Liquidating Trustee set forth in the Plan and in this Agreement and not specifically identified in this Section 4.1(d); (g) use reasonable best efforts to establish sufficient reserves for Disputed Class III Claims in accordance with Section 4.2 below; and (h) use reasonable best efforts to establish sufficient reserves for taxes and Liquidating Trust Expenses that may be necessary to administer the Liquidating Trust until his termination (as estimated by the Liquidating Trustee).

**4.2 Distribution Reserve Account.** On the Effective Date, the Liquidating Trustee shall establish and maintain one or more bank and/or other investment account(s) into which the Liquidating Trustee shall, in accordance with this Section 4.2 and Section 5.1 of this Agreement, deposit undeliverable and unclaimed distributions, and Liquidating Trust Assets that are not then distributable to a holder of a Disputed Claim but shall be held by the Liquidating Trustee pending a final determination as to allowance of such Disputed Claim (individually and collectively, the "Distribution Reserve Account"). The Liquidating Trustee shall deposit into the Distribution Reserve Account on each Distribution Date, pending resolution of Disputed Claims, that portion of Liquidating Trust Assets that would otherwise be distributable in accordance with the Plan in respect of such Disputed Claims, if such Disputed Claims had then constituted Allowed Claims entitled to receive Liquidating Trust Assets in accordance with the Plan. Distributions to Holders of Claims that were Disputed as of the Effective Date shall be made in accordance with Section 5.2 below. **[Reserved / Intentionally Omitted]**.

**4.4 Time of Distributions.** **Distributions for Claims Allowed as of the Effective Date.** The Liquidating Trustee shall make the initial distribution to the Beneficiaries on a date determined by the Liquidating Trustee in accordance with Section 4.1(a) of this Agreement after sufficient Liquidating Trust Assets have been received and appropriate reserves have been established for, among other items, Disputed Class III Claims of the Beneficiaries. The Liquidating Trustee shall make such other distributions to the Beneficiaries on such dates determined by the Liquidating Trustee in accordance with Section 4.1(a) of this Agreement; provided that (a) the Liquidating Trustee shall not distribute any Liquidating Trust Assets to any Beneficiary prior to the earliest date on which the Beneficiary is entitled to receive such distributions in accordance with the Plan, and (b) the Liquidating Trustee shall not be required to make any distribution to the Beneficiaries if the Liquidating Trust Assets available for distribution to the Beneficiaries are not sufficient, in the Liquidating Trustee's reasonable discretion, to justify incurring the Liquidating Trust Expenses necessarily associated with making distribution of monies.

**4.4.2 Distributions on Account of Claims Allowed After the Effective Date.** Except as otherwise provided in a Final Order or as agreed to by the relevant parties, distributions to Beneficiaries on account of Disputed Claims that become Allowed (in whole or in part, as applicable) after the Effective Date shall be made on the Periodic Distribution Date that is at least 30 days after all or part of the Disputed Claim becomes an Allowed Claim.

**4.5 Delivery of Distributions.Distribution Record Date.** As of the close of business on the date of entry of the Confirmation Order (the “Distribution Record Date”), the Claims register shall be closed, and there shall be no further changes as to the record holder of any Claim. The Liquidating Trustee (or any entity chosen to make or facilitate Distributions pursuant to the Plan and this Agreement, the “Disbursing Agent”) shall not have any obligation to recognize any transfer of any Claim occurring after the Distribution Record Date, and shall instead be authorized and entitled to recognize and deal for all purposes under the Plan and this Agreement with only those record holders stated on the Claims register as of the close of business on the Distribution Record Date; provided, however, the Liquidating Trustee may choose, in his sole discretion, to recognize a transfer of any Claim upon presentation of appropriate and acceptable documentation.

**4.5.2 Distributions of Cash.** Distributions to Beneficiaries may be made by either check drawn on a domestic bank or wire transfer. Checks issued by the Disbursing Agent to any Beneficiary shall be null and void if not negotiated within 120 days after the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Liquidating Trustee or the Disbursing Agent by the Beneficiary to whom such check originally was issued, and the Liquidating Trustee may require supporting documents as evidence of the Beneficiary’s right to such check. Any Claim with respect to such a voided check shall be made on or before 180 days after the date of issuance of such check. After such date, all Claims in respect of void checks shall be discharged and forever barred.

**4.5.3 De Minimis Distributions.** The Disbursing Agent shall not be required to make any interim distributions in an amount less than \$100.00 (provided that any such payments shall be withheld until final distribution under the Plan). Notwithstanding anything herein to the contrary, the Disbursing Agent shall not be required to make any final distributions in an amount less than \$25.00. In the event there are funds remaining after final distributions, the Liquidating Trustee is authorized to donate any such remaining funds to a recognized tax-exempt charity pursuant to Article IX of this Agreement.

**4.5.4 Fractional Dollars.** Notwithstanding anything to the contrary contained in this Agreement, the Disbursing Agent shall not be required to make distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan or this Agreement would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down.

**4.5.5 Provision of Tax Identification Number.** If the Liquidating Trustee requests a tax identification number of any Beneficiary by certified mail and (i) does not receive a response to such request within sixty (60) days, sends a second request by certified mail and again receives no response within sixty (60) days or (ii) the request is returned to the Liquidating Trustee as undeliverable and the Liquidating Trustee is unable to determine a correct address after reasonable efforts, then no further distributions shall be made to such Beneficiary unless the Liquidating Trustee is notified in writing within six months after the date that the initial request was sent of such Beneficiary’s tax identification number (subject to the Liquidating Trustee’s right to require supporting documents evidencing that the tax identification number is that of the rightful Beneficiary), in which case all currently due missed distributions shall be made to such Beneficiary on the next Periodic Distribution Date, and shall not be supplemented with any

interest, dividends or other accruals of any kind. If the Liquidating Trustee does not receive notice of a Beneficiary's tax identification number within six months after the date of the initial request for a tax identification number, then all distributions to the Beneficiary that has not provided a tax identification number shall be treated as unclaimed property in accordance with Section 4.5(g) below.

**4.5.6 Undeliverable Distributions.** If any distribution to a Beneficiary is returned to the Disbursing Agent as undeliverable and the Liquidating Trustee is unable to determine a correct address after reasonable efforts, no further distributions shall be made to such Beneficiary unless the Liquidating Trustee is notified in writing within ninety (90) days after the date that the undeliverable distribution is sent of such Beneficiary's then-current address (subject to the Liquidating Trustee's right to require supporting documents evidencing that the request is made by the rightful Beneficiary), in which case all currently due missed distributions shall be made to such Beneficiary on the next Periodic Distribution Date, and shall not be supplemented with any interest, dividends or other accruals of any kind. If the Disbursing Agent does not receive notice of a Beneficiary's current address within ninety (90) days after the date of distribution of an undeliverable check, then all undeliverable distributions then due or thereafter payable shall be treated as unclaimed property in accordance with Section 4.5(g) below.

**4.5.7 Unclaimed Distributions.** All distributions to Beneficiaries that are unclaimed for a period of six months after distribution thereof shall be deemed unclaimed property under Bankruptcy Code section 347(b) and shall revert in the Liquidating Trust. Upon such reversion, the Claim of any Beneficiary or its successors with respect to such property shall be cancelled, discharged and forever barred notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary, and the Disbursing Agent shall not be required to make distributions on account of any such Claims.

## **ARTICLE V**

### **Disputed Claims**

**5.1 Deposit into Reserve.** Distributions of proceeds of Liquidating Trust Assets with respect to Disputed Claims shall be deposited into the Distribution Reserve Account as set forth in Section 4.2 of this Agreement. The amount deposited shall be determined by the Liquidating Trustee. The Liquidating Trustee may invest any Cash that is withheld in the Distribution Reserve Account in accordance with Section 6.10 of this Agreement. Notwithstanding any such investment and the addition to Liquidating Trust Assets of any income earned in respect thereof, in the event such Claim ultimately becomes an Allowed Claim, nothing in this Agreement shall be deemed to entitle the holder of a Disputed Claim to postpetition or post-Effective Date interest on such Claim.**Distributions After Allowance.** On the first Distribution Date that is at least 30 days after all or part of a Disputed Class III Claim becomes an Allowed Class III Claim, the Disbursing Agent will (1) distribute to the holder of such Allowed Claim any property in the Distribution Reserve Account that would have been distributed to such Beneficiary on the Distribution Dates on which distributions previously were made to Beneficiaries if the Allowed Claim in issue had been an Allowed Claim (in whole or in part, as applicable) on such earlier Distribution Dates; and (2) distribute any remaining property held in the Distribution Reserve Account on account of any resolved Disputed Claim in

accordance with the Plan and this Agreement. After a Final Order has been entered, or other final resolution has been reached with respect to all Disputed Claims, any remaining property held in the Distribution Reserve Account will return to Liquidating Trust Assets and be distributed in accordance with the Plan and this Agreement.

**5.3 No Partial Distributions.** Except as otherwise agreed by the relevant parties, the Liquidating Trustee shall not be required to (a) make any partial payments or partial distributions on account of a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order or (b) make any distributions on account of an Allowed Claim of any Beneficiary that holds both an Allowed Claim and a Disputed Claim, unless and until all objections to the Disputed Claim have been resolved by settlement or Final Order.**Pending Causes of Action.** Notwithstanding anything to the contrary contained in the Plan or in this Agreement, the Liquidating Trustee shall not pay any distribution to any current or prospective defendant in a Cause of Action that has or may have any liability to the Liquidating Trust with respect to a Cause of Action, which distribution may be paid, if at all, only after the Beneficiary of such Claim has discharged its liability to the Liquidating Trustee on account of such Cause of Action, by settlement or otherwise.

General Powers, Rights and Obligations of the Liquidating Trustee

**6.1 Appointment of Liquidating Trustee.** Pursuant to Article II of the Plan, the Committee, with the reasonable consent of the Debtors, has appointed Peter Kravitz of Solution Trust as the Liquidating Trustee and the Liquidating Trustee shall become the Liquidating Trustee on the Effective Date.**Legal Title.** The Liquidating Trustee shall hold legal title to all Liquidating Trust Assets except that the Liquidating Trustee may cause legal title or evidence of title to any of the Liquidating Trust Assets to be held by any nominee or person, on such terms, in such manner and with such power as the Liquidating Trustee may determine advisable.**General Powers.** Except as otherwise provided and expressly limited in the Plan or this Agreement, but without prior or further authorization, the Liquidating Trustee may control and exercise authority over the Liquidating Trust Assets, over the acquisition, management and disposition thereof and over the management and conduct of the affairs of the Liquidating Trust to the same extent as if the Liquidating Trustee were the sole owner of the Liquidating Trust Assets in the Liquidating Trustee's own right; provided, however, that such control and authority over the Liquidating Trust Assets shall be subject to the requirements set forth in Section 6.3(b) below. The Liquidating Trustee shall execute all agreements and other documents with the signature "as Liquidating Trustee."

**6.3.2** In connection with the management and use of the Liquidating Trust Assets and except as otherwise expressly limited in this Agreement, the Plan, or the Confirmation Order, the Liquidating Trustee shall have, in addition to any powers conferred on the Liquidating Trustee by any other provision of this Agreement, Bankruptcy Code sections 704 and 1106 (with the benefit of periods of limitation applicable to a Liquidating Trustee in bankruptcy) or Rule 2004 of the Bankruptcy Rules, the power to take any and all actions as are necessary or advisable to effectuate the purposes of the Liquidating Trust, including, without limitation, the power and authority:



(a) to effect all actions and execute all agreements, instruments and other documents necessary to implement the provisions of the Plan as it relates to the Liquidating Trust Assets and this Agreement;

(b) to accept the Liquidating Trust Assets transferred and provided to the Liquidating Trust under this Agreement and the Plan;

(c) to hold the Liquidating Trust Assets for the benefit of the Beneficiaries, whether their Claims are Allowed on or after the Effective Date;

(d) in the Liquidating Trustee's reasonable business judgment, to investigate, prosecute, settle, sell and/or abandon rights, Causes of Action, or litigation of the Liquidating Trust, including, without limitation, Causes of Action, on such terms and for such consideration as the Liquidating Trustee deems desirable or appropriate;

(e) to monitor and enforce the implementation of the Plan as it relates to the Liquidating Trust Assets;

(f) to file all tax and regulatory forms, returns, reports and other documents required with respect to the Liquidating Trust;

(g) in the Liquidating Trustee's reasonable business judgment, to object to Disputed Claims and manage, control, prosecute, settle, compromise, withdraw or resolve, in any manner on behalf of the Liquidating Trust, objections to Disputed Claims on account of which the Liquidating Trustee will be responsible (if Allowed) for making distributions under the Plan and this Agreement;

(h) to distribute Liquidating Trust Assets to Beneficiaries in accordance with the terms of the Plan and this Agreement;

(i) to hold, manage, and distribute Cash or non-Cash Liquidating Trust Assets obtained through the exercise of his power and authority as long as such management is consistent with the Liquidating Trust's status as a liquidating trust within the meaning of Treasury Regulation Section 301.7701-4(d) and which actions are merely incidental to its liquidation and dissolution;

(j) establish and administer any necessary reserves for Disputed Claims that may be required with regard to the Agreement;

(k) in the Liquidating Trustee's reasonable business judgment, object to the Disputed Claims and prosecute, settle, compromise, withdraw or resolve in any manner, in accordance with this Agreement, any litigations or proceedings related to the Liquidating Trust Assets;

(l) to act as a signatory to the Debtors for all purposes relating to the Liquidating Trust Assets, including those associated with the novation of contracts and, for the avoidance of doubt, subject to the final sentence of Section 1.3 of this Agreement;

(m) to endorse the payment of notes or other obligations of any Person or to make contracts with respect thereto in each case relating to the Liquidating Trust Assets;

(n) employ and compensate Professionals and other agents, provided, however, that any such compensation shall be made only out of the Liquidating Trust Assets;

(o) to engage in all acts that would constitute ordinary course of business in performing the obligations of a trustee under a trust of this type;

(p) to remove all or any of the Liquidating Trust Assets or the situs of administration of the Liquidating Trust from one jurisdiction to another jurisdiction at any time or from time to time;

(q) in connection with any property held under this Agreement that is distributable or payable to a minor, to transfer and pay over all or any portion of the property to the minor, or to a guardian of the minor's property, whenever appointed, without requiring ancillary guardianship, or to the minor's parent or the person with whom the minor resides, or to any custodian under any Uniform Gifts to Minors Act or Uniform Transfer to Minor Act with power to select any person or trust company (including any fiduciary hereunder) to be such custodian and with power to extend such custodianship to age twenty-one (21) years, without any obligation to see to the use or application of the property or to make inquiry with respect to any other property available for the use of the minor, the receipt by such minor, guardian, parent, person or custodian to be a complete discharge as to such transfer or payment;

(r) subject to the releases, exculpation and permanent injunction provisions of the Plan, to sue and be sued and participate, as a party or otherwise, in any judicial, administrative, arbitration or other proceeding;

(s) to request any appropriate tax determination, including, without limitation, a determination pursuant to Bankruptcy Code section 505;

(t) to take any and all necessary actions as he shall deem appropriate to have the Liquidating Trust classified as a partnership for federal tax purposes under Treasury Regulations Section 301.7701-3 (but not a publicly traded partnership under section 7704 of the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code")), including, if necessary, creating or converting it into a Delaware limited liability partnership or limited liability company that is so qualified;

(u) to purchase insurance indemnifying the Liquidating Trustee and to indemnify (and purchase insurance indemnifying) the employees, agents and representatives of the Liquidating Trust or the Liquidating Trustee (including, without limitation, the Liquidating Trustee's Professionals), to the fullest extent that a corporation organized under the laws of the State of Delaware is from time to time entitled to indemnify its directors, officers, employees, agents and representatives;

(v) to delegate any or all of the discretionary power and authority herein conferred at any time with respect to all or any portion of the Liquidating Trust to any one or more reputable individuals or to recognized institutional advisors or investment managers, in

each case without liability for any action taken or omission made because of such delegation, except for such liability as is expressly provided for in this Agreement; and

(w) to file periodic reports with the Bankruptcy Court as necessary or appropriate; and

(x) to file appropriate pleadings with the Bankruptcy Court requesting entry of an order concluding or closing the Chapter 11 Cases.

6.3.3 The Liquidating Trustee shall not at any time, on behalf of the Liquidating Trust or any Beneficiaries, enter into or engage in any trade or business, and the Liquidating Trustee shall not use or dispose of any part of the Liquidating Trust Assets in furtherance of any trade or business.

**6.4 Retention of Attorneys, Accountants and Other Professionals.** The Liquidating Trustee may retain professionals (the “Professionals”) to aid the Liquidating Trustee in the performance of his responsibilities pursuant to the terms of the Plan and this Agreement. The Professionals retained by the Liquidating Trustee may include, but are not limited to, the following:

6.4.1 Law firm(s) as the Liquidating Trustee may deem advisable to aid the Liquidating Trustee in the performance of his duties and to perform such other functions as may be appropriate to carry out the purposes of the Liquidating Trust. The Liquidating Trustee may commit the Liquidating Trust to and shall pay such law firm(s) reasonable compensation from the Liquidating Trust Assets for services rendered and expenses incurred, which expenses may include, without limitation, the fees and expenses of Persons retained by such law firm(s) to perform any services or otherwise assist in connection with the prosecution of Causes of Action, other than the DSC Assigned Causes of Action, including, without limitation, expert witnesses and consultants. The Liquidating Trustee may also engage such law firm(s) on a contingent fee basis as permitted by applicable law.

6.4.2 An independent public accounting firm to, if necessary, audit the financial books and records of the Liquidating Trust, to prepare and file all federal, state and local tax returns and related tax forms on behalf of the Liquidating Trust that the Liquidating Trustee is obligated to prepare, provide and file any reports pursuant to Section 6.12 below, and to perform such other reviews and/or audits as the Liquidating Trustee may deem advisable to carry out the primary purposes of the Liquidating Trust. The Liquidating Trustee may commit the Liquidating Trust to and shall pay such accounting firm reasonable compensation from the Liquidating Trust Assets for services rendered and expenses incurred; and

6.4.3 Such other accountants, experts, advisors, consultants, investigators, appraisers, auctioneers or other professionals as are advisable to carry out the purposes of the Liquidating Trust. The Liquidating Trustee may commit the Liquidating Trust to and shall pay all such Persons reasonable compensation from the Liquidating Trust Assets for services rendered and expenses incurred.

**6.5 Co-Liquidating Trustees or Separate Liquidating Trustees.** In order (and only to the extent necessary) to meet any legal requirements of any jurisdiction in which any of

the Liquidating Trust Assets may from time to time be located, the Liquidating Trustee shall have the power to appoint one or more Persons either to act as co-trustee(s) jointly with the Liquidating Trustee of all or any part of the Liquidating Trust Assets or to act as separate trustee(s) of all or any part of the Liquidating Trust Assets and to vest in such Person or Persons, in such capacity, such title to the Liquidating Trust Assets or any part thereof, and such rights, powers, duties, trusts or obligations as the Liquidating Trustee determines may be necessary for the Liquidating Trustee to perform his duties under this Agreement. **Compensation of Liquidating Trustee and His Professionals.** The Liquidating Trustee (and any co-trustee(s) that may be appointed pursuant to Section 6.5 above) shall be authorized to receive payment of reasonable compensation for services rendered and expenses incurred in fulfilling his duties pursuant to this Agreement, including, without limitation, any necessary services rendered and expenses incurred prior to the date that this Agreement becomes effective. The compensation and reimbursement of expenses of the Liquidating Trustee shall be as set forth on Exhibit 1 hereto and paid out of the Liquidating Trust Assets.

6.6.2 On or before the last day of each month following the month for which compensation is sought, each Professional seeking compensation shall serve a monthly statement on the Liquidating Trustee; provided, however, that failure of any Professional to serve a monthly statement on the Liquidating Trustee for any one or more months shall not waive or impair the right of such Professionals to subsequently seek compensation for all or any number of such months in a later statement delivered to the Liquidating Trustee. The Liquidating Trustee will have ten (10) days from the date such statement is received to review the statement and object to such statement by serving a written objection on the Professional setting forth the precise nature of the objection and the amount at issue. At the expiration of the ten (10) day period, the Liquidating Trustee shall promptly pay out of the Liquidating Trust Assets 100% of the amounts requested, except for the portion of such fees and disbursements to which an objection has been made in accordance with this Section 6.6(b). The parties shall attempt to consensually resolve objections, if any, to any monthly statement. If the parties are unable to reach a consensual resolution of any such objection, the party which received an objection to its fees and/or disbursements may seek payment of such fees and/or disbursements by filing a motion with the Bankruptcy Court on proper notice to the Liquidating Trustee and his counsel.

6.7 **Standard of Care; Indemnification; Exculpation.** The Liquidating Trustee shall perform the duties and obligations imposed on the Liquidating Trustee by this Agreement with reasonable diligence and care under the circumstances. The Liquidating Trustee shall not be personally liable to the Liquidating Trust, to any Beneficiary or any other Person (or any predecessor or successor thereto) for any reason whatsoever, except for such of his own acts as shall constitute willful misconduct, gross negligence, willful disregard of the Liquidating Trustee's duties or material breach of this Agreement or any provision of the Plan. Except as aforesaid, the Liquidating Trustee shall be defended, held harmless and indemnified from time to time, but solely from the Liquidating Trust Assets, against any and all losses, claims, costs, expenses and liabilities to which the Liquidating Trustee may be subject by reason of the Liquidating Trustee's execution in good faith of the Liquidating Trustee's duties under this Agreement. The Liquidating Trustee's officers, employees, agents, if any (including, without limitation, the Liquidating Trustee's Professionals) and any co-trustee(s) appointed pursuant to Section 6.5 above, may be likewise defended, held harmless and indemnified. Without limiting the generality of the foregoing, the Liquidating Trustee shall have no liability to any Beneficiary

on account of the Liquidating Trustee's investment or non-investment of any Liquidating Trust Assets or any losses with respect to any such investments of Liquidating Trust Assets, provided that such investments are made, or the Liquidating Trustee's decision not to invest any Liquidating Trust Assets in any case is made, in accordance with the terms of this Agreement. The Liquidating Trustee shall not be obligated to give any bond or surety or other security for the performance of any of his duties, unless otherwise ordered by the Bankruptcy Court and, if so ordered, all costs and expenses of procuring any such bond shall be deemed Liquidating Trust Expenses.

**Reliance by Liquidating Trustee.** The Liquidating Trustee may rely, and shall be fully protected personally in acting upon any resolution, statement, certificate, instrument, opinion, report, notice, request, consent, order or other instrument or document that the Liquidating Trustee has no reasonable belief to be other than genuine and to have been signed or presented other than by the proper party or parties or, in the case of facsimile transmissions, to have been sent other than by the proper party or parties, in each case without obligation to satisfy himself that the same was given in good faith and without responsibility for errors in delivery, transmission or receipt. In the absence of the Liquidating Trustee's willful misconduct, gross negligence, willful disregard of the Liquidating Trustee's duties or material breach of this Agreement, the Liquidating Trustee may rely as to the truth of statements and correctness of the facts and opinions expressed therein and shall be fully protected personally in acting thereon. The Liquidating Trustee may consult with legal counsel and shall be fully protected in respect of any action taken or suffered by the Liquidating Trustee in accordance with the opinion of legal counsel (whether or not written). The Liquidating Trustee may at any time seek instructions from the Bankruptcy Court concerning the acquisition, management or disposition of the Liquidating Trust Assets.

**Action Upon Instructions.** If, in performing his duties under this Agreement, the Liquidating Trustee believes that a court order is necessary or advisable to protect the interests of the Beneficiaries or to otherwise determine the Liquidating Trustee's rights or duties in any respect under this Agreement, the Liquidating Trustee may apply to the Bankruptcy Court for a determination as to the course of action to be taken by the Liquidating Trustee.

**Investment Obligations.** The Liquidating Trustee shall invest and reinvest the liquid Liquidating Trust Assets consistent with the obligations of a trustee under Bankruptcy Code section 345. The Liquidating Trustee shall not be liable in any way for any loss or other liability arising from any investment, or the sale or other disposition of any investment, made in accordance with this Section 6.10, except for any such loss or liability arising from the Liquidating Trustee's gross negligence, willful misconduct or willful disregard of the Liquidating Trustee's duties.

**Reports.** The Liquidating Trustee shall file annual reports with the Bankruptcy Court in accordance with the Plan or as otherwise ordered by the Bankruptcy Court and, upon concluding all activities of the Liquidating Trust, a final report listing all distributions, payments or disposition of the Liquidating Trust Assets, including amounts paid to Professionals retained by the Liquidating Trustee.

**Compliance with Securities Laws.** Under Bankruptcy Code section 1145, the issuance of interests in a liquidating trust pursuant to a chapter 11 plan is exempt from registration under the Securities Act of 1933, as amended, and applicable state and local laws requiring registration or qualification of securities. If the Liquidating Trustee determines, with the advice of counsel, that the Liquidating Trust is required to comply with the reporting requirements of the Securities Exchange Act of 1934, as amended, or the Investment Company Act of 1940, as amended, then the Liquidating Trustee shall take any and all actions to comply with such reporting requirements and file periodic, current and other reports in compliance therewith with the Securities and Exchange Commission.

**Timely Performance.** The

Liquidating Trustee will make continuing efforts to, among other things, assert, prosecute, settle, compromise, withdraw or resolve objections to Disputed Claims in the Beneficiary Classes; pursue, settle, or abandon Causes of Action other than the DSC Assigned Causes of Action; make all required Distributions to the Beneficiaries provided for under the Plan; and not unduly prolong the duration of the Liquidating Trust. **Resignation or Death.** The Liquidating Trustee may resign as Liquidating Trustee by giving written notice of his resignation to the Bankruptcy Court. The Liquidating Trustee shall continue to serve as trustee for the shorter of: (a) 90 days following the tender of the notice of resignation; and (b) until the appointment of a successor Liquidating Trustee. In the event of such resignation or the Liquidating Trustee's death, the Bankruptcy Court shall appoint a successor Liquidating Trustee.

Retention of Jurisdiction

7.1 **Jurisdiction.** Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, pursuant to the Plan and Confirmation Order, except as otherwise set forth in the Plan, in the Confirmation Order and herein, the Bankruptcy Court shall retain such jurisdiction over all matters arising out of or related to the Chapter 11 Cases and the Plan pursuant to Bankruptcy Code sections 105(a) and 1142 to the fullest extent legally permissible, including but not limited to jurisdiction to:

7.1.1 allow, disallow, determine, liquidate, classify or estimate Claims in the Beneficiary Classes;

7.1.2 ensure that distributions to Beneficiaries are accomplished pursuant to the provisions of the Plan;

7.1.3 adjudicate any and all disputes arising from or relating to distributions to Beneficiaries under the Plan;

7.1.4 adjudicate, decide or resolve any and all matters relating to Causes of Action other than the DSC Assigned Causes of Action by or on behalf of the Liquidating Trustee; and

7.1.5 adjudicate, decide or resolve any disputes arising in connection with the interpretation, implementation or enforcement of the Liquidating Trust, this Agreement or actions involving the Liquidating Trustee.

## ARTICLE VIII

### Termination

8.1 **Termination.** The Liquidating Trust shall continue for a term terminating upon the occurrence of the earliest of the following events: (a) all of the Liquidating Trust Assets have been distributed pursuant to the Plan and this Agreement, (b) the Liquidating Trustee determines, in his sole discretion, that the administration of any remaining Liquidating Trust Assets or Causes of Action other than the DSC Assigned Causes of Action are not likely to yield sufficient additional proceeds to justify further pursuit, or (c) all distributions required to be made by the Liquidating Trustee under the Plan and the Liquidating Agreement have been made; provided, however, that in no event shall the Liquidating Trust be dissolved later than two (2) years from the Effective Date unless the Bankruptcy Court, upon motion within the six-month

period prior to the second (2nd) anniversary of the Effective Date (or within the six-month period prior to the end of an extension period), determines that a fixed period extension (not to exceed three (3) years, together with any prior extensions, without a favorable private letter ruling from the Internal Revenue Service (the “IRS”) or an opinion of counsel satisfactory to the Liquidating Trustee that any further extension would not adversely affect the status of the Liquidating Trust as a liquidating trust for United States federal income tax purposes) is necessary to facilitate or complete the recovery and liquidation of the Liquidating Trust Assets. If at any time the Liquidating Trustee determines, in reliance upon such Professionals as the Liquidating Trustee may retain, that the expense of administering the Liquidating Trust so as to make a distribution to the Beneficiaries is likely to exceed the value of the Liquidating Trust Assets remaining in the Liquidating Trust, the Liquidating Trustee may apply to the Bankruptcy Court for authority to (x) reserve any amount necessary to dissolve the Liquidating Trust, (y) donate any balance to a charitable organization described in Internal Revenue Code section 501(c)(3), and (z) dissolve the Liquidating Trust. Notwithstanding the foregoing, after the termination of the Liquidating Trust, the Liquidating Trustee shall have the power to exercise all the powers, authorities and discretions herein conferred solely for the purpose of winding up the affairs of the Liquidating Trust. The Liquidating Trustee shall retain the books, records and files that shall have been delivered to or created by the Liquidating Trustee. Subject to Section 2.8 of the Plan, at the Liquidating Trustee’s discretion, all of such records and documents may be destroyed at any time after two (2) years from the date of termination of the Liquidating Trust.

## **ARTICLE IX**

### Tax Matters

#### **9.1 Tax Treatment.**

9.1.1 The Liquidating Trust is intended to qualify as a liquidating trust pursuant to Treasury Regulation Section 301.7701-4(d) and as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a), with no objective to continue or engage in the conduct of a trade or business. In the event the Liquidating Trust shall fail or cease to qualify as a liquidating trust in accordance with Treasury Regulations Section 301.7701-4(d), the parties to this Agreement intend that the Liquidating Trustee take such action as he shall deem appropriate to have the Liquidating Trust classified as a partnership for federal tax purposes under Treasury Regulations Section 301.7701-3 (but not a publicly traded partnership under Internal Revenue Code Section 7704), including, if necessary, creating or converting it into a Delaware limited liability partnership or limited liability company.

9.1.2 For all United States federal income tax purposes, all parties (including, without limitation, the Debtors, the Liquidating Trustee, and the Beneficiaries) shall treat the transfer of the Liquidating Trust Assets to the Liquidating Trust as (1) a transfer by each Debtor of the Liquidating Trust Assets (subject to any obligations relating to those assets) directly to the Beneficiaries in full satisfaction of the Beneficiaries’ claims against the Debtors and, to the extent Liquidating Trust Assets are allocable to Disputed Claims, to the Distribution Reserve Account, followed by (2) the transfer by such Beneficiaries to the Liquidating Trust of the Liquidating Trust Assets (other than the Liquidating Trust Assets allocable to the Distribution Reserve Account) in exchange for interests in the Liquidating Trust. Accordingly, the Beneficiaries shall be treated for United States federal income tax purposes as the grantors and

owners of their respective share of the Liquidating Trust Assets (other than such Liquidating Trust Assets as are allocable to the Distribution Reserve Account). The foregoing treatment shall also apply, to the extent permitted by applicable law, for all state, provincial, territorial and local income tax purposes.

## 9.2 Tax Reporting.

9.2.1 The Liquidating Trustee shall prepare and provide to, or file with, the appropriate taxing authorities and other parties such notices, tax returns and other filings, including all federal, state and local tax returns for the Liquidating Trust, as may be required under the Internal Revenue Code, the Plan, or as may be required by applicable law of other jurisdictions including, if required under applicable law, notices required to report interest or dividend income (“Tax Reports”). The Liquidating Trustee shall treat the Liquidating Trust as a grantor trust for United States federal income tax purposes pursuant to Treasury Regulation section 1.671-4(a) and in accordance with the Plan. The Liquidating Trustee also will annually send to each holder of a Liquidating Trust Interest a separate statement regarding the receipts and expenditures of the Liquidating Trust as relevant for all U.S. federal income tax purposes and will instruct all such holders to use such information in preparing their U.S. federal income tax returns or to forward the appropriate information to such holder’s underlying beneficial holders with instructions to utilize such information in preparing their U.S. federal income tax returns. If additional tax information is provided at the specific request of a Beneficiary (and not as required by applicable law), then such Beneficiary shall pay a reasonable fee to the Liquidating Trustee, in an amount to be then determined by the Liquidating Trustee, together with all costs and expenses incurred by the Liquidating Trustee in providing such tax information to such Beneficiary. The Liquidating Trustee shall also file (or cause to be filed) any other statement, return or disclosure relating to the Liquidating Trust that is required by any governmental units in the United States and elsewhere.

9.2.2 In connection with the Liquidating Trustee’s performance of his duties pursuant to this Section 9.2, the Liquidating Trustee may require any Beneficiary to furnish to the Liquidating Trustee its employer or taxpayer identification number as assigned by the Internal Revenue Service, together with such other information, returns or forms as the Liquidating Trustee may determine are required, and the Liquidating Trustee may condition any distribution of Liquidating Trust Assets to any Beneficiary upon such receipt of such identification number, any other information and returns and forms as are required for the Liquidating Trustee to comply with Internal Revenue Service requirements.

9.2.3 The Liquidating Trustee will in good faith value all other Liquidating Trust Assets, and shall make all such values available from time to time, to the extent relevant, and such values shall be used consistently by all parties to the Liquidating Trust (including, without limitation, the Debtors, the Liquidating Trustee, and the Beneficiaries) for all United States and Canadian federal income tax purposes.

9.2.4 Allocations of Liquidating Trust taxable income among the Beneficiaries (other than taxable income allocable to the Distribution Reserve Account) shall be determined by reference to the manner in which an amount of cash representing such taxable income would be distributed (were such cash permitted to be distributed at such time) if, immediately prior to such



deemed distribution, the Liquidating Trust had distributed all of the Liquidating Trust Assets (valued at their tax book value, and other than assets allocable to the Distribution Reserve Account) to the holders of the interests in the Liquidating Trust, adjusted for prior taxable income and loss and taking into account all prior and concurrent distributions from the Liquidating Trust. Similarly, taxable loss of the Liquidating Trust shall be allocated by reference to the manner in which an economic loss would be borne immediately after a hypothetical liquidating distribution of the remaining Liquidating Trust Assets. The tax book value of the Liquidating Trust Assets for purpose of this paragraph shall equal their fair market value on the Effective Date, adjusted in accordance with tax accounting principles prescribed by the Internal Revenue Code, the applicable Treasury Regulations, and other applicable administrative and judicial authorities and pronouncements.

9.2.5 Subject to definitive guidance from the IRS or a court of competent jurisdiction to the contrary (including the receipt by the Liquidating Trustee of a private letter ruling if the Liquidating Trustee so requests one, or the receipt of an adverse determination by the IRS upon audit if not contested by the Liquidating Trustee), the Liquidating Trustee shall (a) timely elect to treat any Distribution Reserve Account as a “disputed ownership fund” governed by Treasury Regulation section 1.468B-9, and (b) to the extent permitted by applicable law, report consistently with the foregoing for state and local income tax purposes. All parties (including the Liquidating Trustee, the Debtors, and the Beneficiaries) shall report for United States federal, state and local income tax purposes consistently with the foregoing.

9.2.6 The Liquidating Trustee shall be responsible for payment, out of the Liquidating Trust Assets, of any United States, local, or foreign taxes imposed on the Liquidating Trust or the Liquidating Trust Assets, including the Distribution Reserve Account. In the event, and to the extent, any Cash retained on account of Disputed Claims in the Distribution Reserve Account is insufficient to pay the portion of any such United States, local, or foreign taxes attributable to the taxable income arising from the assets allocable to, or retained on account of, Disputed Claims, such United States, local, or foreign taxes shall be (a) reimbursed from any subsequent Cash amounts retained on account of Disputed Claims, or (b) to the extent such Disputed Claims have subsequently been resolved, deducted from any amounts otherwise distributable by the Liquidating Trustee as a result of the resolution of such Disputed Claims.

9.2.7 The Liquidating Trustee may request an expedited determination of taxes of the Liquidating Trust, including the Distribution Reserve Account, or the Debtors under Bankruptcy Code section 505(b) for all tax returns filed for, or on behalf of, the Liquidating Trust or the Debtors for all taxable periods through the dissolution of the Liquidating Trust.

**9.3 Compliance with Tax Withholding Requirements.** In connection with making distributions under the Plan and this Agreement, the Liquidating Trustee shall comply with all tax withholding and reporting requirements imposed on him by any governmental unit, and all distributions pursuant to the Plan and this Agreement shall be subject to such withholding and reporting requirements. Any property so withheld will then be paid by the Liquidating Trust to the appropriate authority. The Liquidating Trustee may withhold the entire distribution due any Beneficiary until such time as such Beneficiary provides the necessary information to comply with any withholding requirements of any governmental unit, including an IRS Form W-

9 containing its, his or her employer or taxpayer identification number as assigned by the Internal Revenue Service, or (ii) in the case of Beneficiaries that are not United States persons for federal income tax purposes, certification of foreign status on IRS Form W-8BEN, W-81MY or W-8ECI. If a Beneficiary fails to provide the information necessary to comply with any withholding requirements of any governmental unit within 180 days from the date of first notification to the Beneficiary of the need for such information or for the Cash necessary to comply with any applicable withholding requirements, then such Beneficiary's distribution may be treated as an unclaimed distribution in accordance with Section 4.5(g) above or the amount required to be withheld may be so withheld and turned over to the applicable authority.

Miscellaneous

10.1 **Notices.** All notices, requests or other communications required or permitted to be made in accordance with this Agreement shall be in writing and shall be delivered personally or by facsimile transmission or electronic mail or mailed by first class mail or by overnight delivery service:If to the Liquidating Trustee:

Peter Kravitz  
Solution Trust  
29209 Canwood Street, Suite 210  
Agoura Hill CA 91301

and

Counsel to the Liquidating Trustee [TBD]

Notices sent out by electronic or facsimile transmission shall be deemed delivered when actually received, and notices sent by first-class mail shall be deemed delivered three (3) Business Days after mailing and notices sent by overnight delivery service shall be deemed delivered the next Business Day after mailing.

10.2 **Effectiveness.** This Agreement shall become effective on the Effective Date.**Intention of Parties to Establish Liquidating Trust.** This Agreement is intended to create a trust, and the Liquidating Trust created hereunder shall be governed and construed in all respects as a liquidating trust.

10.4 **Investment Company Act.** The Liquidating Trust is organized as a liquidating entity in the process of liquidation, and therefore should not be considered, and the Liquidating Trust does not and will not hold itself out as, an “investment company” or an entity “controlled” by an “investment company,” as such terms are defined in the Investment Company Act.**Preservation of Privilege and Defenses.** In connection with any rights, claims, or Causes of Action that constitute Liquidating Trust Assets, any attorney-client privilege, work-product privilege, or other privilege or immunity attaching to any documents or communications (whether written or oral) transferred to the Liquidating Trust shall vest in the Liquidating Trustee. The Debtors and the Liquidating Trustee shall be authorized to take all necessary actions to effectuate the transfer of such privileges and available defenses. **Counterparts.** This Agreement may be executed in one or more counterparts (via facsimile, e-mail or otherwise), each of which shall be deemed an original but which together shall constitute but one and the same instrument.**Governing Law.** This Agreement shall be governed by, construed under and interpreted in accordance with the laws of the State of Illinois.

10.8 **Headings.** Sections, subheadings and other headings used in this Agreement are for convenience only and shall not affect the construction of this Agreement.

10.9 **Interpretative Provisions.**

10.9.1 All references to the plural herein shall also mean the singular and to the singular shall also mean the plural unless the context otherwise requires.

10.9.2 All references to the Debtors and the Liquidating Trustee pursuant to the definitions set forth in the Recitals hereto, or to any other Person herein, shall include their respective successors and assigns.

10.9.3 The words “hereof,” “herein,” “hereunder,” “this Agreement” and words of similar import when used in this Agreement shall refer to this Agreement as a whole and not any particular provision of this Agreement and as this Agreement now exists or may hereafter be amended, modified, supplemented, extended, renewed, restated or replaced.

10.9.4 The word “including” when used in this Agreement shall mean “including, without limitation.”

10.10 **Severability.** Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall not invalidate the remaining provisions of this Agreement, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable any such provision in any other jurisdiction.**Amendments.** This Agreement may be amended from time to time by written instrument executed by the Liquidating Trustee pursuant to Bankruptcy Court order, provided, however, that no such order shall be required if the Liquidating Trustee’s counsel advises the Liquidating Trustee that any such amendment is required to ensure that the Liquidating Trust will not become subject to the Exchange Act.**Non-**

**Transferability of Beneficial Interests; Interests Beneficial Only; No Voting Rights; Successors.** All interests of the Beneficiaries of this Liquidating Trust shall be uncertificated and non-transferable, except by will, intestate succession, or operation of law.

10.12.2 The rights to a beneficial interest hereunder shall not entitle any Beneficiary to (a) any title in or to the Liquidating Trust Assets as such (which title is vested in the Liquidating Trustee) or to any right to call for a partition or division of Liquidating Trust Assets or to require an accounting, or (b) any voting rights with respect to the administration of the Liquidating Trust and the actions of the Liquidating Trustee in connection therewith.

10.12.3 This Agreement shall bind and inure to the benefit of the parties hereto and their respective successors and permitted assigns hereunder.

10.13 **No Suits by Creditors.** No creditor of the Debtors' Estates shall have any right by virtue of any provision of this Agreement to institute any action or proceeding in law or in equity against any party other than the Liquidating Trustee with respect to the Liquidating Trust Assets. **Irrevocability.** The Liquidating Trust is irrevocable, but is subject to amendment as provided for herein. **Liquidating Trust Continuance.** The death, dissolution, resignation, incompetency or removal of the Liquidating Trustee shall not operate to terminate the Liquidating Trust created by this Agreement or to revoke any existing agency created under the terms of this Agreement or invalidate any action theretofore taken by the Liquidating Trustee. In the event of the death, dissolution, resignation, incompetency or removal of the Liquidating Trustee, the Liquidating Trustee shall promptly 10.15.1 execute and deliver such documents, instruments and other writings as may be requested by the Bankruptcy Court or reasonably requested by a successor Liquidating Trustee to effect the termination of the Liquidating Trustee's capacity under this Agreement and the conveyance of the Liquidating Trust Assets then held by the Liquidating Trustee to the successor, 10.15.2 deliver to the Bankruptcy Court or the successor Liquidating Trustee all documents, instruments, records and other writings related to the Liquidating Trust as may be in the possession of the Liquidating Trustee and 10.15.3 otherwise assist and cooperate in effecting the assumption of his obligations and functions by such successor Liquidating Trustee.

10.16 **Enforcement and Administration.** The Bankruptcy Court shall retain jurisdiction to enforce and administer the provisions of this Agreement, as set forth in the Plan and herein. **Disclaimer Regarding Compensation and Expenses.** Except as provided in the Wind-Down Budget and as otherwise set forth herein, the parties hereto hereby acknowledge and agree that in no event shall the Debtors or the Purchaser have any obligation to fund any fees and expenses of the Liquidating Trust, the Liquidating Trustee or Professionals under this Agreement.

[signature pages follow]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement or caused this Agreement to be duly executed by their respective officers thereunto duly authorized as of the date first above written.

**HARTFORD COMPUTER GROUP, INC.**

**HARTFORD COMPUTER HARDWARE, INC.**

**HARTFORD COMPUTER GOVERNMENT,  
INC.**

**OLD NS, LLC (F/K/A NEXICORE SERVICES,  
.LLC)**

**By:** \_\_\_\_\_

**Name: Steven Nerger**

**Title: Chief Restructuring Officer**

**HARTFORD LIQUIDATING TRUSTEE**

**By:** \_\_\_\_\_

**Name: Peter Kravitz**

EXHIBIT 1

FEEES OF LIQUIDATING TRUSTEE

- For months 1-12 after the Effective Date, \$7,500 per month;
- For months 13-24 after the Effective Date, \$5,000 per month; and
- For month 25 and thereafter, \$2,500 per month.
- Three percent contingency fee participation on avoidance action recoveries and claim reductions related to avoidance actions.

**PLAN EXHIBIT B**

[Preserved Causes of Action]

[To Be Filed]

**DISCLOSURE STATEMENT EXHIBIT B**

[Liquidation Analysis]

[To Be Filed]