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UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re:

IBP CORP.,

Chapter 11

Case No. 08-11181 (AJG)

Debtor.

-----X

**DISCLOSURE STATEMENT FOR PLAN OF
LIQUIDATION OF IBP CORP., F/K/A OTC INTERNATIONAL, LTD.,
UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

IMPORTANT DATES

Date by which Objections to Confirmation
of the Plan Must be Filed and Served:

[_____, 2009

Date by which Ballots Must be Received:

[_____, 2009

Hearing on Confirmation of the Plan:

[_____, 2009

Dated: New York, New York
October 16, 2009

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I. INTRODUCTION

This is the disclosure statement (the “Disclosure Statement”) of IBP Corp., f/k/a OTC International, Ltd. (the “Debtor”), in the above-captioned Chapter 11 case pending before the United States Bankruptcy Court for the Southern District of New York, filed in connection with the Debtor’s Plan of Liquidation Under Chapter 11 of the Bankruptcy Code, dated June ___, 2009 (the “Plan”), a copy of which is annexed to this Disclosure Statement as Exhibit A.

A. Definitions and Exhibits

1. Definitions. Unless otherwise defined herein, capitalized terms used in this Disclosure Statement will have the meanings ascribed to such terms in the Plan.

2. Exhibits. All exhibits to this Disclosure Statement are incorporated as if fully set forth and are a part of this Disclosure Statement.

B. Notice to Creditors

1. Scope of Plan

The Plan is a product of consensual discussions among the Debtor, the Lenders and the Creditors Committee. The Debtor believes that the terms of the Plan are fair to all holders of Claims and Equity Interests, taking into account the financial situation of the Debtor and the legal priority of such Claims and Equity Interests. At this time, the Debtor does not believe that there is a viable alternative for completing this Chapter 11 Case other than through confirmation of the Plan. **IT IS THE OPINION OF THE DEBTOR, THE LENDERS AND THE CREDITORS COMMITTEE THAT CONFIRMATION AND IMPLEMENTATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR’S ESTATE AND CREDITORS. THEREFORE, THE DEBTOR, THE LENDERS AND THE CREDITORS COMMITTEE RECOMMEND THAT CREDITORS VOTE TO APPROVE OR OTHERWISE SUPPORT THE PLAN. IF THE PLAN CANNOT BE CONFIRMED FOR ANY REASON, THE DEBTOR WILL LIKELY CONVERT THIS CASE TO A CASE UNDER CHAPTER 7 OF THE BANKRUPTCY CODE. IN THAT EVENT, ALL HOLDERS OF CLAIMS (OTHER THAN THE HOLDERS OF ALLOWED ADMINISTRATIVE EXPENSE CLAIMS), WILL LIKELY RECEIVE NO DISTRIBUTION OTHER THAN A PRO RATA SHARE OF PROCEEDS OF AVOIDANCE ACTIONS, IF ANY.**

2. Purpose of Disclosure Statement. The purpose of the Disclosure Statement is to set forth information that (i) summarizes the Plan and alternatives to the Plan, (ii) advises holders of Claims and Equity Interests of its rights under the Plan, (iii) assists creditors entitled to vote in making informed decisions as to whether they should vote to accept or reject the Plan, and (iv) assists the Bankruptcy Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

By order dated [_____], 2009, the Court approved (i) this Disclosure Statement, finding that it contains “adequate information,” as that term is used in section 1125(a)(1) of the Bankruptcy Code, such that it is adequate and contains information sufficient to inform those

holders of claims and interests outlined above of its treatment under the Plan and the basis for this treatment. However, the Bankruptcy Court has not passed on the merits of the Plan. Creditors should carefully read the Disclosure Statement, in its entirety, before voting on the Plan.

PLEASE READ THE DISCLOSURE STATEMENT, INCLUDING THE PLAN, IN ITS ENTIRETY. THE DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ALL SUCH SUMMARIES. ACCORDINGLY, IF THERE EXISTS ANY INCONSISTENCY BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN WILL CONTROL.

C. Disclosure Statement Enclosures

Accompanying the Disclosure Statement are the following enclosures:

1. Disclosure Statement Approval Order. A copy of the order of the Court, dated [____], 2009 approving the Disclosure Statement and, among other things, establishing procedures for voting on the Plan and scheduling the hearing to consider, and the deadline for objecting to, confirmation of the Plan (the “Approval Order”).
2. Notice of Confirmation Hearing. A copy of the notice of the deadline for submitting ballots to accept or reject the Plan and, among other things, the date, time and place of the Confirmation Hearing and the deadline for filing objections to confirmation of the Plan (the “Confirmation Hearing Notice”).
3. Ballots. A ballot (and return envelope) for voting to accept or reject the Plan, unless you are not entitled to vote because you are (i) to receive no distribution under the Plan and are deemed to reject the Plan or (ii) not impaired under the Plan and are deemed to accept the Plan. See Section VI below for an explanation of which parties in interest are entitled to vote.

D. Inquiries

If you have any questions about the packet of materials that you have received, please contact Patrick J. Orr, Esq., Klestadt & Winters, LLP, 292 Madison Avenue, New York, New York 10019, telephone (212) 972-3000 during normal business hours.

E. Summary Table of Classification and Treatment of Claims and Equity Interests under the Plan

Claims and Equity Interests are divided into five (5) classes under the Plan and the proposed treatment of Claims and Equity Interests in each Class is described in the Plan and in the chart set forth below. Such classification takes into account the different nature and priority of the Claims and Equity Interests. The Plan contains one class of unimpaired Priority Non-Tax Claims (Class 1), one Class of impaired Lenders’ Secured Claims (Class 2), one Class of unimpaired Other Secured Claims (Class 3), one Class of impaired General Unsecured Claims (Class 4), and one Class of impaired Equity Interests (Class 5). The meaning of “impairment,”

and the consequences thereof in connection with voting on the Plan, is set forth in Section II.A below.

The estimated percentage recovery to holders of General Unsecured Claims in Class 4 is dependent on, among other things, the total amount of Administrative Expense Claims that become Allowed Claims and the success of the Plan Administrator in prosecuting Causes of Action, if any. Furthermore, proofs of claims filed as a result of the July 18, 2008, deadline for filing proofs of claim (the “Bar Date”) and the deadline for filing requests for payment of certain Administrative Expense Claims (the “Administrative Claims Bar Date”) may cause different recoveries for other Claims. The following table is qualified in its entirety by reference to the Plan, a copy of which is attached hereto as Exhibit A. Under no circumstances will any creditor receive more than 100% of its Allowed Claim.

Class Number	Class Description	Estimated Amount of Allowed Claims in Class	Treatment Under the Plan/Estimated % Recovery Under Plan
N/A	Administrative Expense Claims	\$0 to [\$]	<p>-Unimpaired. Recovery: 100%</p> <p>-Holders of Allowed Administrative Expense Claims will receive either (a) an amount in Cash equal to such Allowed Administrative Expense Claim, or (b) such lesser amount as the holder of such Allowed Administrative Expense Claim and the Debtor or the Plan Administrator might otherwise agree, as applicable.</p>
N/A	Priority Tax Claims	[Approximately \$2,700,000]	<p>-Unimpaired. Recovery: 100%</p> <p>- Except to the extent the holder of an Allowed Priority Tax Claim agrees otherwise, each holder of an Allowed Priority Tax Claim, shall be paid in respect of such Allowed Claim either (a) the full amount thereof, without post-petition interest or penalty, in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim, or (b) such lesser amount as the holder of an Allowed Priority Tax Claim and the Debtor (or, following the Effective Date, the Plan Administrator) agree.</p>

Class Number	Class Description	Estimated Amount of Allowed Claims in Class	Treatment Under the Plan/Estimated % Recovery Under Plan
Class 1	Priority Non-Tax Claims	[Approximately \$200,000]	<p>-Unimpaired.</p> <p>-Holders of Allowed Priority Non-Tax Claims will receive an amount in Cash equal to Allowed amount of such Priority Non-Tax Claim.</p>
Class 2	Lenders' Secured Claims	\$28,447,916.92	<p>-Impaired.</p> <p>-Each holder of an Allowed Lenders' Secured Claim, on account of its Allowed Lenders' Secured Claim, shall retain any distributions made by the Debtor after the Commencement Date and shall otherwise have the Lenders' Unsecured Deficiency Claim. In accordance with the Wind Down Stipulation, the Lenders shall receive, on account of the Lenders' Unsecured Deficiency Claim, a Pro Rata share of the Plan Funds minus the Unsecured Carve Out. In accordance with the Wind Down Stipulation, the Lenders waived their rights to receive a distribution under the Plan from the Unsecured Carve Out. All distributions to holders of Allowed Lenders' Secured Claims and the Lenders' Unsecured Deficiency Claim shall be made to the Lenders' Agent on behalf of the holders of Allowed Lenders' Secured Claims and Lenders' Unsecured Deficiency Claim, and the Lenders' Agent shall distribute to each holder of Allowed Lenders' Secured Claims and Lenders' Unsecured Deficiency Claim such holder's Pro Rata share of all such distributions in accordance with the terms of the Prepetition Revolving Facility.</p>
Class 3	Other Secured Claims	\$0	<p>-Unimpaired.</p> <p>- Each holder, if any, of an Allowed Other Secured Claim against the Debtor shall, on the Effective Date, or as soon thereafter as is reasonably practicable, be entitled to retain</p>

Class Number	Class Description	Estimated Amount of Allowed Claims in Class	Treatment Under the Plan/Estimated % Recovery Under Plan
			or retrieve the collateral securing such Allowed Other Secured Claim. Holders of Allowed Other Secured Claims shall be entitled to an Allowed General Unsecured Claim in the amount of any deficiency in the value of the collateral securing such Allowed Other Secured Claim and the amount of such Allowed Other Secured Claim.
Class 4	General Unsecured Claims	[Approximately \$39,000,000]	<p>-Impaired.</p> <p>-On the Effective Date, or as soon thereafter as reasonably practical, each holder of an Allowed General Unsecured Claim will receive one or more distributions of their respective Pro Rata share of the Plan Fund, subject to Sections 6.10 and 6.13 of the Plan.</p>
Class 5	Equity Interests	N/A	<p>-Impaired. Recovery: 0%.</p> <p>-On the Effective Date, the common stock and other instruments evidencing Equity Interests in the Debtor shall be cancelled without further action under any applicable agreement, law, regulation, order or rule, and Equity Interests evidenced thereby will be extinguished.</p>

II. OVERVIEW OF THE PLAN

A. General

This section of the Disclosure Statement summarizes the Plan, which is set forth in its entirety as Exhibit A hereto. This summary is qualified in its entirety by reference to the Plan. **YOU SHOULD READ THE PLAN IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.**

The Debtor filed the Plan after evaluating its remaining alternatives for completing its Chapter 11 Case. The Plan is a product of substantial discussions and negotiations among the Debtor, the Lenders and the Creditors Committee. The Debtor believes that the terms of the Plan are fair to all holders of Claims and Equity Interests. At this time, the Debtor does not believe that there is a viable alternative for completing its Chapter 11 Case other than through

confirmation of the Plan. If the Plan is not confirmed, the Debtor believes that this Chapter 11 Case will be converted to a case under chapter 7 of the Bankruptcy Code. As a result of negotiations with the Lenders, distributions are being made available to holders of Priority Claims and General Unsecured Claims pursuant to the Plan that would not be available if the case was converted to a case under chapter 7 of the Bankruptcy Code.

In general, a chapter 11 plan of liquidation (i) divides claims and equity interests into separate classes, (ii) specifies the property that each class is to receive under the plan, and (iii) contains other provisions necessary to implement the Plan. Under the Bankruptcy Code, “claims” and “equity interests” are classified rather than “creditors” and “shareholders” because such entities may hold claims and equity interests in more than one class. Under section 1124 of the Bankruptcy Code, a class of claims is “impaired” under a plan unless the plan (a) leaves unaltered the legal, equitable and contractual rights of each holder of a claim in such class, or (b) provides, among other things, for the cure of existing defaults and reinstatement of the maturity of Claims in such class. Classes 2 and 4 are impaired under the Plan and holders of claims in such classes are entitled to vote to accept or reject the Plan. Ballots are being furnished herewith to all holders of Class 2 and Class 4 Claims to facilitate its voting to accept or reject the Plan.

A chapter 11 plan of liquidation may also specify that certain classes of claims or equity interests will have its claims or equity interests remain unaltered by the plan. Such classes are referred to as “not impaired” and, because of the favorable treatment accorded such classes, they are conclusively deemed to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Classes 1 and 3 are not impaired under the Plan and are, therefore, presumed to accept the Plan and are not entitled to vote to accept or reject the Plan. No ballots are enclosed for holders of Class 1 and 3 Claims.

A chapter 11 plan of liquidation may also specify that certain classes will not receive any distribution under the plan. Under section 1126(g) of the Bankruptcy Code, such classes are conclusively deemed to have rejected the plan and, therefore, need not be solicited to accept or reject the plan. The Lenders have agreed to provide a portion of the value to which they would otherwise be entitled to holders of General Unsecured Claims in Class 4. Holders of Equity Interests in Class 5 shall not receive or retain any property under the Plan on account of such Equity Interests, and are conclusively deemed to reject the Plan. No ballot is enclosed for holders of Class 5 Equity Interests.

The “Effective Date” of the Plan means the date on which each of the conditions precedent to the occurrence of the Effective Date of the Plan specified in the Plan have been satisfied or waived.

B. Assets For Distribution Under the Plan

The Plan provides for the distribution to the holders of Administrative Expense Claims, Priority Tax Claims and Priority Non-Tax Claims of 100% of the Allowed amount of such Claims, the return of collateral securing Other Secured Claims and the Pro Rata distribution to holders of General Unsecured Claims of substantially all of the Debtor’s remaining assets from the Plan Fund.

C. Provisions Governing Distribution Under The Plan

1. Effective Date Distributions To Holders Of Allowed Administrative Expense Claims And Allowed Priority Non-Tax Claims. As soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim, or upon other agreed terms, the Plan Administrator will distribute, on behalf of the Debtor, to each holder of an Allowed Administrative Expense Claim or Allowed Priority Non-Tax Claim (a) the full amount thereof in Cash, or (b) such lesser amount as the holder of an Allowed Administrative Expense Claim or Allowed Priority Non-Tax Claim and the Debtor or the Plan Administrator might otherwise agree; provided, however, that, in the event there exists any Disputed Administrative Claims or Disputed Priority Claims, the Plan Administrator shall at all times hold and maintain sufficient Cash in the Disputed Administrative/Priority Claims Reserves.

2. Subsequent Distributions To Holders Of Allowed Administrative Expense Claims and Allowed Priority Non-Tax Claims. After the initial distribution set forth in the Plan, the Plan Administrator, on behalf of the Debtor, after establishing or maintaining the Disputed Administrative/Priority Claims Reserve, will make additional periodic Cash distributions to holders of Allowed Administrative Expense Claims and Allowed Priority Claims until the Administrative/Priority Claims Fund has been exhausted. Unless otherwise provided in the Plan, to the extent Cash is available after the Effective Date from undeliverable, time-barred or unclaimed distributions from the Administrative/Priority Claims Fund to holders of Allowed Administrative Claims and Allowed Priority Claims, the Plan Administrator will reserve such Cash in the Administrative/Priority Claims Fund. To the extent that the amount of Cash required to be maintained in the Disputed Administrative/Priority Claims Reserves will decrease as Disputed Administrative Expense Claims and Disputed Priority Claims are resolved and/or disallowed by Final Order, such excess Cash will be released from the Disputed Administrative/Priority Claims Fund and distributed to the Lenders in accordance with Section [4.2(b)] of the Plan.

3. Distributions To Holders Of Allowed Priority Tax Claims. Except to the extent the holder of an Allowed Priority Tax Claim agrees otherwise, each holder of an Allowed Priority Tax Claim, shall be paid in respect of such Allowed Claim either (a) the full amount thereof, without post-petition interest or penalty, in Cash, as soon as practicable after the later of (i) the Effective Date and (ii) the date on which such Claim becomes an Allowed Claim, or (b) such lesser amount as the holder of an Allowed Priority Tax Claim and the Debtor (or, following the Effective Date, the Plan Administrator) agree, subject to the consent of the Lenders Agent.

4. Distribution To Holders Of Allowed Lenders' Secured Claims. Each holder of an Allowed Lenders' Secured Claim, on account of its Allowed Lenders' Secured Claim shall retain any distributions made by the Debtor after the Commencement Date and shall otherwise have the Lenders' Unsecured Deficiency Claim. In accordance with the Wind Down Stipulation, the Lenders shall receive, on account of the Lenders' Unsecured Deficiency Claim, a Pro Rata share of the Plan Funds minus the Unsecured Carve Out. In accordance with the Wind Down Stipulation, the Lenders waived their rights to receive a distribution under the Plan from the Unsecured Carve Out. All distributions to holders of Allowed Lenders' Secured Claims and the Lenders' Unsecured Deficiency Claim shall be made to the Lenders' Agent on behalf of the

holders of Allowed Lenders' Secured Claims and Lenders' Unsecured Deficiency Claim, and the Lenders' Agent shall distribute to each holder of Allowed Lenders' Secured Claims and Lenders' Unsecured Deficiency Claim such holder's Pro Rata share of all such distributions in accordance with the terms of the Prepetition Revolving Facility.

5. Distribution To Holders Of Allowed Other Secured Claims. Each holder, if any, of an Allowed Other Secured Claim against the Debtor shall, on the Effective Date, or as soon thereafter as is reasonably practicable, be entitled to retain or retrieve the collateral securing such Allowed Other Secured Claim. Holders of Allowed Other Secured Claims shall be entitled to an Allowed General Unsecured Claim in the amount of any deficiency in the value of the collateral securing such Allowed Other Secured Claim and the amount of such Allowed Other Secured Claim.

6. Distribution To Holders Of Allowed General Unsecured Claims. On the Effective Date, or as soon thereafter as reasonably practical, each holder of an Allowed General Unsecured Claim will receive one or more distributions of their respective Pro Rata share of the Plan Fund, subject to Sections 6.10 and 8.1 of the Plan.

7. Plan Fund. On the Effective Date, the Plan Administrator, on behalf of the Debtor, will establish the Plan Operations Fund with means a segregated fund containing (a) the Unsecured Carve Out, (b) all proceeds of any Causes of Action, and (c) any other funds which become available to the Estate. After the resolution and payment of all Administrative Expense Claims, the Plan Fund shall be utilized by the Plan Administrator to pay all costs of executing the Plan and winding up the affairs of the Debtor, including, but not limited to, (i) costs of pursuing any Causes of Action, (ii) costs of retaining professionals, employees, and consultants, (iii) the fees and expenses of the Plan Administrator, and (iv) amounts necessary to fund the Disputed Administrative/Priority Claims Reserve, the Disputed General Unsecured Claims Reserve and to pay a proportionate share of taxes which the Plan Administrator estimates will be attributable to earnings of the Disputed Administrative/Priority Claims Reserve and the Disputed General Unsecured Claims Reserve.

8. Causes of Action.

(a) Causes of Action Defined. Section 1.11 of the Plan defines the Causes of Action to include any and all rights, claims, causes of action, suits and proceedings, including, but not limited to (a) those relating to the collection of the Debtor's unpaid receivables (b) actions commenced, or that may be commenced before or after the Effective Date by or on behalf of the Debtor and/or the Estate, pursuant to section 544, 545, 547, 548, 550 or 551 of the Bankruptcy Code, (c) rights, claims and causes of action of the Debtor and/or the Estate against the former owners, officers and directors of the Debtor (other than the Released Parties), and (d) rights or interests of the Debtor and/or the Estate to state tax refunds.

(b) Effect of Releases in Favor of Released Parties. The Plan includes certain release, injunction, and exculpation provisions under Section 11.3 thereof (the "Limiting Liability Provisions") in favor of any current or former agent, representative, attorney, accountant, financial advisor or other professional of the Plan Administrator, the Creditors Committee (but not any Person which is a member thereof), and the Lenders. The Plan provides that the Lenders

and the Lender's Agent reserve all of their rights against the Sheinmans including their rights against the Sheinmans with respect to the guaranties executed by the Sheinmans in favor of the Lenders and the action the Lenders have brought against the Sheinmans styled "Sovereign Bank, et al. v. Sheinman, et al." pending in the Supreme Court, County of New York (Index No. 601309/09).

(c) On the Effective Date, the Debtor shall transfer to the Plan Administrator its interest in the Causes of Action. Any proceeds received from the Causes of Action will be paid to the Plan Administrator and shall be deposited into the Plan Fund.

9. Distributions of Cash. Any payment of Cash made by the Debtor or the Plan Administrator pursuant to the Plan may be made at the option of the Debtor or the Plan Administrator, as the case may be, either by check drawn on a domestic bank or by wire transfer from a domestic bank.

10. Distributions Free and Clear. Any distributions or transfers by the Plan Administrator, including, but not limited to, distributions to any holder of an Allowed Claim, shall be free and clear of any liens, claims and encumbrances, and no other entity, including the Debtor, the Debtor in Possession or the Plan Administrator shall have any interest, legal, beneficial or otherwise, in assets transferred pursuant to the Plan.

11. Time Bar to Cash Payments. Checks issued by the Plan Administrator in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Plan Administrator by the holder of the Allowed Claim to whom such check originally was issued. Any Claim in respect of such a voided check shall be made on or before thirty (30) days after the expiration of the sixty day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert to the fund from which such amount was distributed, and any Claim in respect of such voided check shall be discharged and forever barred from assertion against the Debtor and its property or the Plan Administrator.

12. Withholding and Reporting Requirements. In connection with the Plan, the Debtor or the Plan Administrator shall comply with all applicable withholding and reporting requirements imposed by any federal, state or local taxing authority, and all distributions under the Plan shall be subject to any such withholding or reporting requirements.

13. Delivery of Distributions and Undeliverable Distributions. Distributions to holders of Allowed Claims shall be made at the address of each such holder as set forth on the Schedules filed with the Bankruptcy Court, unless superseded by a new address as set forth (a) on a proof of claim filed by a holder of an Allowed Claim or (b) in another writing notifying the Plan Administrator (at the addresses set forth in the Plan) of a change of address. If any holder's distribution is returned as undeliverable, no further distributions to such holder shall be made unless and until the Plan Administrator is notified of such holder's then-current address, at which time all missed distributions shall be made to such holder, without interest. All demands for undeliverable distributions shall be made on or before ninety (90) days after the date such undeliverable distribution was initially made. Thereafter, the amount represented by such undeliverable distribution shall irrevocably revert to the fund from which such amount was

distributed, and any Claim in respect of such undeliverable distribution shall be discharged and forever barred from assertion against the Debtor and its property, or the Plan Administrator.

14. Setoffs. Except as otherwise provided in the Plan, the Confirmation Order, or in agreements previously approved by Final Order of the Court, the Debtor or the Plan Administrator, pursuant to law (including section 553 of the Bankruptcy Code), may offset against any Claim (other than a Secured Claim, including the Lenders' Secured Claim), including an Administrative Expense Claim, before any distribution is made on account of such Claim, and all of the claims, rights, and causes of action of any nature that the Debtor or the Plan Administrator may hold against the holder of such Claim; provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtor or the Plan Administrator of any such claims, rights, and Causes of Action that the Debtor or the Plan Administrator may possess against such holder. To the extent the Debtor or the Plan Administrator fail to set off against a creditor and seek to collect a claim from such creditor after a distribution to such creditor pursuant to the Plan, the Debtor or the Plan Administrator to the extent successful in asserting such Cause of Action, shall be entitled to full recovery against such creditor.

15. Allocation of Distributions. Distributions to any holder of an Allowed Claim shall be allocated first to the principal portion of any such Allowed Claim, and, only after the principal portion (as defined for federal income tax purposes) of any such Allowed Claim is satisfied in full, to any portion of such Allowed Claim comprising prepetition interest (but solely to the extent that interest is an allowable portion of such Allowed Claim).

16. Transactions on Business Days. If the Effective Date or any other date on which a transaction may occur under the Plan shall occur on a day that is not a Business Day, the transactions contemplated by the Plan to occur on such day shall instead occur on the next succeeding Business Day.

17. Termination of Duties of Plan Administrator. The duties of the Plan Administrator will terminate after the Debtor has been dissolved and all assets or the proceeds of the liquidation thereof held by or controlled by the Plan Administrator have been distributed in accordance with the terms of this Plan and after material completion of all other duties and functions set forth herein, but in no event later than three (3) years after the Effective Date, unless extended by order of the Court.

D. Means For Implementation And Execution Of Plan

1. Powers.

(a) On the Effective Date, the authority, power and incumbency of the persons then acting as directors and officers of the Debtor shall be terminated and such directors and officers shall be deemed to have resigned.

(b) On the Effective Date, (i) the Plan Administrator shall be appointed and shall succeed to such powers as would have been applicable to the Debtor's officers, directors, and shareholders, (ii) the Debtor shall assign and transfer absolutely and unconditionally to the Plan Administrator all of its assets, including, without limitation, the Causes of Action and (iii) the

Debtor shall be authorized to be (and, by the conclusion of the winding up of its affairs, shall be) dissolved.

(c) On the Effective Date, the Plan Administrator shall establish and fund the Plan Fund.

(d) All assets transferred to the Plan Administrator pursuant to the Plan shall be subject only to the obligation of the Plan Administrator to pay (i) holders of Allowed Administrative Expense Claims and Allowed Priority Claims, as set forth herein, (ii) holders of Allowed Other Secured Claims, as set forth therein, (iii) holders of Allowed Lenders' Secured Claims, as set forth therein, (iv) holders of Allowed General Unsecured Claims, as set forth therein, (v) professional fees and expenses that have not been paid as of the Effective Date through the Plan Fund, in accordance with the Wind Down Stipulation, and (vi) costs, fees and expenses in connection with the prosecution of Causes of Action through the Plan Fund, (vii) costs, fees and expenses in connection with the prosecution of objections to General Unsecured Claims through the Plan Fund, and (viii) any other expenses incurred and unpaid, or to be incurred by the Debtor or the Plan Administrator in respect of consummation of the Plan and winding up of the Estate through the Plan Fund.

(e) In addition, (i) in the event there exists any Disputed Administrative Expense Claims, Disputed Priority Claims or Disputed Other Secured Claims, on the Effective Date, the Plan Administrator shall at all times hold and maintain sufficient Cash in the Disputed Administrative/Priority Claims Reserve in an amount no less than that which would be required to be distributed from the Administrative/Priority Claims Reserve, to (A) the holders of Disputed Administrative Expense Claims and Disputed Priority Claims if all such Claims are subsequently Allowed and (B) the holders of Disputed Other Secured Claims if all such Claims that would be classified as Administrative Expense Claims or Priority Claims if the claimants' security interests were determined to be invalid or unenforceable are subsequently Allowed as Administrative Expense Claims or Priority Claims (without waiving any rights of the Debtor or the Plan Administrator to challenge whether any of the Disputed Other Secured Claims would be an Allowed Administrative Expense Claim or Allowed Priority Claim hereunder), and (ii) in the event there exists any Disputed General Unsecured Claims on the Effective Date, the Plan Administrator shall at all times hold and maintain sufficient cash in the Disputed General Unsecured Claims Reserve in an amount no less than that which would be required to be distributed to holders of Disputed General Unsecured Claims if all such Claims are subsequently Allowed. Any Cash remaining in the Disputed Administrative/Priority Claims Reserve after the resolution and/or disallowance by Final Order of any Disputed Administrative Expense Claim or Disputed Priority Claim, as the case may be, shall be released from the applicable Disputed Claims Reserve and deposited into the Plan Fund. Any Cash remaining in the Disputed General Unsecured Claim Reserve after the resolution and/or disallowance by Final Order of any Disputed General Unsecured Claim shall be released from the Disputed General Unsecured Claim Reserve and deposited to the Plan Fund.

2. Plan Administrator. The Creditors Committee, in consultation with the Lenders' Agent, shall designate the Plan Administrator, whose appointment shall be subject to the approval of the Court pursuant to the Confirmation Order. The Creditors Committee has designated Marianne O'Toole as the Plan Administrator. The salient terms of the Plan

Administrator's employment, including the Plan Administrator's duties and compensation (which compensation shall be negotiated by the Plan Administrator and the Creditors Committee, in consultation with and reasonably acceptable to the Lenders' Agent), to the extent not set forth in the Plan, shall be set forth in the Confirmation Order. In general, the Plan Administrator shall act for the Estate in a fiduciary capacity as applicable to a board of directors. For the purposes of the Plan and the Chapter 11 Case, the Plan Administrator shall be considered a successor to the Debtor and/or an estate representative appointed pursuant to Section 1123(b)(3) of the Bankruptcy Code. Any decision, made or not made, or action, taken or not taken, by the Plan Administrator with the consent of or at the direction of the Lenders Agent and/or the Oversight Committee, as the case may be as set forth in the Plan, or with the approval of the Bankruptcy Court as set forth in the Plan, shall be deemed to have been made, not made, taken, or not taken, as applicable, by the Plan Administrator without gross negligence or willful misconduct. The duties and powers of the Plan Administrator shall include the following, but in all cases shall be consistent with the terms of the Plan:

- (a) To exercise all power and authority that may be or could have been exercised, commence all proceedings that may be or could have been commenced, and take all actions that may be or could have been taken by an officer, director, or shareholder of the Debtor with like effect as if authorized, exercised, and taken by unanimous action of such officers, directors, and shareholders, including, without limitation, amendment of the certificate of incorporation and by-laws of the Debtor and the dissolution of any Debtor;
- (b) To maintain the Debtor's books and records, maintain accounts, make distributions, and take other actions consistent with the Plan and the implementation hereof;
- (c) Subject to the applicable provisions of the Plan, to collect and liquidate all assets of the Estates pursuant to the Plan and to administer the winding-up of the affairs of the Debtor;
- (d) To incur any reasonable and necessary expenses in connection with the liquidation and conversion of the assets of the Debtor's Estate to Cash;
- (e) To object to, compromise or settle any Claims and enter into any agreement or execute any document required by or consistent with the Plan relating to any Claims, including prior to objection, without supervision or approval of the Court, free of any restrictions of the Bankruptcy Code, the Bankruptcy Rules, the local rules of the Court, and the guidelines and requirements of the United States Trustee for Region 2, other than those restrictions expressly imposed by the Plan or the Confirmation Order, and/or to seek Court approval for any Claims settlements made;
- (f) To make decisions, without further Court approval, regarding the retention or engagement of professionals, employees, and consultants by the Plan Administrator and to pay, from the Plan Fund, the fees and charges incurred by the Plan Administrator on or after the Effective Date for fees and other expenses of professionals, disbursements, expenses, or related support services relating to the winding down of the Debtor and implementation of the Plan (excluding, however, the reconciliation of and/or objection to any General Unsecured Claims and the pursuit of Avoidance Actions, as provided in clause (e) above) without application to the Court;

- (g) To file tax returns;
- (h) To seek a determination of tax liability under section 505 of the Bankruptcy Code or otherwise and to pay from the Plan Fund (i) any taxes incurred by the Debtor or the Plan Administrator after the Effective Date attributable to earnings of the Disputed Administrative/Priority Claims Reserve and (ii) any taxes incurred by the Debtor or the Plan Administrator after the Effective Date attributable to earnings of the Disputed General Unsecured Claims Reserve;
- (i) To collect any accounts receivable or other claims of the Debtor or the Estates not otherwise disposed of pursuant to the Plan;
- (j) To invest Cash in accordance with section 345 of the Bankruptcy Code or as otherwise permitted by a Final Order of the Court and as deemed appropriate by the Plan Administrator;
- (k) Except as otherwise provided in the Plan, to enter into any agreement or execute any document required by or consistent with the Plan and perform all of the Debtor' obligations thereunder;
- (l) To abandon in any commercially reasonable manner, including abandonment or donation to a charitable organization of its choice, any assets, if it concludes that they are of no benefit to the Estate;
- (m) To prosecute, abandon, sell, release and/or settle any Causes of Action and exercise, participate in or initiate any proceeding before the Court or any other court of appropriate jurisdiction and participate as a party or otherwise in any administrative, arbitative or other nonjudicial proceeding and litigate or settle such Causes of Action in the name of the Debtor or the Estate, and pursue to settlement or judgment such Causes of Action, and enter into any agreement or execute any document required by or consistent with the Plan relating thereto;
- (n) To implement and/or enforce all provisions of the Plan;
- (o) To take all other actions not inconsistent with the provisions of the Plan which the Plan Administrator deems reasonably necessary or desirable with respect to administering the Plan; and
- (p) To collect and liquidate all assets of the Estate pursuant to the Plan and administer the winding up of the affairs of the Debtor, including, but not limited to, causing the dissolution of the Debtor and closing the Chapter 11 Case.

3. Oversight Committee.

- (a) The Oversight Committee shall be comprised of three (3) members of the Creditors Committee who shall be identified in the Confirmation Order as members thereof, with such duties as are prescribed herein and in the Confirmation Order.

(b) In the event that the members of the Oversight Committee cannot agree on a matter as to which an action or instruction of the Oversight Committee is required hereunder, such dispute shall be submitted to the Bankruptcy Court for resolution. In the event of the resignation of a member of the Oversight Committee, the remaining two members shall designate a successor from the willing and able members of the Creditors Committee. Unless and until such vacancy is filled, the Oversight Committee shall function with such reduced membership.

(c) In the event a holder of a Claim whose representative serves on the Oversight Committee should assign its Claim or release the Debtor from further distribution on such Claims, such assignment or release shall constitute the resignation of such Claim holder from the Oversight Committee.

(d) The members of the Oversight Committee shall not be compensated for serving in their capacity as members of the Oversight Committee. The Oversight Committee shall not hire any employees, professionals, attorneys or agents.

(e) Neither the Oversight Committee, nor any of its members, shall in any way be liable for any acts or for the acts of any of its members, except for acts undertaken with gross negligence or willful misconduct in the performance of their duties as members of the Oversight Committee.

(f) The Plan Administrator and the Oversight Committee and/or its members shall be entitled to pay, from the Plan Fund, all costs of defending the Plan Administrator and the Oversight Committee and/or its members in any action brought against them for any decisions, acts, or omissions of the Plan Administrator and the Oversight Committee and/or its members relating to their capacities as such; provided, however, the Plan Administrator shall return the portion of the Plan Fund used by the Plan Administrator and the Oversight Committee and/or its members in defending any action for which the Plan Administrator and the Oversight Committee and/or its members are found to have acted with gross negligence or willful misconduct.

(g) The rights, powers, and duties of the Oversight Committee provided for under the terms of this Plan shall first become effective as of the Effective Date and shall continue until the closing of the Chapter 11 Case. The duties of the Oversight Committee will terminate after the Debtor has been dissolved and all assets held by or controlled by the Plan Administrator have been distributed in accordance with the terms of this Plan and after material completion of all other duties and functions of the Oversight Committee set forth herein, but in no event later than three (3) years after the Effective Date, unless extended by order of the Court.

4. Investment Power. The right and power of the Plan Administrator to invest any Cash transferred to the Plan Administrator, the Cash proceeds from the liquidation of any assets transferred to the Plan Administrator, and the realization or disposition of any Causes of Action, and any income earned by the Plan Administrator shall be limited to the right and power to invest such Cash in United States Treasury Bills, interest-bearing certificates of deposit, tax exempt securities or investments permitted by section 345 of the Bankruptcy Code or otherwise authorized by the Bankruptcy Court, using prudent efforts to enhance the rates of interest earned on such Cash without inordinate credit risk or interest rate risk; provided,

however, that the Plan Administrator may expend its Cash (i) as reasonably necessary to meet contingent liabilities and to maintain the value of the assets of the Debtor's Estate during the Debtor's liquidation, (ii) to pay reasonable administrative expenses which have been incurred (including, but not limited to, any taxes imposed on the Plan Administrator or fees and expenses in connection with litigation), (iii) to fund the distribution to holders of Disputed Claims to the extent such Claims are subsequently Allowed and (iv) to satisfy other liabilities incurred or assumed by the Plan Administrator (or to which the assets of the Plan Administrator are otherwise subject) in accordance with the Plan or order of the Court.

5. Taxes.

(a) The Plan Administrator shall have the powers of administration regarding all of the Debtor's tax obligations, including filing of returns. The Plan Administrator shall (i) use reasonable efforts to complete and file within ninety (90) days after the dissolution of the Debtor (or such longer period as authorized by the Bankruptcy Court) the Debtor's final federal, state and local tax returns, (ii) request an expedited determination of any unpaid tax liability of the Debtor or the Estates under Bankruptcy Code section 505 for all taxable periods of the Debtor through the liquidation of the Debtor as determined under applicable tax laws and (iii) represent the interest and account of the Debtor or the Estates before any taxing authority in all matters including, without limitation, any action, suit, proceeding or audit.

(b) The Plan Administrator may, with the prior consent of the Lenders' Agent, request that the Bankruptcy Court determine the amount of any Tax Claim pursuant to section 505 and/or section 502(c) of the Bankruptcy Code regardless of whether the Debtor or the Plan Administrator have previously objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time. If the estimated amount constitutes a maximum limitation on such Claim, the Plan Administrator may elect to pursue any supplemental proceeding to object to any ultimate payment of such Claim. All of the aforementioned Claims objection, estimation, and resolution procedures are cumulative and not necessarily exclusive of one another. On and after the Confirmation Date, Tax Claims that have been estimated may be compromised, settled, withdrawn, or otherwise resolved subsequently, without further order of the Bankruptcy Court.

6. Operations of Plan Administrator. The Plan Administrator shall, in an expeditious but orderly manner and subject to the provisions of the Plan, liquidate and convert to Cash the assets of the Debtor's Estate, make timely distributions and not unduly prolong the duration of the Chapter 11 Case. In so doing, the Plan Administrator shall exercise its reasonable business judgment in liquidating the assets of the Debtor's Estate to maximize recoveries. The Plan Administrator shall have no liability to the Debtor, the Estate, the holders of any Claims, the Oversight Committee, the Lenders, or any other party for the outcome of any decisions, made or not made, or actions, taken or not taken, in connection with its role as Plan Administrator except for gross negligence or willful misconduct.

7. Resignation, Death, or Removal of Plan Administrator. The Plan Administrator may resign at any time upon 60 days' written notice to the Oversight Committee. In the event of any such resignation, or the death or incapacity of the Plan Administrator, the Oversight Committee, may appoint a new Plan Administrator. In addition, the Oversight

Committee, in the exercise of its reasonable discretion, may remove the Plan Administrator from its role in connection with the prosecution of the Causes of Action and reconciliation of and/or objection to General Unsecured Claims, upon notice to the United States Trustee, the Lenders' Agent, and the parties entitled to notice under this Plan. In the event of any such resignation or removal of the Plan Administrator by the Oversight Committee, the Oversight Committee may appoint a new Plan Administrator to serve in connection with the prosecution of Causes of Action and reconciliation of and/or objection to General Unsecured Claims, and the original Plan Administrator shall continue to function in its capacity as to all other roles under this Plan. No successor Plan Administrator under the Plan shall in any event have any liability or responsibility for the acts or omissions of any of his or her predecessors. Every successor Plan Administrator appointed pursuant to the Plan shall execute, acknowledge and deliver to the Bankruptcy Court and the Oversight Committee an instrument in writing accepting such appointment under the Plan, and thereupon such successor Plan Administrator, without any further act, shall become fully vested with all of the rights, powers, duties and obligations of his or her predecessor.

8. **Debtor' Post-Confirmation Role; Dissolution.** The Debtor shall perform each of the following acts as soon as practicable on or after the Effective Date:

(a) **Administration of Taxes.** The Debtor shall, in accordance with Section 6.5(a) of the Plan, designate the Plan Administrator with regard to all tax matters of the Debtor.

(b) **Transfers to the Plan Administrator.** On the Effective Date, all of the Debtor's right, title and interest in and to all of its assets shall be transferred and assigned absolutely and unconditionally to the Plan Administrator, on behalf of and as agent to the Debtor, by operation of the Plan to carry out the provisions of the Plan. Upon such assignment, the Debtor shall have no further responsibilities with respect to making distributions under the Plan.

(c) **Closing of the Chapter 11 Case.** When all Disputed Claims have become Allowed Claims or have been disallowed by Final Order, and all remaining assets of the Debtor have been liquidated and converted into Cash (other than those assets abandoned by the Debtor or the Plan Administrator), and such Cash has been distributed in accordance with the Plan, the Plan Administrator shall seek authority from the Bankruptcy Court to close the Chapter 11 Case in accordance with the Bankruptcy Code and the Bankruptcy Rules, including, without limitation, the filing of a final distribution report and request for a final decree.

(d) **Dissolution.** Within sixty (60) days after its completion of the acts required by the Plan (and all distributions required to be made by the Plan Administrator under the Plan have been made), or as soon thereafter as is practical, the Plan Administrator shall file a certificate of dissolution for the Debtor or certificate of merger for the Debtor, together with all other necessary corporate documentation, to effect its dissolution or merger under the applicable laws of the state in which the Debtor is incorporated.

9. **Books and Records.**

(a) Upon the Effective Date, the Debtor shall transfer and assign to the Plan Administrator full title to, and the Plan Administrator shall be authorized to take possession of, all of the books and records of the Debtor. Upon the Effective Date, the Plan Administrator shall

succeed to all privileges and rights of the Debtor, including, without limitation, all privileges that may exist with respect to any transferred books and records. The Plan Administrator shall have the responsibility of storing and maintaining books and records transferred hereunder. The Debtor shall cooperate with the Plan Administrator to facilitate the delivery and storage of its books and records in accordance herewith. The Debtor (or its successors as well as its current and former officers and directors) shall be entitled to reasonable access to any books and records transferred to the Plan Administrator for all necessary corporate purposes, including, without limitation, defending or prosecuting litigation, determining insurance coverage, and filing tax returns.

(b) For the purpose of this section, books and records include computer generated or computer maintained books and records and computer data, as well as electronically generated or maintained books and records or data, along with books and records of the Debtor maintained by or in possession of third parties and all of the claims and rights of the Debtor in and to its books and records, wherever located.

10. Corporate Action. Upon the Effective Date, the Debtor shall perform each of the actions and effect each of the transfers required by the terms of the Plan, in the time period allocated therefor. The filing of certificates of dissolution or certificates of merger by the Plan Administrator in accordance with Section 7.3(b) of the Plan is hereby authorized and approved in all respects without further action under applicable law, regulation, order or rule, including, without express or implied limitation, any action by the stockholders or the Board of Directors of the Debtor.

11. Effectuating Documents and Further Transactions. Each of the officers of each of the Debtor is authorized and directed to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as the Plan Administrator determines to be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

E. Procedures For Resolving And Treating Disputed Claims

1. Distribution Pending Allowance. Notwithstanding any other provision of the Plan, no Cash or other property shall be distributed under the Plan on account of any Disputed Claim, unless and until such Claim becomes an Allowed Claim.

2. Resolution of Disputed Claims. Unless otherwise ordered by the Bankruptcy Court after notice and a hearing, the Debtor and/or the Creditors Committee, and following the Effective Date, the Plan Administrator, shall have the right to the exclusion of all others to make and file objections to Claims, and shall serve a copy of each objection upon the holder of the Claim to which the objection is made as soon as practicable. Objections to Claims shall be filed with the Bankruptcy Court and served upon each affected creditor within ninety (90) days of the Effective Date; provided, however, that such deadline may be extended by the Bankruptcy Court upon motion of the Plan Administrator. From and after the Confirmation Date, all objections shall be litigated to a Final Order except to the extent the Plan Administrator elects to withdraw any such objection or the Plan Administrator and the claimant elect to

compromise, settle or otherwise resolve any such objection, in which event they may settle, compromise or otherwise resolve any Disputed Claim without approval of the Bankruptcy Court.

3. Estimation. The Plan Administrator may request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Plan Administrator has previously objected to such Claim, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time. In the event that the Bankruptcy Court estimates any Disputed Claim, that estimated amount may constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on such Claim, the Debtor (or the Plan Administrator) may elect to pursue any supplemental proceedings to object to any ultimate payment of such Claim. All of the aforementioned Claims objection, estimation and resolution procedures are cumulative and not necessarily exclusive of one another. On and after the Confirmation Date, Claims that have been estimated may be compromised, settled, withdrawn or otherwise resolved subsequently, without further order of the Bankruptcy Court.

4. Allowance of Disputed Claims. If, on or after the Effective Date, any Disputed Claim in a Class that is entitled to receive a distribution under the Plan becomes an Allowed Claim, the Plan Administrator shall, no later than the fifteenth (15th) Business Day of the first month following the month in which the Claim becomes an Allowed Claim, distribute to the holder of such Allowed Claim Cash in an aggregate amount sufficient to pay to such holder of a Disputed Claim the amount that such holder would have been entitled to receive under the Plan if such Claim had been an Allowed Claim on the Effective Date. The applicable Disputed Claims Reserve shall be reduced by any such distribution under the Plan.

5. Disallowance of Claims Without Further Order of the Court. As of the Confirmation Date, any prepetition Claim that is scheduled as disputed, contingent or unliquidated in amount, and for which a proof of Claim has not been filed, shall be deemed disallowed and expunged, without further act or deed.

F. Treatment Of Executory Contracts And Unexpired Leases.

1. Executory Contracts and Unexpired Leases. On the Confirmation Date, all executory contracts and unexpired leases that exist between the Debtor and any Person shall be deemed rejected as of the Confirmation Date, except for (a) any executory contract or unexpired lease that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date, and (b) any executory contract or unexpired lease as to which a motion for approval of the assumption of such contract or lease has been filed and served prior to the Confirmation Date.

2. Approval of Rejection of Executory Contracts and Unexpired Leases. Entry of the Confirmation Order shall constitute the approval, pursuant to section 365(a) of the Bankruptcy Code, of the rejection of the executory contracts and unexpired leases rejected pursuant to the Plan.

3. Claims Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Plan. Claims arising out of the rejection of an executory contract or

unexpired lease pursuant to the Plan shall be (i) filed and served upon the Plan Administrator within thirty (30) days of the Confirmation Date, or be forever barred, and (ii) classified as Class 4 –General Unsecured Claim, and distributions shall be paid out accordingly.

G. Binding Effect of Plan Confirmation

1. On the Effective Date, the Plan will fix the rights of holders of Allowed Claims of the Debtor. Pursuant to Bankruptcy Rule 9019, and in consideration for the classification, distribution and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and controversies resolved pursuant to the Plan. The entry of the Confirmation Order shall constitute (a) the Court's approval of each of the foregoing compromises or settlements and all other compromises and settlements provided for in the Plan and (b) the Bankruptcy Court's ratification and approval of the Wind Down Stipulation. In addition, the Court's findings shall constitute its determination that such compromises and settlements are in the best interests of the Debtor, the Estate, holders of Allowed Claims, and other parties in interest, and are fair, equitable, and within the range of reasonableness.

2. Injunction Against Interference With the Plan. All entities who are bound by the Plan, including entities with Claims or Equity Interests not listed on the Schedules, or listed on the Schedules as disputed, unliquidated or contingent that did not file proofs of claim or interest by the Bar Date, are enjoined and prevented from commencing or continuing any judicial or administrative proceeding or employing any process to interfere with the consummation or implementation of the Plan, or the distributions of Cash to be made hereunder, including commencing or continuing any judicial or administrative proceeding or employing any process against the Debtor or the Plan Administrator.

3. Injunction Against Prosecution of Causes of Action. Except as otherwise specifically provided for by the Plan, as and from the Effective Date, all persons and entities shall be enjoined from commencing or continuing any action, employment of process, or act to collect, offset, or recover any Claim or cause of action, satisfied, or released, or enjoined under the Plan, to the fullest extent authorized or provided by the Bankruptcy Code.

4. General Injunction. As of the Confirmation Date, except as provided in the Plan or the Confirmation Order, all Persons who, directly or indirectly, have held, hold or may hold Claims against the Debtor are permanently enjoined from taking any of the following actions on account of any such Claims, debts, interests or liabilities, other than actions brought to enforce any rights or obligations under the Plan: (i) commencing or continuing in any manner any action or other proceeding against the Debtor, the Plan Administrator, the Released Parties or their respective properties; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order against the Debtor, the Plan Administrator, the Released Parties or their respective properties; (iii) creating, perfecting or enforcing any lien or encumbrance against the Debtors, the Plan Administrator, the Released Parties or their respective properties; (iv)

asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtor, the Plan Administrator, the Released Parties or their respective properties, and (v) commencing or continuing, in any manner or any place, any action that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order. No Person who, directly or indirectly, has held, holds or may hold Claims against the Debtor shall receive a distribution under the Plan unless and until that Person dismisses, withdraws and/or discontinues any proceeding or cause of action, which was commenced against the Debtor anywhere in the world prior to the Commencement Date and which relates to that Persons' Claim, including proceedings seeking orders of attachment and/or freezing orders.

5. All Distributions in Full and Final Satisfaction. All payments and all Distributions to be made hereunder on account of Claims (including Administrative Expense Claims) shall be in full and final satisfaction, settlement, release and discharge of such Claims as against the Plan Administrator, the Debtor, its property and/or the Estate. On and after the Effective Date, the Debtor is released from all Claims and other liabilities in existence one day prior to the Effective Date, subject to the continuing obligations of the Plan Administrator under the Plan.

6. Exculpation and Limited Releases. The Debtor, the Liquidating Trustee, and their agents and attorneys shall not have or incur any liability to any person or entity for any postpetition act or omission in connection with (a) the administration of the Debtor's bankruptcy case, and/or (b) the ratification and filing of the Plan, the negotiations of the terms of the Plan and the attendant Disclosure Statement and all of the settlements contained in the Plan; provided, however, that the foregoing exculpation shall not apply to acts or omissions in bad faith or as a result of recklessness, willful misconduct or gross negligence.

7. Nothing contained herein in the Plan, shall constitute a release or impairment of the Lenders', or the Lenders' Agent's, claims against the Sheinmans and the Lenders and the Lenders' Agent reserve all of their rights and claims against the Sheinmans. In addition, the Lenders reserve all of their rights under the guaranties executed by the Sheinmans and with respect to the Lenders' pending action against the Sheinmans styled "Sovereign Bank, et al. v. Sheinman, et al." pending in Supreme Court, New York County (Index No. 601309/09).

H. Conditions Precedent To Effectiveness Of The Plan

1. Conditions Precedent to the Confirmation of the Plan. The following are conditions precedent to the confirmation of the Plan:

(a) The Bankruptcy Court shall have entered a Confirmation Order in form and substance satisfactory to the Debtor, the Creditors Committee, and the Lenders' Agent;

(b) The Bankruptcy Court shall have entered an order approving the Disclosure Statement in form and substance satisfactory to the Debtor, the Creditors Committee and the Lenders' Agent;

(c) Class 2 and Classes 4 shall have voted to accept the Plan; and

(d) The Debtor shall have sufficient Cash on hand to fund the Disputed Claims Reserves and the Plan Fund.

2. Conditions Precedent to the Effective Date. At least ten (10) days shall have passed since entry of the Confirmation Order, and no stay of the Confirmation Order shall then be in effect.

3. Waiver of Conditions. Notwithstanding the foregoing, pursuant to the Plan and the Confirmation Order, the Debtor reserves the right, with the approval of the Creditors Committee and the Lenders' Agent, to waive the occurrence of the conditions precedent set forth in Section 10.1 of the Plan. Any such waiver of Section 10.1 may be effected at any time, without notice, without leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan. Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Debtor decides, after consultation with the Lenders' Agent and the Creditors Committee, that one of the conditions precedent set forth in Section 10.2 of the Plan above cannot be satisfied and the occurrence of such condition is not waived or cannot be waived, then the Debtor shall file a notice of the failure of the Effective Date with the Bankruptcy Court.

4. Effect of Nonoccurrence of the Conditions to Consummation. If each of the conditions to the occurrence of the Effective Date has not been satisfied or duly waived on or before the first Business Day that is thirty (30) days after the Confirmation Date, or such later date as shall be agreed by the Debtor, the Creditors Committee and the Lenders' Agent, the Confirmation Order may be vacated by the Bankruptcy Court. If the Confirmation Order is vacated pursuant to this section, the Plan shall be null and void in all respects (including, without limitation, Sections 7.1 and 7.2 of the Plan), and nothing contained in the Plan shall constitute a waiver or release of any Claims against any of the Debtor.

I. Effects Of Confirmation.

1. Vesting of Assets in Plan Administrator.

(a) As of the Effective Date, the property of the Estate shall vest in the Debtor and shall be transferred to the Plan Administrator.

(b) From and after the Effective Date, the Plan Administrator may dispose of assets free of any restrictions of the Bankruptcy Code, but in accordance with the provisions of the Plan.

(c) As of the Effective Date, all assets transferred to the Plan Administrator pursuant to the Plan shall be free and clear of all Claims, except as provided in the Plan or the Confirmation Order.

2. Cancellation of Securities. All Equity Interests in the Debtor and any other note, bond, indenture or other instrument or document evidencing or creating any indebtedness or obligation of any of the Debtor shall be deemed canceled on the Effective Date.

3. Release of Assets. Until the Effective Date, the Bankruptcy Court will retain jurisdiction of the Debtor, its assets and properties. Thereafter, jurisdiction of the Bankruptcy Court will be limited as forth in the Plan, and the Plan Administrator will perform and wind up the affairs of the Debtor as provided in the Plan.

4. Binding Effect. Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan will bind any holder of a Claim against, or Equity Interest in, the Debtor and its respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

5. Term of Injunctions or Stays. Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case pursuant to sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, will remain in full force and effect until the closing of the Chapter 11 Case.

J. Retention Of Jurisdiction By Bankruptcy Court. Pursuant to the Plan and the Confirmation Order, the Bankruptcy Court shall retain jurisdiction of all matters arising under, arising out of, or related to, the Chapter 11 Case and the Plan pursuant to, and for the purposes of, sections 105(a) and 1142 of the Bankruptcy Code and for, among other things, the following purposes:

1. To hear and determine any motions for the assumption, assumption and assignment or rejection of executory contracts or unexpired leases and the allowance of any Claims resulting therefrom;
2. To determine any and all pending adversary proceedings, applications and contested matters relating to the Chapter 11 Case;
3. To hear and determine any objection to any Claims;
4. To hear and determine Causes of Action;
5. 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. To issue such orders in aid of execution of the Plan to the extent authorized by section 1142 of the Bankruptcy Code;
7. To consider any modifications of the Plan, to cure any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;

8. To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331 and 503(b) of the Bankruptcy Code;
9. To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;
10. To hear and determine any actions brought against the Plan Administrator.
11. To hear and determine any actions brought against the Oversight Committee and/or its members;
12. To recover all assets of the Debtor, property of the Estate and the assets of the Plan Administrator, wherever located;
13. To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code (including any requests for expedited determinations under section 505(b) of the Bankruptcy Code filed, or to be filed, with respect to tax returns for any and all taxable periods ending after the Commencement Date through the closing of the Chapter 11 Case);
14. To hear any other matter consistent with the provisions of the Bankruptcy Code; and
15. To enter a final decree closing the Chapter 11 Cases.

K. Dissolution Of The Creditors Committee. On the Effective Date, the Creditors Committee shall be dissolved and the members thereof shall be released and discharged of and from all further authority, duties, responsibilities and obligations related to and arising from and in connection with the Chapter 11 Case, and the retention or employment of the Creditors Committee's attorneys, accountants and other agents shall terminate; provided, however, that immediately prior to the dissolution of the Creditors Committee, any and all analyses or work product prepared by and/or information obtained by the Creditors Committee or its attorneys, accountants and other agents related to Causes of Action shall be transferred to the Debtor and shall be deemed an asset of the Debtor for purposes of the Plan; provided, further, however, the Creditors Committee shall continue to exist after such date solely with respect to all applications filed pursuant to sections 330 and 331 of the Bankruptcy Code seeking payment of fees and expenses incurred by any professional.

L. Effectuating Documents and Further Transactions. Pursuant to the Plan and the Confirmation Order, any officer of the Debtor is authorized and directed to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents and take such actions as may be reasonably necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

M. Exemption from Transfer Taxes. Pursuant to section 1146(a) of the Bankruptcy Code, the assignment or surrender of any lease or sublease, or the delivery of any deed or other

instrument of transfer under, in furtherance of, or in connection with the Plan, including any deeds, bills of sale or assignments executed in connection with any disposition of assets contemplated by the Plan (including transfers of assets held by the Plan Administrator), shall not be subject to any stamp, real estate transfer, mortgage recording, sales, use or other similar tax.

N. Pre-Confirmation Date Professional Fees and Expenses. Pursuant to the Plan and Confirmation Order, except as otherwise provided by the Bankruptcy Court, and subject to the terms and limitations contained in the Wind Down Stipulation and the Cash Collateral Order, each professional person or firm retained with approval by order of the Bankruptcy Court or requesting compensation in the Chapter 11 Case pursuant to sections 330 or 503(b) of the Bankruptcy Code, other than professionals that the Debtor are authorized to pay in the ordinary course of business, shall be required to file an application for an allowance of final compensation and reimbursement of expenses in the Chapter 11 Case incurred through the Confirmation Date on or before the date that is sixty (60) days after the Effective Date. Objections to any such application shall be filed on or before a date to be set by the Bankruptcy Court in the Confirmation Order. Prior to the Effective Date, the Debtor shall pay the fees of such professionals. After the Effective Date, the Plan Administrator shall pay the fees of such professionals from the Plan Fund.

O. Post-Confirmation Date Fees and Expenses.

1. Fees and Expenses of Professionals After the Confirmation Date and Prior to the Effective Date. Prior to the Effective Date, the Debtor shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses, incurred after the Confirmation Date, of the professional persons employed by the Debtor and the Creditors Committee in connection with the implementation and consummation of the Plan, the Claims reconciliation process and any other matters as to which such professionals may be engaged. The fees and expenses of such professionals shall be paid within ten (10) Business Days after submission of a detailed invoice therefor. If the Debtor or the Lenders' Agent disputes the reasonableness of any such invoice, the Debtor shall timely pay the undisputed portion of such invoice, and the Debtor or the affected professional may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of such portion of the invoice as is disputed.

2. Fees and Expenses of Professionals After the Effective Date. After the Effective Date, the Plan Administrator shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses, incurred after the Effective Date, of the professional persons employed by the Plan Administrator in connection with the implementation and consummation of the Plan, the Claims reconciliation process and any other matters as to which such professionals may be engaged. The fees and expenses of such professionals shall be paid within ten (10) Business Days after submission of a detailed invoice therefor. If the Plan Administrator or the Lenders' Agent disputes the reasonableness of any such invoice, the Plan Administrator shall timely pay the undisputed portion of such invoice, and the Plan Administrator or the affected professional may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of such portion of the disputed invoice.

3. **Fees and Expenses of Plan Administrator.** The fees and expenses of the Plan Administrator shall be paid from the Plan Fund in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pursuant to the terms of the Plan.

4. **Payment of Statutory Fees.** All fees payable pursuant to section 1930 of title 28, United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on or before the Effective Date.

P. Modification of Plan. The Debtor reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan at any time prior to the entry of the Confirmation Order after providing written notice of the amendment or modification to the Creditors' Committee, the Lenders and the Lenders' Agent. After the entry of the Confirmation Order, upon the written consent of the Lenders and the Creditors' Committee, or upon a Bankruptcy Court order issued after appropriate notice and a hearing, the Debtor may amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code to remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan. A holder of an Allowed Claim that is deemed to have accepted the Plan shall be deemed to have accepted the Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim of such holder.

Q. Withdrawal or Revocation. Subject to the consent of the Lenders' Agent and the Creditors Committee, the Debtor may withdraw or revoke the Plan at any time prior to the Confirmation Date. If the Debtor revokes or withdraws the Plan prior to the Confirmation Date, or if the Confirmation Date does not occur, then the Plan shall be deemed null and void (including, without limitation, [Sections 7.1 and 7.2] of the Plan). In such event, nothing contained herein shall be deemed to constitute a waiver or release of any Claim by or against the Debtor or any other person or to prejudice in any manner the rights of the Debtor or any other person in any further proceedings involving the Debtor.

R. Courts of Competent Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

S. Notices. Any notices to or requests of the Debtor by parties in interest under or in connection with the Plan shall be in writing and served either by (a) certified mail, return receipt requested, postage prepaid, (b) hand delivery or (c) reputable overnight delivery service, all charges prepaid, and shall be deemed to have been given when received by the following parties:

IBP CORP.
31-00 47th Avenue
5th Floor
Long Island City NY 11101

Attn: Joseph Petriello

with copies to:

Klestadt & Winters, LLP
Attorneys for the Debtor
292 Madison Avenue, 17th Floor
New York, New York 10017
(212) 972-3000
Attn: Patrick J. Orr, Esq.

Dechert LLP
Attorneys for the Lenders' Agent
1095 Avenue of the Americas
New York, New York 10036
(212) 698-3500
Attn: Shmuel Vasser, Esq.

With copies to:

Hughes, Hubbard & Reed LLP
One Battery Park Plaza
New York, NY 10004
(212) 387-6110
Attn: Michael Luskin, Esq.

Silverman Acampora LLP
Attorneys for the Creditors Committee
100 Jericho Quadrangle, Suite 300
Jericho, New York 11753
(516) 479-6300
Attn: Ronald Friedman, Esq.

T. Severability. In the event that the Bankruptcy Court determines, prior to the Confirmation Date, that any provision of the Plan is invalid, void or unenforceable, the Bankruptcy Court shall, with the consent of the Debtor, the Lenders' Agent and the Creditors Committee, have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or

interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

U. Governing Law. Except to the extent the Bankruptcy Code or Bankruptcy Rules are 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 New York without giving effect to the principles of conflicts of law thereof.

V. Successors and Assigns. All the rights, benefits and obligations of any person named or referenced in the Plan will be binding on, and will inure to the benefit of, the heirs, executors, administrators, successors and/or assigns of such person.

III. OVERVIEW OF DEBTOR'S OPERATIONS AND CHAPTER 11 CASE

A. Debtor's Prepetition Business Operations

The Debtor was incorporated and organized under the laws of the State of New York on August 30, 1977, under the name "A Touch of Class Imports, Ltd." (the "Incorporation Date"). On June 16, 1995, the Debtor filed a certificate of amendment of the certificate of incorporation thereby changing the Debtor's name to "OTC International, Ltd."

From 1977 to 1994, the Debtor operated its business in Manhattan. In May 1994, the Debtor moved its principal place of business to its current location at 31-00 47th Avenue, Long Island City, NY 11101.

Yoram and Yagur Sheinman each own 50% of the issued and outstanding shares of the Debtor and are the sole directors of the Debtor.

For over thirty years, the Debtor was engaged in business as an importer and wholesaler of jewelry goods, selling gold, silver, diamond, cameo and colored stone jewelry to a variety of retail jewelry chains, major department stores, electronic retailers, discount chains and specialty stores. The Debtor's balanced sales mix of its various product categories enables it to work with multiple buying departments within any given retailer and to reach a broad cross-section of customers, thereby placing the Debtor in a very unique market position. In 2007, the Debtor's sales, broken down by the type of material, were allocated approximately as follows: (a) Gold and Diamond – 50%, (b) Silver – 28%, (c) Gold – 21%, and (d) Cameo – 1%. In 2007, the Debtor's channels of distribution, broken down by market segment, were approximately as follows: (a) Electronic Retailers – 38%, (b) Department Stores – 35%, (c) Retail Jewelry Chains – 14%, (d) Mass Merchandisers/Discounters – 12%, and (e) Specialty Stores – 1%. For the fiscal year ending February 28, 2007, the Debtor generated gross revenues of approximately \$97.5 million and generated net income of approximately \$566,000. For the fiscal year ending February 28, 2008, the Debtor generated gross revenues of approximately \$85,000,000 and incurred net operating losses of approximately \$15,000,000.

B. Debtor's Capital Structure.

In or about October 2002, the Debtor obtained a financing facility from Sovereign Bank (“Sovereign”), Sovereign Precious Metals, LLC (“SPM”, and, collectively with Sovereign, the “Lenders’ Agent” or the “DIP Agent”), and ABN AMRO Bank N.V. (“ABN” and, collectively with Sovereign and SPM, the “Lenders” or “DIP Lenders”) as a lender.

Pursuant to a Consignment and Revolving Credit Loan Agreement dated October 10, 2002, as subsequently amended (the “Consignment Agreement” together with the other documents delivered in connection therewith the “Prepetition Revolving Facility” and “Prepetition Revolving Facility Documents”, respectively) (i) the SPM agreed to deliver for sale a certain amount of Precious Metal (as defined in the Consignment Agreement) on consignment for sale by the Debtor and (ii) the Lenders agreed to loan the Debtor a fixed amount of funds on a revolving credit basis upon the terms and conditions as set forth in the Consignment Agreement.

Pursuant to a Security Agreement dated October 10, 2002, the Debtor granted the Agents a security interest in all of its accounts and other personal property including but not limited to all gold and silver bullion, gold and silver granule and other gold, silver or precious metals, in any form, in which the Debtor had or subsequently obtained an interest (the “Security Agreement”).

The obligations due and owing to the Lenders are personally guaranteed by the Debtor’s principals Yoram Sheinman and Yagur Sheinman.

On August 10, 2007, Netaya Corp., an affiliate of the Debtor through common ownership and management, executed an Unconditional and Continuing Corporate Guaranty and agreed to guaranty the Debtor’s obligations under the Prepetition Revolving Facility Documents (the “Netaya Guaranty”).

Pursuant to a Security Agreement dated August 10, 2007, Netaya Corp. granted the Lenders a security interest in all of its accounts and other personal property including but not limited to all gold and silver bullion, gold and silver granule and other gold, silver or precious metals, in any form, in which Netaya Corp. had or subsequently obtained an interest (the “Netaya Security Agreement”) to secure its obligations to Lenders under the Netaya Guaranty.

Since September 4, 2007 (i) the Applicable Consignment Rate Margin has been, and continues to be 3.25% per annum and (ii) the Applicable Revolving Credit Margin has been, and continues to be, for LIBOR Rate Loans, 3.25% and, for Prime Rate Loans, 0.75%.

As of the Commencement Date, (i) the outstanding principal amount of (x) all Advances is \$22,819,835.33 and (y) the aggregate amount of the Consigned Precious Metals outstanding is 17,493.462 ounces of Gold and 179,934.575 ounces of Silver (the “Prepetition Revolving Facility Obligations” , (ii) the Debtor’s indebtedness to the Lenders with respect to the Prepetition Revolving Facility Obligations is absolute and unconditional and the Debtor has no defense, offset or claims of any kind whatsoever with respect to such Prepetition Revolving Facility Obligations; and (iii) there are no Letters of Credit outstanding.

The Prepetition Revolving Facility Matured on Monday March 31, 2008, and the Debtor has not had any access funds or any ability to pay necessary operating expenses or purchase goods needed to fill existing orders since that time.

On or about October 10, 2002, each of Yoram Sheinman and Yagur Sheinman loaned the Debtor the principal amount of \$5,025,000 (the “Shareholder Loans”).

Pursuant to a Demand Promissory Note dated October 10, 2002, and amended on November 30, 2005, October 9, 2005, and August 10, 2007, the Debtor agreed to pay Yoram Sheinman the principal amount of \$5,025,000 on demand, pursuant to the terms of such note (the “Yoram Sheinman Note”).

Pursuant to a Demand Promissory Note dated October 10, 2002, and amended on November 30, 2005, October 9, 2005, and August 10, 2007, the Debtor agreed to pay Yagur Sheinman the principal amount of \$5,025,000 on demand, pursuant to the terms of such note (the “Yagur Sheinman Note”).

Pursuant to Subordination Agreements dated October 10, 2002, Yoram Sheinman and Yagur Sheinman agreed to subordinate their right to repayment on the Yoram Sheinman Note and the Yagur Sheinman Note, respectively, to the Lenders’ right to repayment of the Prepetition Revolving Facility Obligations.

As of the Commencement Date, the combined principal amount of loans due and payable to the Debtor’s shareholders was approximately \$10,300,000.

As of the Commencement Date, approximately \$20 million is owed to the Debtor’s unsecured creditors, exclusive of the Shareholder Loans.

As of the Commencement Date, the Debtor had approximately \$72,000 in cash on hand, \$6,500,000 in outstanding accounts receivable net of reserves, approximately \$42,000,000 of inventory on hand based upon a cost valuation and approximately \$2,000,000 of inventory on consignment based upon consignment value. The Debtor is currently in the process of conducting a complete physical inventory to verify the amount on hand.

C. Significant Events Leading To Commencement Of The Chapter 11 Case.

The Debtor’s chapter 11 case was primarily precipitated by a liquidity crisis that prevented the Debtor from paying its debts as they came due. The liquidity crisis itself was the result of a combination of an excess accumulation of inactive inventory, as a result of customer returns and overruns, a dramatic increase in the price of gold and a failure to reduce overhead to react to changes in market conditions.

The Debtor did not maintain a formalized inventory rationalization program to address excess inventory resulting from annual inventory returns and program overruns. Minimal effort was utilized to dispose of inventory through close-out dealers, existing customers and melting. This resulted in significant financing charges and carrying costs.

The Debtor also did not maintain proper inventory reserves relating to annual labor losses associated with the disposal of inventory further negatively impacting the Debtor’s liquidity and availability under its financing facilities.

In 2007 and into 2008, the markets experienced a dramatic increase in the price of various commodities including the price of gold. Unfortunately, the Debtor was not able to secure long term locks on its gold costs but was required to lock in gold prices on its sales to its customers. As a result, the Debtor was forced to purchase gold at prices in excess of those it was using in its cost-of-goods-sold to its customers. This resulted in a significant erosion of the Debtor's profit margins on sales of goods to its customers.

Additionally, in 2007 the Debtor decided to eliminate or cancel certain sales programs which were not (or, perhaps, only marginally) profitable or otherwise determined not to be in the best interests of the company to continue. However, the Debtor failed to implement concomitant overhead and expense reductions to correspond to these changes.

In response to these financial difficulties, since November of 2007, the Debtor has actively explored an equity investment or a sale of some or all of its assets. During this process, the Debtor approached or was approached by a number of potential buyers, investors and partners.

Ultimately, the Debtor commenced negotiations to sell substantially all of its assets to one of the interested parties, which sale would have preserved the Debtor's business as a going concern. The prospect of closing on this prospective transaction appeared likely until March 10, 2008, at which time the prospective purchaser informed the Debtor that it had not received approval from its parent company to consummate the transaction. Prior to this occurrence, the prospective purchaser had not indicated that such approval was in jeopardy but, rather, just a formality. It had been the Debtor's hope and expectation to close the transaction and to conclude to the sale of assets by March 31, 2008.

Since that time, the Debtor has diligently contacted a number of parties that it had previously been in discussions with and has spoken to a number of other different parties that have expressed an interest in acquiring all or some of the Debtor's assets and business.

D. The Chapter 11 Case

1. Commencement of the Chapter 11 Case. The Chapter 11 Case was commenced on April 3, 2008, by the filing of a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor has managed and continues to manage its business as a debtor in possession pursuant to section 1107(a) and 1108 of the Bankruptcy Code.

2. Appointment of Creditors Committee. On April 10, 2008, the Office of the United States Trustee appointed the Creditors Committee to serve in the Chapter 11 Case pursuant to sections 1102 and 1103 of the Bankruptcy Code.

3. Cash Collateral. Pursuant to the Consignment Agreement, the Lenders made loans and other financial accommodations to and for the benefit of the Debtor prior to the Commencement Date (the "Prepetition Obligations"). To secure the Prepetition Obligations, the Debtor granted security interests to the Lenders upon and in substantially

all of the Debtor's assets and property (the "Prepetition Collateral"), including all of the Debtor's cash (the "Cash Collateral"). On the Commencement Date, the Debtor had no available sources of working capital and financing to carry on the operations of its business without the use of the Cash Collateral. Accordingly, shortly after the Commencement Date, in cooperation with the Lenders, the Debtor sought authority to use Cash Collateral on a consensual basis and to grant the Lenders adequate protection for such use, including a first priority administrative expense claim. On May 20, 2008, the Bankruptcy Court entered a final order (as amended, the "Cash Collateral Order") authorizing the use of Cash Collateral and approval of debtor-in-possession financing by the Lenders ("DIP Financing") for the Debtor to maintain the operation of its business during the course of the Chapter 11 Case.

4. Appointment of Examiner and Investigation. On May 27, 2008, the Bankruptcy Court entered an order appointing Howard M. Fielstein (the "Examiner") as examiner in the Debtor's Chapter 11 Case to examine various issues including, but not limited to, issues related to a shortfall in the Debtor's levels of inventory of various precious metals (the "Precious Metals Shortfall"). The Examiner filed a report with the Court on April 23, 2009 (the "Examiner's Report"), which is attached to this Disclosure Statement as **Exhibit "B"**. The Examiner's Report describes the Examiner's investigation relating to the Precious Metals Shortfall and concludes that the Debtor's books and records relating to the Precious Metals Shortfall are generally inconsistent, inaccurate or incomplete. The Examiner concluded that he would need additional information to conclude his investigation, including information which would be obtained from the examination of the Debtor's outside auditor. The Examiner recommends that the investigation of the Precious Metals Shortfall be segregated from other matters in the Chapter 11 Case so that the Debtor can move forward with the confirmation of a Plan.

5. Sale of Substantially All of the Debtor's Assets. On May 8, 2008, the Debtor filed a motion (the "Sale Motion") seeking, among other things, approval of bidding procedures and the sale of substantially all of the Debtor's assets to Anaya, subject to higher and better offers, pursuant to the Anaya Sale Agreement. The Debtor did not receive any competing bids for its assets, in accordance with the bidding procedures approved by the Bankruptcy Court by order dated May 20, 2008. Therefore, the Debtor moved forward with the sale to Anaya. After a hearing held on June 25, 2008, to consider approval of such sale and certain related relief, the Bankruptcy Court entered an order dated June 25, 2008 (the "Sale Order") approving the Anaya Sale Agreement as well as the assumption and assignment of certain contracts to which the Debtor was a party. The Debtor and Anaya effectuated the closing under the Anaya Sale Agreement on August 28, 2008. After adjustment of the purchase price in accordance with the Anaya Sale Agreement, the Debtor received \$15,413,724.00 in cash from Anaya, which amount was paid to the Lenders in partial satisfaction of the Lenders' Secured Claim.

6. Bar Date and Claims Process. By order dated June 2, 2008, the Bankruptcy Court established the Bar Date as the last date for filing proofs of claims. During the course of the Chapter 11 Case, The Garden City Group received approximately 140 proofs of claim asserting Administrative Expense Claims, Secured

Claims, Priority Claims and General Unsecured Claims. The Debtor, the Creditors Committee and their representatives will review each and every Claim that was filed prior to any distribution under the Plan. As there will be no immediate distribution to holders of General Unsecured Claims under the Plan, the claims review process has not yet begun in earnest.

IV. ALTERNATIVES TO THE PLAN

The Plan reflects discussions held among the Debtor, the Lenders and the Creditors Committee. The Debtor has determined that the Plan is the most practical means of providing maximum recoveries to the creditors. An alternative to the Plan which has been considered and evaluated by the Debtor during the course of the Chapter 11 Case is a liquidation of the Debtor's assets under chapter 7 of the Bankruptcy Code. After thorough consideration of this alternative, the Debtor has concluded that the Plan, in comparison, provides a greater recovery to creditors on a more expeditious timetable, and in a manner that minimizes inherent risks in any other course of action available to the Debtor. Additionally, under a chapter 7 liquidation, the Lenders would not have made proceeds of its Collateral available to fund the Plan Fund.

A. Liquidation Under Chapter 7 of the Bankruptcy Code. If the Plan or any other chapter 11 plan for the Debtor cannot be confirmed under section 1129(a) of the Bankruptcy Code, the Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code, in which case, a trustee would be elected or appointed to liquidate any remaining assets of the Debtor for distribution to creditors pursuant to chapter 7 of the Bankruptcy Code. If a trustee is appointed and the remaining assets of the Debtor are liquidated under chapter 7 of the Bankruptcy Code, the Debtor believes that all creditors holding Allowed Administrative Expense Claims, Allowed Priority Tax Claims and Allowed Priority Non-Tax Claims and General Unsecured Claims may receive distributions of a lesser value, or no distributions at all, on account of their Allowed Claims and likely would have to wait a longer period of time to receive such distributions than they would under the Plan. In fact, in the event of a liquidation under chapter 7 of the Bankruptcy Code, the Debtor believes that all of the proceeds of such liquidation would be paid to the Lenders or to holders of other Secured Claims with no distributions to holders of Administrative Expense Claims or Priority Claims or General Unsecured Claims. (The Debtor's liquidation analysis is attached hereto as Exhibit "C".) In addition, a chapter 7 trustee, who would lack the Debtor's knowledge of its affairs, would be required to invest substantial time and resources to investigate the facts underlying the multitude of Claims filed against the Estate.

B. Alternative Chapter 11 Plan. If the Plan is not confirmed, the Debtor or any other party in interest may attempt to formulate an alternative chapter 11 plan that might provide for the liquidation of the Debtor's assets other than as provided in the Plan. However, the Debtor believes that any alternative chapter 11 plan would likely not include the funding by the Lenders of the Plan Fund from the proceeds of their Collateral. Any attempt to formulate an alternative chapter 11 plan would necessarily delay creditors' receipt of distributions yet to be made and, due to the incurrence of additional administrative expenses during such period of delay, may provide for smaller distributions to holders of Allowed Claims than are currently provided for in the Plan. Accordingly, the Debtor believes that the Plan will enable all creditors entitled to

distributions to realize the greatest possible recovery on its respective Claims with the least possible delay.

C. Certain Risk Factors. In the event that the Plan is not confirmed or the Chapter 11 Case is converted to a case under chapter 7 of the Bankruptcy Code, the Debtor believes that such action or inaction, as the case may be, will cause the Debtor to incur substantial expenses and otherwise serve only to negatively affect creditors' recoveries on its Claims. There can be no assurances that holders of Lenders or General Unsecured Claims will not object to the treatment afforded to such holders pursuant to the Plan. If the Debtor is not able to resolve objections to the Plan, the Debtor may not be able to confirm the Plan.

V. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain federal income tax consequences of the Plan to the Debtor and the holders of Claims based upon the Internal Revenue Code, the Treasury Regulations promulgated thereunder, judicial authorities and current administrative rulings and practices now in effect, all of which are subject to change at any time by legislative, judicial or administrative action. Any such change could be retroactively applied in a manner that could adversely affect the Debtor, and holders of Claims. In addition, certain aspects of the following discussion are based on proposed Treasury Regulations.

The tax consequences of certain aspects of the Plan may be subject to administrative or judicial interpretations that differ from the discussion below. The Debtor have not requested, nor do they intend to request, a tax ruling from the Internal Revenue Service (the "IRS"), nor will the Debtor, with respect to the federal income tax consequences of the Plan, obtain any opinion of counsel. Consequently, there can be no assurance that the treatment set forth in the following discussion will be accepted by the IRS. Further, matters not discussed below may affect the federal income tax consequences to the Debtor, holders of Claims and holders of Equity Interests. For example, the following discussion does not address state, local or foreign tax considerations that may be applicable to the Debtor or the holders of Claims, and the discussion does not address the tax consequences of the Plan to certain types of holders of Claims and holders of Equity Interests (including non-U.S. persons, financial institutions, life insurance companies, tax-exempt organizations and taxpayers subject to the alternative minimum tax) who may be subject to special rules not addressed herein.

THE DISCUSSION SET FORTH BELOW IS INCLUDED FOR GENERAL INFORMATION ONLY. THE DEBTOR, ITS COUNSEL AND FINANCIAL ADVISORS ARE NOT MAKING ANY REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN, WITH RESPECT TO THE DEBTOR, HOLDERS OF CLAIMS OR HOLDERS OF EQUITY INTERESTS, NOR ARE THEY RENDERING ANY FORM OF LEGAL OPINION OR TAX ADVICE ON SUCH TAX CONSEQUENCES. THE TAX LAWS APPLICABLE TO CORPORATIONS OR LIMITED LIABILITY COMPANIES IN BANKRUPTCY ARE EXTREMELY COMPLEX, AND THE FOLLOWING SUMMARY IS NOT EXHAUSTIVE. HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE STRONGLY URGED TO CONSULT ITS TAX ADVISORS REGARDING TAX CONSEQUENCES OF

THE PLAN, INCLUDING FEDERAL, FOREIGN, STATE AND LOCAL TAX CONSEQUENCES.

A. Federal Income Tax Consequences to Holders of Claims. The federal income tax consequences of the implementation of the Plan to a holder of a Claim will depend, among other things, upon the origin of the holder's Claim, when the holder's Claim becomes an Allowed Claim, when the holder receives payment in respect of such Claim, whether the holder reports income using the accrual or cash method of accounting, and whether the holder has taken a bad debt deduction or worthless security deduction with respect to such Claim.

B. Claims For Accrued Interest. Notwithstanding the general rules described above, holders of Claims who receive any consideration under the Plan in respect of Allowed Claims for accrued but not previously taxed interest must treat the amount of such consideration as ordinary income. A holder of a Claim whose Allowed Claim for accrued and previously taxed interest is not fully satisfied generally may take an ordinary deduction for the unsatisfied portion of such Allowed Claim, even if the underlying Claim is held as a capital asset. The proper allocation, between principal and interest, of consideration to be distributed under the Plan is unclear. The Debtor intends to take the position that such consideration is allocated to principal, to the extent thereof, before any amount is allocated to accrued but unpaid interest. Creditors should be aware, however, that the IRS may take a different position with respect to the proper allocation.

VI. VOTING PROCEDURES AND REQUIREMENTS

A. Ballots and Voting Deadline

IT IS IMPORTANT THAT THE HOLDERS OF CLAIMS IN CLASSES 2 AND 4 TIMELY EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE PLAN. All known holders of Claims entitled to vote on the Plan have been sent a Ballot together with this Disclosure Statement. Such holders should read the Ballot carefully and follow the instructions contained therein. Please use only the Ballot that accompanies this Disclosure Statement.

Counsel to the Creditors Committee shall serve as voting agent (the "Voting Agent") to assist in the transmission of voting materials and in the tabulation of votes with respect to the Plan. FOR YOUR VOTE TO BE COUNTED, YOUR VOTE MUST BE RECEIVED BY THE VOTING AGENT AT THE ADDRESS SET FORTH BELOW BEFORE THE VOTING DEADLINE OF 4:00 P.M., PREVAILING NEW YORK CITY TIME, ON [____], 2009.

IF A BALLOT IS DAMAGED OR LOST, YOU MAY CONTACT THE VOTING AGENT AT THE NUMBER SET FORTH BELOW. ANY BALLOT THAT IS EXECUTED AND RETURNED BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OF REORGANIZATION WILL NOT BE COUNTED.

IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES, YOU MAY CONTACT THE VOTING AGENT AT:

Ronald J. Friedman, Esq.
Silverman Acampora LLP
100 Jericho Quadrangle, Suite 300
Jericho, New York 11753
(516) 479-6300

Additional copies of this Disclosure Statement are available upon request made to the Voting Agent, at the address set forth immediately above.

B. Holders of Claims Entitled to Vote

Class 2 and Class 4 are the only classes of claims and equity interests under the Plan that are impaired and entitled to vote to accept or reject the Plan. Each holder of a Class 2 and Class 4 Claim as of the record date established by the Debtor for purposes of this solicitation may vote to accept or reject the Plan. The Lenders are entitled to vote the Lenders' Unsecured Deficiency Claim.

C. Vote Required For Acceptance By A Class

Under the Bankruptcy Code, acceptance of a plan or reorganization by a class of claims occurs when holders of at least two-thirds (2/3) in dollar amount and more than one-half (1/2) in number of the allowed claims of that class that cast ballots for acceptance or rejection of the plan of reorganization vote to accept the plan. Thus, acceptance of the Plan by Class 2 and Class 4 will occur only if at least two-thirds in dollar amount and a majority in number of the holders of such Claims that cast its Ballots in each Class vote in favor of acceptance. A vote may be disregarded if the Court determines, after notice and a hearing, that such acceptance or rejection was not solicited or produced in good faith or in accordance with the provisions of the Bankruptcy Code.

D. Voting Procedures

1. Holders of Class 2 and Class 4 Claims

All holders of Class 2 and Class 4 Claims should complete the enclosed Ballot and return it to the Voting Agent so that it is received by the Voting Agent before the Voting Deadline.

2. Withdrawal of Ballot

Any voter that has delivered a valid Ballot may withdraw its vote by delivering a written notice of withdrawal to the Voting Agent before the Voting Deadline. To be valid, the notice of withdrawal must (a) be signed by the party who signed the Ballot to be revoked, and (b) be received by the Voting Agent before the Voting Deadline. The Debtor may contest the validity of any withdrawals.

Any holder that has delivered a valid Ballot may change its vote by delivering to the Voting Agent a properly completed subsequent Ballot so as to be received before the Voting

Deadline. In the case where more than one timely, properly completed ballot is received, only the Ballot that bears the latest date will be counted.

3. Presumed Rejections of Plan and Cram Down. For purposes of voting on the Plan, all holders of Equity Interests in Class 5 are conclusively presumed to have rejected the Plan. The Debtor will utilize the provisions of section 1129(b) of the Bankruptcy Code to satisfy the requirements for confirmation of the Plan over the presumed rejections of such Class and the rejection, if any, of any other Class entitled to vote to accept or reject the Plan.

VII. CONFIRMATION OF THE PLAN

The Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for confirmation are that the Plan is (i) accepted by all impaired classes of Claims entitled to vote or, if rejected by an impaired Class, that the Plan “does not discriminate unfairly” and is “fair and equitable” as to such Class and as to the impaired Classes of Claims and Equity Interests that are deemed to reject the Plan, (ii) feasible and (iii) in the “best interests” of the holders of Claims and Equity Interests impaired under the Plan.

A. Acceptance of the Plan.

The Bankruptcy Code defines acceptance of a chapter 11 plan by a class of creditors as acceptance by creditors holding two-thirds (2/3) in dollar amount and a majority in number of the claims in such class (other than any such creditor designated under section 1126(e) of the Bankruptcy Code), but for that purpose counts only those creditors that actually cast ballots. Holders of claims that fail to vote are not counted as either accepting or rejecting a plan.

B. Best Interests Test

The Bankruptcy Code provides that the Plan will not be confirmed, regardless of whether or not anyone objects to confirmation, unless the Court finds that the Plan is in the “best interests” of all Classes of Claims and Equity Interests which are impaired. The “best interests” test will be satisfied by a finding of the Court that either (1) all holders of impaired Claims or Equity Interests have accepted the Plan or (2) the Plan will provide such a holder that has not accepted the Plan with a recovery at least equal in value to the recovery such holder would receive if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

THE PLAN IS IN THE BEST INTERESTS OF EACH CLASS OF CLAIMS OR EQUITY INTERESTS WHICH IS IMPAIRED UNDER THE PLAN.

The starting point in determining whether the Plan meets the “best interests” test is a determination of the amount of proceeds that would be generated from the liquidation of the Debtor’ assets in the context of a chapter 7 liquidation. Such value must then be reduced by the costs of such liquidation, including costs incurred during the Chapter 11 Case and allowed under chapter 7 of the Bankruptcy Code (such as professionals’ fees and expenses), a trustee’s fees, and the fees and expenses of professionals retained by a trustee. The potential chapter 7 liquidation distribution in respect of each Class must be further reduced by costs imposed by the delay caused by conversion to chapter 7. The net present value of a hypothetical chapter 7

liquidation distribution in respect of an impaired Class is then compared to the recovery in respect of such Class provided for in the Plan. Additionally, in a chapter 7 liquidation, the Lenders may not agree to fund the Plan Fund from the proceeds of its Collateral

For the reasons set forth above, the Debtor submits that each impaired Class will receive under the Plan a recovery at least equal in value to the recovery such Class would receive pursuant to a liquidation of the Debtor under chapter 7 of the Bankruptcy Code.

C. Feasibility of the Plan

Section 1129(a)(11) of the Bankruptcy Code provides that a chapter 11 plan may be confirmed only if the Court finds that such plan is feasible. A feasible plan is one which will not lead to a need for further reorganization or liquidation of the debtor. Since the Plan provides for the liquidation of the Debtor, the Court will find that the Plan is feasible if it determines that the Debtor will be able to satisfy the conditions precedent to the Effective Date and that the Plan Administrator will have sufficient funds to meet all post-Confirmation Date obligations to pay for the costs of administering and fully consummating the Plan and closing the Chapter 11 Case. The Debtor believes that the Plan satisfies the financial feasibility requirement imposed by the Bankruptcy Code.

D. Classification of Claims and Equity Interests Under the Plan

The Debtor believes that the Plan meets the classification requirements of the Bankruptcy Code which requires that a plan of reorganization place each claim or equity interest into a class with other claims or equity interests that are “substantially similar.” The Plan establishes classes of Claims and Equity Interests as required by the Bankruptcy Code and summarized above. Administrative Expense Claims and Priority Tax Claims are not classified.

E. Confirmation of the Plan If a Class Does Not Accept the Plan

The Bankruptcy Code contains provisions for confirmation of a plan even if it is not accepted by all impaired classes, as long as it is accepted by at least one impaired class of claims. The Plan may be confirmed under the so-called “cramdown” provisions set forth in section 1129(b) of the Bankruptcy Code if, in addition to satisfying the other requirements for confirmation, the Plan is determined to be “fair and equitable” and “does not discriminate unfairly” with respect to each class of Claims or Equity Interests that has not accepted the Plan. As mentioned above, the Lenders and the Creditors Committee support confirmation of the Plan. However, because the holders of Debtor General Unsecured Claims in Class 2 and Class 4 and may vote to reject the Plan, and Equity Interests in Class 5 are deemed to have rejected the Plan, the Court may only confirm the Plan if the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to such Classes.

Under the Bankruptcy Code, “fair and equitable” has different meanings for secured and unsecured claims. With respect to a secured claim, “fair and equitable” means (i) the impaired secured creditor retains its liens to the extent of its allowed claim and receives deferred cash payments at least equal in value to the allowed amount of its claim with a present value as of the effective date of the plan at least equal in value to such creditor’s interest in the Debtor’s interest in the property securing its claim, (ii) if property subject to the lien of the impaired secured

creditor is sold free and clear of that lien, the lien attaches to the proceeds of the sale, and such lien proceeds are treated in accordance with clause (i) or (iii) of this paragraph, or (iii) the impaired secured creditor realizes the “indubitable equivalent” of its claim under the plan.

With respect to an unsecured claim, the “fair and equitable” standard, also known as the “absolute priority rule,” requires that a dissenting class receive full compensation for its Allowed Claim before any junior class receives or retains any property under the Plan. If the holders of any impaired class vote to reject the Plan, the Plan may be confirmed under section 1129(b) of the Bankruptcy Code if all holders of Claims and Equity Interests junior to those of the impaired class do not receive or retain any property under the Plan.

With respect to Equity Interests, “fair and equitable” means that each Equity Interest holder (a) will receive or retain property of a value, as of the effective date of the plan, equal to the greatest of (i) the allowed amount of any fixed liquidation preference to which such holder is entitled, (ii) any fixed redemption price to which such holder is entitled, or (iii) the value of such interest; or (b) the holder of any interest that is junior to the interests of such class will not receive or retain any property under the plan on account of such junior interest.

Under the Plan, Class 5 is deemed to reject the Plan. However, the Debtor believes that the Plan can be confirmed over the deemed rejection of Class 5 because (i) no class junior to Class 5 is receiving or retaining any property under the Plan, (ii) no class of equal rank to Class 5 is being afforded better treatment than Class 5 and (iii) the Equity Interests held by Class 5 are valueless. In addition, it is possible that Class 2 and/or 4 may vote to reject the Plan. However, the Debtor believes that the Plan can be confirmed over the potential rejection of Class 2 and/or 4 because (i) no class junior to Class 2 and/or 4 is receiving or retaining any property under the Plan, (ii) no class of equal rank to Class 2 or 4 is being afforded better treatment than Class 2 or 4, as applicable, and (iii) the Collateral securing the Allowed Lenders Claims exceeds the value of the Debtor’s assets, and the holders of Class 2 and 4 Claims would therefore not receive any recovery in a chapter 7 liquidation (other than a Pro Rata share of proceeds of Avoidance Actions, if any). Accordingly, the Debtor believes that the Plan does not discriminate unfairly as to any impaired Class of Claims or Equity Interests and is fair and equitable with respect to each such Class.

IF ALL OTHER CONFIRMATION REQUIREMENTS ARE SATISFIED AT THE CONFIRMATION HEARING, THE DEBTOR WILL ASK THE COURT TO RULE THAT THE PLAN MAY BE CONFIRMED ON THE GROUND THAT THE SECTION 1129(b) REQUIREMENTS HAVE BEEN SATISFIED.

F. Confirmation Hearing

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

By order of the Court dated [____], 2009, the Confirmation Hearing has been scheduled for [____], 2009 at [____] a.m. (prevailing Eastern time) before the Honorable Arthur J. Gonzalez, United States Bankruptcy Court for the Southern District of New York, One Bowling Green,

New York, NY 10004. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjourned hearing. Any objection to confirmation of the Plan must (a) be in writing, (b) state the name and address of the objecting party and the amount and nature of the claim or interest of such party, (c) state with particularity the basis and nature of any objection or proposed modification, and (d) be filed with the Clerk of the Court, with a copy delivered to chambers, and served so that they are received on or before [____], 2009 at 4:00 p.m. (prevailing Eastern time), upon (i) Klestadt & Winters, LLP, 292 Madison Avenue, 17th Floor, New York, New York 10017, Attn: Patrick J. Orr, (ii) Ronald J. Friedman, Esq., Silverman Acampora LLP, 100 Jericho Quadrangle, Suite 300, Jericho, New York 11753 and (iii) the Office of the United States Trustee for the Southern District of New York, 33 Whitehall Street, 21st Floor, New York, New York 10004, Attn: Greg Zipes.

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. Unless an objection to confirmation is timely served and filed, it will not be considered by the Bankruptcy Court.

At the Confirmation Hearing, the Bankruptcy Court must determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied and, upon demonstration of such compliance, the Bankruptcy Court will enter the Confirmation Order.

VIII. CONCLUSION

The Debtor submits that the Plan complies in all respects with chapter 11 of the Bankruptcy Code and recommends to holders of claims who are entitled to vote on the Plan that they vote to accept the Plan. The Debtor reminds such holders that, to be counted, each ballot, signed and marked to indicate the holder's vote must be received by the Voting Agent no later than 4:00 p.m. (prevailing EASTERN time) on _____, 2009,

Dated: New York, New York
_____, 2009

IBP CORP.

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Exhibit A

The Plan

Exhibit B

Examiner's Report

Exhibit C

Liquidation Analysis