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UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF NEW YORK

-----X

In re:

Chapter 11

OLD TIC LLC, *et al.*,

Case No. 09-72669 (DTE)

Debtors.

(Jointly Administered)

-----X

DEBTORS' DISCLOSURE STATEMENT

DATED JULY 20, 2010 IN CONNECTION WITH THEIR

JOINT PLAN OF LIQUIDATION DATED JULY 20, 2010

**THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE JOINT
PLAN CONSISTENT WITH THE ACCOMPANYING ORDER OF THIS COURT
PROVIDING FOR THE HEARING ON CONFIRMATION OF THE JOINT PLAN.**

Garden City, New York
July 20, 2010

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Old TIC LLC (f/k/a The Innovative Companies LLC), Old Marble & Tile LLC (f/k/a Innovative Marble & Tile LLC), Old NJ LLC (f/k/a Innovative New Jersey LLC), Old Distribution LLC (f/k/a Innovative Stone Distribution LLC), Old Surfaces LLC (f/k/a Innovative Stone Surfaces LLC), Old Granite LLC (f/k/a Innovative Stone LLC) (together, the "Debtors"), debtors and debtors-in-possession in the above-captioned Chapter 11 Cases, hereby propose and file this Disclosure Statement with the Bankruptcy Court, pursuant to Section 1125 of the Bankruptcy Code, in connection with the Debtors' proposed Joint Plan of Liquidation dated July 20, 2010 (as it may be amended, altered, modified or supplemented, the "Plan") as described herein. (A copy of the Plan is annexed to this Disclosure Statement as *Exhibit A*).

THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST POSSIBLE RESULT FOR ALL HOLDERS OF CLAIMS AND INTERESTS AND THEREFORE BELIEVE THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS' CREDITORS AND INTEREST HOLDERS. THE DEBTORS STRONGLY URGE ALL HOLDERS OF CLAIMS IN IMPAIRED CLASSES RECEIVING BALLOTS THAT ARE ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

THIS DISCLOSURE STATEMENT IS DESIGNED TO SOLICIT YOUR ACCEPTANCE OF THE ATTACHED PLAN AND CONTAINS INFORMATION RELEVANT TO YOUR DECISION. PLEASE READ THIS DISCLOSURE STATEMENT, THE PLAN AND THE OTHER MATERIALS COMPLETELY AND CAREFULLY. THE PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ANNEXED HERETO AND OTHER DOCUMENTS REFERENCED AS FILED WITH THE BANKRUPTCY COURT BEFORE OR CONCURRENTLY WITH THE FILING OF THIS DISCLOSURE STATEMENT AND THE PLAN. FURTHERMORE, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN THE SUBJECT OF AN AUDIT. SUBSEQUENT TO THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT: (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN WILL CONTINUE TO BE MATERIALLY ACCURATE; OR (B) THE DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

THE ONLY CLASSES OF CLAIMS IMPAIRED UNDER THE PLAN AND ENTITLED TO VOTE ON THE PLAN ARE CLASS 1 (SECURED CLAIMS), CLASS 2 (CITIBANK CLAIM) AND CLASS 5 (GENERAL UNSECURED CLAIMS). CLASS 4 (PRIORITY CLAIMS) AND CLASS 3 (SECURED EQUIPMENT FINANCE CLAIMS) ARE UNIMPAIRED AND HOLDERS OF SUCH CLAIMS ARE CONCLUSIVELY PRESUMED TO HAVE ACCEPTED THE PLAN PURSUANT TO SECTION 1126(f) OF THE BANKRUPTCY CODE. CLASS 6 (INTERESTS) IS IMPAIRED, BUT WILL NEITHER RECEIVE NOR RETAIN ANY INTEREST IN THE DEBTORS NOR RECEIVE ANY DISTRIBUTION FROM THE DEBTORS' ESTATES OR THE LIQUIDATING ESTATES ON ACCOUNT OF THEIR INTERESTS AND ARE DEEMED NOT TO HAVE ACCEPTED THE PLAN (*i.e.*, TO HAVE REJECTED) PURSUANT TO SECTION 1126(g) OF THE BANKRUPTCY CODE.

HOLDERS OF CLASS 1 SECURED CLAIMS, CLASS 2 CITIBANK CLAIMS AND CLASS 5 GENERAL UNSECURED CLAIMS ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT PRIOR TO SUBMITTING BALLOTS. IN MAKING A DECISION TO ACCEPT OR REJECT THE PLAN, HOLDERS OF CLASS 1 SECURED CLAIMS, CLASS 2 CITIBANK CLAIMS AND CLASS 5 GENERAL UNSECURED CLAIMS MUST RELY ON THEIR OWN EXAMINATION OF THE DEBTORS' SCHEDULES AS DESCRIBED IN THIS DISCLOSURE STATEMENT AND THE TERMS OF THE PLAN, INCLUDING THE MERITS AND RISKS INVOLVED. IN ADDITION, CONFIRMATION AND CONSUMMATION OF THE PLAN ARE SUBJECT TO CONDITIONS PRECEDENT THAT COULD LEAD TO DELAYS IN CONSUMMATION OF THE PLAN. THERE CAN BE NO ASSURANCE THAT EACH OF THESE CONDITIONS WILL BE SATISFIED OR WAIVED (AS PROVIDED IN THE PLAN) OR THAT THE PLAN WILL BE CONSUMMATED EVEN AFTER THE EFFECTIVE DATE. DISTRIBUTIONS UNDER THE PLAN MAY BE SUBJECT TO SUBSTANTIAL DELAYS FOR HOLDERS OF CLAIMS THAT ARE DISPUTED.

CLASS 1 SECURED CLAIMS, CLASS 2 CITIBANK CLAIMS AND CLASS 5 GENERAL UNSECURED CLAIMS WILL BE DEEMED TO HAVE ACCEPTED THE PLAN IF THE HOLDERS OF CLAIMS IN SUCH CLASSES (OTHER THAN ANY HOLDER DESIGNATED UNDER SECTION 1126(e) OF THE BANKRUPTCY CODE) WHO CAST VOTES IN FAVOR OF THE PLAN HOLD AT LEAST TWO-THIRDS IN DOLLAR AMOUNT AND MORE THAN ONE-HALF IN NUMBER OF THE ALLOWED CLAIMS THAT ARE HELD BY HOLDERS OF CLAIMS ACTUALLY VOTING IN SUCH CLASS.

WITH RESPECT TO ANY IMPAIRED CLASS THAT DOES NOT ACCEPT THE PLAN, THE DEBTORS WILL REQUEST THAT THE BANKRUPTCY COURT CONFIRM THE PLAN UNDER SECTION 1129(b) OF THE BANKRUPTCY CODE. SECTION 1129(b) OF THE BANKRUPTCY CODE PERMITS CONFIRMATION OF THE PLAN DESPITE REJECTION BY ONE OR MORE CLASSES IF THE BANKRUPTCY COURT FINDS THAT THE PLAN "DOES NOT DISCRIMINATE UNFAIRLY" AND IS "FAIR AND EQUITABLE" AS TO THE CLASS OR CLASSES THAT DO NOT ACCEPT THE PLAN. FOR A MORE DETAILED DESCRIPTION OF THE REQUIREMENTS FOR ACCEPTANCE OF THE PLAN AND OF THE CRITERIA FOR CONFIRMATION, *SEE* SECTION III HEREIN, FOR CONFIRMATION REQUIREMENTS.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS WITH RESPECT TO THE PLAN OTHER THAN THOSE CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS OR INFORMATION CONCERNING THE DEBTORS, THE LIQUIDATING ESTATES OR THE VALUE OF DEBTORS' PROPERTY HAVE BEEN AUTHORIZED OTHER THAN AS SET FORTH HEREIN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH OTHER APPLICABLE NON-BANKRUPTCY LAWS. ENTITIES HOLDING, TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS AGAINST, OR INTERESTS IN THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT ONLY IN LIGHT OF THE PURPOSE FOR WHICH IT WAS PREPARED.

IF THE REQUISITE ACCEPTANCES OF THE PLAN ARE RECEIVED, THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS OR INTERESTS (INCLUDING THOSE WHO DO NOT SUBMIT BALLOTS ACCEPTING OR TO REJECTING THE PLAN) WILL BE BOUND BY THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR BY ANY STATE SECURITIES COMMISSION OR SIMILAR PUBLIC, GOVERNMENTAL OR REGULATORY AUTHORITY, AND NEITHER SUCH COMMISSION NOR ANY SUCH AUTHORITY HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF AND NEITHER THE DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY DISTRIBUTION OF PROPERTY PURSUANT TO THE PLAN WILL UNDER ANY CIRCUMSTANCES CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF OR THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN OR IN THE AFFAIRS OF THE DEBTORS SINCE THE DATE HEREOF.

EACH CREDITOR AND INTEREST HOLDER OF THE DEBTORS SHOULD CONSULT WITH THEIR LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION OF VOTES TO ACCEPT OR REJECT THE PLAN, THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREBY.

I. INTRODUCTION

This Disclosure Statement is being furnished by the Debtors pursuant to Section 1125 of the Bankruptcy Code, in connection with the solicitation of Ballots to accept or reject the Plan from Holders of Class 1 Secured Claims, Class 2 Citibank Claims and Class 5 General Unsecured Claims. All capitalized terms used in this Disclosure Statement have the meanings ascribed to such terms in the Plan, except as otherwise indicated. The following introduction and summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information, financial statements and notes appearing elsewhere in this Disclosure Statement.

On or about July 20, 2010, the Debtors filed the Joint Plan with the Bankruptcy Court, supported by the Committee and Woodside. Concurrently therewith, the Debtors filed this Disclosure Statement with the Bankruptcy Court pursuant to Section 1125 of the Bankruptcy Code and in connection with the solicitation of Ballots to accept or reject the Plan (the "Solicitation").

The Bankruptcy Court will be asked to determine that this Disclosure Statement contains "adequate information" in accordance with Section 1125 of the Bankruptcy Code. Pursuant to Section 1125(a)(1) of the Bankruptcy Code, "adequate information" is defined as "information of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the debtor and the condition of the debtor's books and records, including a discussion of the potential material Federal tax consequences of the plan to the debtor, any successor to the debtor, and a hypothetical investor typical of the holders of claims or interests in the case, that would enable such a hypothetical investor of the relevant class to make an informed judgment about the plan" 11 U.S.C. § 1125(a)(1).

The Bankruptcy Court has scheduled a hearing to consider the adequacy of this Disclosure Statement for **August 17, 2010** at 11:00 a.m. (prevailing Eastern Time), before the Honorable Dorothy T. Eisenberg, United States Bankruptcy Judge, at the United States Bankruptcy Court for the Eastern District of New York, Alfonse D'Amato U.S. Courthouse, 290 Federal Plaza, Central Islip, New York 11722. The hearing may be adjourned from time to time without further notice other than by announcement in the Bankruptcy Court on the scheduled date of such hearing or any adjourned hearings thereof. Any objections to confirmation of the Plan must be in writing and must be filed with the Clerk of the Bankruptcy Court and served on counsel for the Debtors listed below to ensure RECEIPT by them on or before **[INSERT DATE]** at 5:00 p.m. (prevailing Eastern Time). Counsel on whom objections must be served are:

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Leslie A. Berkoff, Esq.
Robert S. Cohen, Esq.

Attached hereto as Exhibits are copies of the following documents:

Exhibit A: The Plan;

Exhibit B: Order of the Bankruptcy Court, dated [INSERT DATE] (the "Notice Procedures Order"), among other things, scheduling the hearing on this Plan and establishing certain procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan; and

Exhibit C: The Liquidation Analysis.

II. SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS

THE SUMMARY OF THE PLAN'S CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS SET FORTH BELOW IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PROVISIONS SET FORTH IN THE PLAN, THE TERMS OF WHICH CONTROL.

The estimated aggregate amount of claims in each class, and the estimated amount and nature of consideration to be distributed to each class, is summarized in the table below. In accordance with Section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified. The Debtors' estimates for recoveries by holders of Allowed General Unsecured Claims in Class 5 are based on, among other things, the Debtors' current view of the likely amount of Allowed Administrative Claims incurred by the Debtors through confirmation of the Plan and the costs of administering and winding down the Debtors' Estates. There can be no guarantee that the Debtors' estimates will prove to be accurate.

The estimated amount of Claims shown in the table below are based upon the Debtors' preliminary review of their books and records and filed Schedules and may be revised substantially following further analysis. The amount designated in the table below as "Estimated Percentage Range of Recovery" for each Class is the quotient of the estimated Cash to be distributed to Holders of Allowed Claims in such Class, divided by the estimated aggregate amount of Allowed Claims in such Class. For purposes of computations of Claim amounts, Administrative Claims and other expenses and for similar computational purposes, the Effective Date is assumed to occur on or about September __, 2010. There can be no assurance, however, if or when the Effective Date will actually occur.

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SUMMARY OF CLASSIFICATION AND TREATMENT UNDER THE PLAN

THE OTIC DEBTOR CASE

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED ¹ PERCENTAGE RECOVERY
Class 1 (Secured Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 1 will be paid funds until such time as such Claim is paid in full.	Impaired Entitled to Vote	N/A ²	N/A ²
Class 2 (Citibank Claim)	No property shall be distributed to Holders of an Allowed claim in this Class.	Impaired Entitled to Vote	N/A	N/A
Class 3 (Secured Equipment Finance Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 3 will either have all legal and equitable rights left unaltered or will retain the collateral securing such Claim.	Unimpaired Not Entitled to Vote	N/A	N/A
Class 4 (Priority Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 4 will receive Cash equal to the amount of such Allowed Claim	Unimpaired Not Entitled to Vote	\$220,000 ³	100%
Class 5 (General Unsecured Claims)	Each holder of an Allowed General Unsecured Claim share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement pursuant to Section 5.5 of the Plan, including a distribution as soon as reasonably practicable after the Effective Date.	Impaired Entitled to Vote	\$100,000 - \$475,000	3%
Class 6 (Equity Interests)	No property will be distributed to or retained by the holders of Allowed Equity Interests on account of such Interests.	Impaired Not Entitled to Vote, Deemed to Have Rejected the Plan	\$0	0%

¹ Since this is a pot plan the estimated percentages set forth below have been calculated utilizing the aggregate Claims filed in these cases.

² In light of the ongoing liquidation of the Debtors' assets and payments consistent with the provisions of the Cash Collateral Order (defined herein), the amount of Woodside's Secured Claim is subject to ongoing adjustment and will be fixed as of the Confirmation Date.

³ Based upon Claims filed after consideration of available objections to such Claims.

THE OM&T DEBTOR CASE

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED ⁴ PERCENTAGE RECOVERY
Class 1 (Secured Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 1 will be paid funds until such time as such Claim is paid in full.	Impaired Entitled to Vote	N/A ⁵	N/A ⁵
Class 2 (Citibank Claim)	No property shall be distributed to Holders of an Allowed claim in this Class.	Impaired Entitled to Vote	N/A	N/A
Class 3 (Secured Equipment Finance Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 3 will either have all legal and equitable rights left unaltered or will retain the collateral securing such Claim.	Unimpaired Not Entitled to Vote	N/A	N/A
Class 4 (Priority Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 4 will receive Cash equal to the amount of such Allowed Claim	Unimpaired Not Entitled to Vote	\$220,000 ⁶	100%
Class 5 (General Unsecured Claims)	Each holder of an Allowed General Unsecured Claim share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement pursuant to Section 5.11 of the Plan, including a distribution as soon as reasonably practicable after the Effective Date.	Impaired Entitled to Vote	\$2,900,000 - \$3,400,000	3%
Class 6 (Equity Interests)	No property will be distributed to or retained by the holders of Allowed Equity Interests on account of such Interests.	Impaired Not Entitled to Vote, Deemed to Have Rejected the Plan	\$0	0%

⁴ Since this is a pot plan the estimated percentages set forth below have been calculated utilizing the aggregate Claims filed in these cases.

⁵ In light of the ongoing liquidation of the Debtors' assets and payments consistent with the provisions of the Cash Collateral Order (defined herein), the amount of Woodside's Secured Claim is subject to ongoing adjustment and will be fixed as of the Confirmation Date.

⁶ Based upon Claims filed after consideration of available objections to such Claims.

THE ONJ DEBTOR CASE

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED ⁷ PERCENTAGE RECOVERY
Class 1 (Secured Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 1 will be paid funds until such time as such Claim is paid in full.	Impaired Entitled to Vote	N/A ⁸	N/A ⁸
Class 2 (Citibank Claim)	No property shall be distributed to Holders of an Allowed claim in this Class.	Impaired Entitled to Vote	N/A	N/A
Class 3 (Secured Equipment Finance Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 3 will either have all legal and equitable rights left unaltered or will retain the collateral securing such Claim.	Unimpaired Not Entitled to Vote	N/A	N/A
Class 4 (Priority Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 4 will receive Cash equal to the amount of such Allowed Claim	Unimpaired Not Entitled to Vote	\$220,000 ⁹	100%
Class 5 (General Unsecured Claims)	Each holder of an Allowed General Unsecured Claim share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement pursuant to Section 5.17 of the Plan, including a distribution as soon as reasonably practicable after the Effective Date.	Impaired Entitled to Vote	\$165,000 – \$265,000	3%
Class 6 (Equity Interests)	No property will be distributed to or retained by the holders of Allowed Equity Interests on account of such Interests.	Impaired Not Entitled to Vote, Deemed to Have Rejected the Plan	\$0	0%

⁷ Since this is a pot plan the estimated percentages set forth below have been calculated utilizing the aggregate Claims filed in these cases.

⁸ In light of the ongoing liquidation of the Debtors' assets and payments consistent with the provisions of the Cash Collateral Order (defined herein), the amount of Woodside's Secured Claim is subject to ongoing adjustment and will be fixed as of the Confirmation Date.

⁹ Based upon Claims filed after consideration of available objections to such Claims.

THE OS DEBTOR CASE

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED ¹⁰ PERCENTAGE RECOVERY
Class 1 (Secured Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 1 will be paid funds until such time as such Claim is paid in full.	Impaired Entitled to Vote	N/A ¹¹	N/A ¹¹
Class 2 (Citibank Claim)	No property shall be distributed to Holders of an Allowed claim in this Class.	Impaired Entitled to Vote	N/A	N/A
Class 3 (Secured Equipment Finance Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 3 will either have all legal and equitable rights left unaltered or will retain the collateral securing such Claim.	Unimpaired Not Entitled to Vote	N/A	N/A
Class 4 (Priority Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 4 will receive Cash equal to the amount of such Allowed Claim	Unimpaired Not Entitled to Vote	\$220,000 ¹²	100%
Class 5 (General Unsecured Claims)	Each holder of an Allowed General Unsecured Claim share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement pursuant to Section 5.23 of the Plan, including a distribution as soon as reasonably practicable after the Effective Date.	Impaired Entitled to Vote	\$325,000 – \$525,000	3%
Class 6 (Equity Interests)	No property will be distributed to or retained by the holders of Allowed Equity Interests on account of such Interests.	Impaired Not Entitled to Vote, Deemed to Have Rejected the Plan	\$0	0%

¹⁰ Since this is a pot plan the estimated percentages set forth below have been calculated utilizing the aggregate Claims filed in these cases.

¹¹ In light of the ongoing liquidation of the Debtors' assets and payments consistent with the provisions of the Cash Collateral Order (defined herein), the amount of Woodside's Secured Claim is subject to ongoing adjustment and will be fixed as of the Confirmation Date.

¹² Based upon Claims filed after consideration of available objections to such Claims.

THE OG DEBTOR CASE

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED ¹³ PERCENTAGE RECOVERY
Class 1 (Secured Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 1 will be paid funds until such time as such Claim is paid in full.	Impaired Entitled to Vote	N/A ¹⁴	N/A ¹⁴
Class 2 (Citibank Claim)	No property shall be distributed to Holders of an Allowed claim in this Class.	Impaired Entitled to Vote	N/A	N/A
Class 3 (Secured Equipment Finance Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 3 will either have all legal and equitable rights left unaltered or will retain the collateral securing such Claim.	Unimpaired Not Entitled to Vote	N/A	N/A
Class 4 (Priority Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 4 will receive Cash equal to the amount of such Allowed Claim	Unimpaired Not Entitled to Vote	\$220,000 ¹⁵	100%
Class 5 (General Unsecured Claims)	Each holder of an Allowed General Unsecured Claim share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement pursuant to Section 5.29 of the Plan, including a distribution as soon as reasonably practicable after the Effective Date.	Impaired Entitled to Vote	\$1,750,000 – \$2,250,000	3%
Class 6 (Equity Interests)	No property will be distributed to or retained by the holders of Allowed Equity Interests on account of such Interests.	Impaired Not Entitled to Vote, Deemed to Have Rejected the Plan	\$0	0%

¹³ Since this is a pot plan the estimated percentages set forth below have been calculated utilizing the aggregate Claims filed in these cases.

¹⁴ In light of the ongoing liquidation of the Debtors' assets and payments consistent with the provisions of the Cash Collateral Order (defined herein), the amount of Woodside's Secured Claim is subject to ongoing adjustment and will be fixed as of the Confirmation Date.

¹⁵ Based upon Claims filed after consideration of available objections to such Claims.

THE OD DEBTOR CASE

CLASS	TREATMENT	STATUS/ RIGHT TO VOTE	ESTIMATED AGGREGATE AMOUNT OF ALLOWED CLAIMS OR INTERESTS	ESTIMATED ¹⁶ PERCENTAGE RECOVERY
Class 1 (Secured Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 1 will be paid funds until such time as such Claim is paid in full.	Impaired Entitled to Vote	N/A ¹⁷	N/A ¹⁷
Class 2 (Citibank Claim)	No property shall be distributed to Holders of an Allowed claim in this Class.	Impaired Entitled to Vote	N/A	N/A
Class 3 (Secured Equipment Finance Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 3 will either have all legal and equitable rights left unaltered or will retain the collateral securing such Claim.	Unimpaired Not Entitled to Vote	N/A	N/A
Class 4 (Priority Claims)	On the Effective Date, each Holder of an Allowed Claim in Class 4 will receive Cash equal to the amount of such Allowed Claim	Unimpaired Not Entitled to Vote	\$220,000 ¹⁸	100%
Class 5 (General Unsecured Claims)	Each holder of an Allowed General Unsecured Claim share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement pursuant to Section 5.35 of the Plan, including a distribution as soon as reasonably practicable after the Effective Date.	Impaired Entitled to Vote	\$6,350,000 – \$6,850,000	3%
Class 6 (Equity Interests)	No property will be distributed to or retained by the holders of Allowed Equity Interests on account of such Interests.	Impaired Not Entitled to Vote, Deemed to Have Rejected the Plan	\$0	0%

¹⁶ Since this is a pot plan the estimated percentages set forth below have been calculated utilizing the aggregate Claims filed in these cases.

¹⁷ In light of the ongoing liquidation of the Debtors' assets and payments consistent with the provisions of the Cash Collateral Order (defined herein), the amount of Woodside's Secured Claim is subject to ongoing adjustment and will be fixed as of the Confirmation Date.

¹⁸ Based upon Claims filed after consideration of available objections to such Claims.

The estimated recoveries on the foregoing pages are predicated upon the Debtors not including the following types of Claims: (a) Claims that were filed after the Bar Date; (b) Claims that were withdrawn by the Claimant; (c) Claims that are duplicative of another Claim filed by or on behalf of the same Claimant; (d) Claims that were subsequently amended and superseded by another Claim; (e) Claims that were reflected in the Debtors' Schedules and were superseded by a timely filed Proof of Claim; (f) inter-company Claims between, by or amongst the Debtors and/or (g) Claims that were reflected in the Debtors' schedules as being unliquidated, disputed and/or contingent and for which a timely claim was not filed consistent with the terms of the Bar Order. The Debtors have not completed the claims reconciliation process and have not yet evaluated, prepared and/or filed the claims objections the Debtors would be entitled and intend to file. The total amount of Unsecured Claims is merely an estimate and will likely differ from amounts identified above thus impacting the recoveries. Moreover, the ultimate determination as to the allowance or disallowance of the Claims will be made by the Bankruptcy Court, and such determinations will have an impact, either positive or negative, on the Pro Rata distribution made in respect of Class 5.

III. VOTING ON AND CONFIRMATION OF PLAN

A. General

Confirmation and consummation of a plan of reorganization or liquidation is the principal objective of a Chapter 11 case. A plan of reorganization or liquidation sets forth the treatment of claims against, and interests in a debtor. Confirmation of a plan of reorganization or liquidation by the Bankruptcy Court makes the plan binding upon the debtor, any person or entity acquiring property under the plan and any creditor or interest holder in the debtor, whether or not such creditor or interest holder (1) is impaired under or has accepted the plan or (2) receives or retains any property under the plan.

In general, a plan divides the claims against, and interests in a debtor into separate classes and allocates plan distributions among those classes. If the legal, equitable and contractual rights of a class are unaffected by the plan, such class is considered "unimpaired." All unimpaired classes are deemed to have accepted the plan and, therefore, are not entitled to vote under Section 1126(f) of the Bankruptcy Code.

Section 1126(g) of the Bankruptcy Code, on the other hand, provides that all classes of claims and interests that do not receive or retain property under the plan on account of such claims or interests are deemed not to have accepted, or to have rejected the plan and are, likewise, not entitled to vote. All other classes of claims and interests are considered "impaired" and are entitled to vote to accept or reject the plan. Under the Bankruptcy Code, acceptance of the plan is determined by class; therefore, it is not required that each holder of a claim or interest in an impaired class vote in favor of the plan in order for the bankruptcy court to confirm the plan. Generally, each impaired class must vote to accept the plan; however, the bankruptcy court may confirm the plan in certain circumstances without the acceptance of all impaired classes if at least one (1) impaired class votes to accept the plan and certain other statutory tests are satisfied.

A further explanation of the requirements of confirmation if an impaired class rejects the plan is set forth below in this Disclosure Statement. Many of these tests are designed to protect the interests of creditors and interest holders who either do not vote or vote to reject the plan, but who nonetheless would be bound by the plan if it is confirmed by the bankruptcy court.

B. Acceptance of Plan

As a condition to confirmation, Section 1129(a) of the Bankruptcy Code requires that: (a) each impaired class of claims or interests votes to accept the plan; and (b) the plan meets the other requirements of Section 1129(a). As explained above, classes that are unimpaired are deemed to have accepted a plan and, therefore, are not entitled to vote and classes that do not receive or retain any property under a plan are deemed to have rejected a plan and are likewise not entitled to vote. Accordingly, acceptances of the Plan are being solicited only from those parties who hold Claims in Impaired Classes that are to receive distributions under the Plan. An Impaired Class of Claims will be deemed to have accepted the Plan if Holders of at least two-thirds in dollar amount and more than one-half in number of Claims in such Class that cast timely ballots vote to accept the Plan.

Holders of Claims or Interests who do not timely vote on the Plan are not counted for purposes of determining acceptance or rejection of the Plan by any Impaired Class of Claims or Interests.

C. Voting Procedures and Requirements

Pursuant to the Bankruptcy Code, only classes of claims against or equity interests in a debtor that are "impaired" under the terms of a plan of liquidation or reorganization, and who receive distributions under such plan, are entitled to vote to accept or reject the plan. Generally, a class is "impaired" under a plan unless such plan leaves unaltered the legal, equitable or contractual rights to which such claim or interest entitles the holder of such claim or interest. Classes of claims and interests that are not impaired are not entitled to vote on the plan and are conclusively presumed to have accepted the plan.

As set forth in the above chart, holders of Claims in Classes 1, 2 and 5 of each of the Debtors' cases are entitled to vote on the Plan. If Class 1, 2 or 5 votes to reject the Plan, (a) the Debtors may seek to satisfy the requirements for Confirmation of the Plan under the cramdown provisions of Section 1129(b) of the Bankruptcy Code and, if required, may amend the Plan to conform to the standards of such section, or (b) the Plan may be modified or withdrawn with respect to a particular Debtor, without affecting the Plan as to other Debtors, or in its entirety.

Please carefully follow all of the instructions contained on the Ballot or Ballots provided to you with this Disclosure Statement if you are entitled to vote on the Plan. All Ballots must be completed and returned in accordance with the instructions provided.

To be counted, your Ballot or Ballots must be received by **4:00 p.m.** (prevailing Eastern Time) on _____, 2010 (the "Voting Deadline") at the address set forth on the pre-addressed envelope provided to you. It is of the utmost importance to the Debtors that you vote promptly to accept the Plan.

If you are entitled to vote and you did not receive a Ballot, received a damaged Ballot or lost your Ballot, please call Harold May, Moritt Hock Hamroff & Horowitz LLP, at (516) 873-2000 (extension 301). Also, this Disclosure Statement, the Plan and all of the related exhibits and schedules, are available to any party in interest at www.nyeb.uscourts.gov.

Votes cannot be transmitted orally, by facsimile, or by email. Accordingly, you are urged to return your signed and completed Ballot, by hand delivery, overnight service or regular U.S. mail, promptly, so that it is received by the Debtors' voting agent on or before the Voting Deadline.

D. Tabulation of Votes

For the purpose of determining whether the Plan satisfies Sections 1129(a)(8) and/or (10) of the Bankruptcy Code, if no holders of Claims eligible to vote in a particular Class vote to accept or reject the Plan, the Plan shall be deemed accepted by the holders of such Claims in such Class. Any Class of Claims that does not have a holder of an Allowed Claim temporarily allowed by the Bankruptcy Court as of the date of the Confirmation Hearing shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to Section 1129(a)(8) of the Bankruptcy Code.

E. Confirmation Hearing

The Bankruptcy Code requires the Bankruptcy Court, after proper notice to parties in interest, to hold a hearing on whether the Debtors have fulfilled the confirmation requirements of Section 1129 of the Bankruptcy Code. The Confirmation Hearing with respect to the Plan has been scheduled for [_____, 2010] at __:___ .m. (Eastern Time) before the Honorable Dorothy T. Eisenberg, United States Bankruptcy Judge of the United States Bankruptcy Court for the Eastern District of New York in her Courtroom at Alfonse D'Amato U.S. Courthouse, 290 Federal Plaza, Central Islip, New York 11722. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice, except for an announcement of the adjourned date made at the Confirmation Hearing. Any objection to confirmation must be made in writing and must specify in detail the name and address of the objecting party, all grounds for the objection and the amount of the Claim or Interest held by the objecting party. Any such objections must be filed and served upon the persons designated in the notice of the Confirmation Hearing and in the manner and by the deadline described therein.

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the following requirements of Section 1129(a) of the Bankruptcy Code are met:

1. The Plan complies with the applicable provisions of the Bankruptcy Code.
2. The Debtors have complied with the applicable provisions of the Bankruptcy Code.
3. The Plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or to be made by the Debtors, or by an entity issuing securities, or acquiring property under the Plan, for services or for costs and expenses in, or in connection with, the Chapter 11 Cases or in connection with the Plan and incident to the Chapter 11 Cases has been approved by, or is subject to the approval of, the Bankruptcy Court as reasonable.
5. To the extent that the Debtors' business will complete liquidation post confirmation, it should be noted that Peter A. Furman of Getzler Henrich shall serve as Plan Administrator.
6. With respect to each Impaired Class of Claims or Interests, each Holder of a Claim or Interest in such Class has either accepted the Plan or will receive or retain under the Plan on account of such Claim or Interest property of a value, as of the Effective Date, that is not less than the amount that such holder would receive or retain if the Debtors were liquidated on the Effective Date under Chapter 7 of the Bankruptcy Code.
7. With respect to each Class of Claims or Interests, such Class has either accepted the Plan or is Unimpaired by the Plan. If this requirement is not met, the Plan may still be confirmed pursuant to Section 1129(b) of the Bankruptcy Code.
8. Except to the extent that the Holder of a particular Claim or Interest has agreed to a different treatment of its Claim, the Plan provides that (a) Allowed Administrative Expense Claims will be paid in full in Cash on the later of (aa) the Effective Date, or (bb) in the event such Administrative Expense Claim is not Allowed as of the Effective Date, the date on which the Bankruptcy Court enters an order allowing such Administrative Expense Claim, or (cc) such later date as the Debtors (or, if it is after the Effective Date, the Plan Administrator) and the Holder of such Allowed Administrative Expense Claim otherwise agree in writing, or as soon thereafter as is practicable; and (b) Allowed Priority Tax Claims will be paid in full in Cash on the later of (aa) the Effective Date, or (bb) in the event such Priority Tax Claim is not Allowed as of the Effective Date, the date on which the Bankruptcy Court enters a Final Order allowing such Priority Tax Claim, or as soon thereafter as is practicable.

9. If a Class of Claims is Impaired under the Plan, at least one Class of Claims that is Impaired by the Plan has accepted the Plan, determined without including any acceptance of the Plan by any "insider."
10. Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtors or any successor of the Debtors under the Plan or the Debtors will indeed be liquidated under the terms of the Plan. All fees payable under Section 1930 of Title 28 as determined by the Bankruptcy Court at the Confirmation Hearing have been paid or the Plan provides for the payment of all such fees on the Effective Date.
11. There are no Retiree Benefits (as defined in Section 1114 of the Bankruptcy Code) to be addressed.

The Debtors believe that the Plan satisfies, to the extent applicable, all of the statutory requirements of Chapter 11 of the Bankruptcy Code. Certain of these requirements are discussed in more detail below.

F. Confirmation of All Cases

Except as otherwise specified herein, the Plan shall not be deemed to have been confirmed unless and until the Plan has been confirmed as to each of the Debtors.

G. Confirmation Requirements

1. Feasibility

In connection with confirmation of the Plan, Section 1129(a)(11) of the Bankruptcy Code requires that the Bankruptcy Court find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors. This is the so-called "feasibility" test. Here, because the Debtors have sold substantially all of their assets and wound down their businesses in the Chapter 11 Cases, and the Plan contemplates an orderly liquidation of the Debtors' remaining assets and distribution of the proceeds thereof to Creditors holding Allowed Claims, there will be no need for any further bankruptcy reorganization. Accordingly, the Debtors believe that the Plan complies with the standard of Section 1129(a)(11) of the Bankruptcy Code.

2. "Best Interests"; Liquidation Analysis

In order to confirm the Plan, the Bankruptcy Court also must determine that the Plan is in the best interests of each Holder of a Claim or Interest in any such Impaired Class who has not voted to accept the Plan. Accordingly, if an Impaired Class does not accept the Plan as required under the Bankruptcy Code, the "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of such Impaired Class a recovery on account of the member's Claim or Interest that has a value, as of the Effective Date, at least equal to the value of

the distribution that each such member would receive if the applicable Debtor or Debtors were liquidated under Chapter 7 of the Bankruptcy Code on such date.

To estimate what members of each Impaired Class of Claims or Interests would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code, the Bankruptcy Court must first determine the aggregate dollar amount that would be available if the Chapter 11 Cases were converted to Chapter 7 cases under the Bankruptcy Code and the Debtors' assets were liquidated by a Chapter 7 trustee (the "Liquidation Value"). The Liquidation Value of the Debtors would consist of the net proceeds received from the disposition by a Chapter 7 trustee (as opposed to the Debtors) of the Debtors' remaining assets and inventory plus any cash held by the Debtors.

The Liquidation Value available to Holders of Claims or Interests that are not Secured Claims would be reduced by, among other things: (a) the Claims of secured creditors to the extent of the value of their collateral; (b) the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtors' Chapter 7 cases; (c) unpaid Administrative Expense Claims of the Chapter 11 Cases; and (d) Priority Claims and Priority Tax Claims. The Debtors' costs of liquidation in Chapter 7 cases would include the compensation of trustees, as well as of counsel and of other professionals retained by such trustees, asset disposition expenses, applicable taxes, litigation costs, Claims arising from the administration of the Debtors during the pendency of the Chapter 7 cases and all unpaid Administrative Claims incurred by the Debtors during the Chapter 11 Cases that are allowed in the Chapter 7 cases.

The information contained in *Exhibit C* hereto provides a summary of the Liquidation Values of the Debtors' interests in property, assuming a Chapter 7 liquidation in which one or more trustees appointed by the Bankruptcy Court would liquidate each Debtors' properties and interests. In summary, the Debtors believe that Chapter 7 liquidations would result in diminution in the value to be realized by Holders of certain of the Allowed Claims, as compared to the proposed distributions under the Plan. Consequently, the Debtors believe that the Plan will provide a greater ultimate return to Holders of Allowed Claims than would a Chapter 7 liquidation of each Debtor.

3. Cramdown

In the event that any Impaired Class of Claims or Interests does not accept the Plan, the Bankruptcy Court may nevertheless confirm the Plan if all other requirements under Section 1129(a) of the Bankruptcy Code are satisfied, and if, with respect to each Impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to such Class. Confirmation under Section 1129(b) of the Bankruptcy Code requires that at least one Impaired Class of Claims accepts the Plan, excluding any acceptance of the Plan by an "insider" (as that term is defined in Section 101 of the Bankruptcy Code). The Debtors intend to seek confirmation of the Plan notwithstanding the nonacceptance of one or more Impaired Classes.

- (a) No Unfair Discrimination. A plan of reorganization does not "discriminate unfairly" with respect to a nonaccepting Class if the

value of the cash and/or securities to be distributed to the nonaccepting Class is equal or otherwise fair when compared to the value of distributions to other Classes whose legal rights are the same as those of the nonaccepting Class. The Debtors believe that the Plan would not discriminate unfairly against any nonaccepting Class of Claims or Interests.

- (b) Fair and Equitable Test. The "fair and equitable" test of Section 1129(b) of the Bankruptcy Code requires absolute priority in the payment of claims and interests with respect to any nonaccepting Class or Classes. The "fair and equitable" test established by the Bankruptcy Code is different for secured claims, unsecured claims and interests, and includes the following treatment:
- (i) Secured Claims. A plan is fair and equitable with respect to a nonaccepting class of secured claims if (aa) the holder of each claim in such class will retain its lien or liens and receive deferred cash payments totaling the allowed amount of its claim, of a value, as of the effective date of the plan, equal to the value of such holder's interest in the collateral, (bb) the holder of each claim in such class will receive the proceeds from the sale of such collateral or (cc) the holder of each claim in such class will realize the indubitable equivalent of its allowed secured claim.
 - (ii) Unsecured Claims. A plan is fair and equitable with respect to a nonaccepting class of unsecured claims if (aa) the holder of each claim in such class will receive or retain under the plan property of a value, as of the effective date of the plan, equal to the allowed amount of its claim, or (bb) holders of claims or interests that are junior to the claims of such creditors will not receive or retain any property under the plan on account of such junior claim or interest.
 - (iii) Interests. A plan is fair and equitable with respect to a nonaccepting class of interests if the plan provides that (aa) each member of such class receives or retains on account of its interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such interest, or (bb) holders of interests that are junior to the interests of such class will not receive or retain any property under the plan on account of

such junior interests. Based upon the classification made and distributions provided for under the Plan, the Debtors believe the Plan is fair and equitable.

H. Alternatives to Confirmation and Consummation of the Plan

If the Plan is not confirmed, the Debtors' Chapter 11 Cases will most likely each be converted to a liquidation case under Chapter 7 of the Bankruptcy Code. In Chapter 7, a trustee would be appointed to ordinarily liquidate the assets of the Debtors. However, all assets will already be fully or close to fully liquidated and there would be little for a Chapter 7 trustee to do. The addition at this last stage of a fresh round of professionals who would have to "learn" about the industry, the players and the dynamics of this case would result in additional administrative costs with no upside to any creditor in these cases. Any attempt to liquidate any remaining assets by a Chapter 7 trustee who is unfamiliar with the Debtors and their assets would likely be unproductive. Under the Plan, the remaining assets will be liquidated under the supervision of Debtors' Chief Restructuring Officer, Peter A. Furman, of Getzler Henrich. Not only does Getzler Henrich have significant experience in advising distressed companies in connection with both in-court and out-of-court restructurings and liquidations, but Getzler Henrich, by Mr. Furman, served as the Debtors' Chief Restructuring Officer throughout the Chapter 11 Cases. As such, Getzler Henrich is also very familiar with the Debtors' assets and former business operations and is uniquely positioned to serve the post-confirmation Liquidating Estates pursuant to the Plan.

The Debtors' Liquidation Analysis is premised upon a hypothetical liquidation in a Chapter 7 case. In that analysis, the Debtors, with the assistance of Getzler Henrich, have taken into account, among other things, the nature, status, and underlying value of their assets and the ultimate realizable value of their assets. In accordance with the Liquidation Analysis annexed hereto as *Exhibit C*, the Debtors estimate that as of July 2, 2010, the total assets of the Liquidating Estates available for distribution to creditors range between approximately \$2,800,000 and \$3,600,000.

As set forth in further detail in the Liquidation Analysis, as of July 2, 2010, the Debtors estimate that administrative and priority tax claims total between approximately \$2,100,000 and \$2,400,000.

Finally, the Debtors estimate that general unsecured claims total between approximately \$11,590,000 and \$13,765,000 (the latter amount being prior to the filing and disposition of claims objections, which will be filed in the Chapter 11 Cases).

If these Chapter 11 Cases were converted to cases under Chapter 7 of the Bankruptcy Code, there would be an additional layer of administrative costs associated with Chapter 7 trustee fees and Chapter 7 Trustee's professionals fees, which the Debtors estimate would total between approximately \$100,000 and \$150,000.

Since none of the Debtors individually has sufficient assets available to be monetized to satisfy the secured claims of Woodside as co-borrowers, the receipt of a

distribution of any funds gifted by Woodside to the Unsecured Creditors under the Unsecured Creditor Distribution Agreement, will clearly exceed the amount any Unsecured Creditor would receive in any of the Debtors' cases upon liquidation under a Chapter 7 case. Thus, the Debtors submit that an orderly liquidation under a Chapter 11 liquidating plan maximizes recoveries to creditors.

IV. BACKGROUND

A. The Debtors' Businesses

1. The Debtors' History

In 1981, Karen Pearse founded OM&T for the purpose of producing and supplying high-end commercial granite and stone products. OM&T's impressive client roster included major business headquarters like the new Time Warner Center and Bloomberg buildings in New York; prominent retailers such as Bloomingdale's, Macy's, Neiman Marcus, Nordstrom and Tiffany's, and hotels such as Harrah's Casinos. OM&T's ability to source beautiful, exotic and rare stones from a vast network of quarries around the world and meet the demands of the world's leading architects and designers had won it such prestigious projects as the Palace of the Lost City in South Africa and the Plaza Vespucio in Chile.

Although OM&T's original core businesses catered primarily to the commercial stone supply, fabrication and installation business, over the past ten (10) years OM&T determined that it was in its best interest to diversify its operations and enter the consumer stone surface market. In 2002, Home Depot awarded the Debtor (OG) an Exclusive Supply and Fabrication Contract (otherwise referred to as the Original Service Provider Agreement). The Debtors' relationship with Home Depot grew over the following seven (7) years and the relationship offered the Debtors unprecedented inroads into the consumer premium stone countertop market and a rapidly expanding market share. In 2007, the Debtors entered into a new agreement with Home Depot which replaced and modified the existing Original Service Provider Agreement creating the Service Provider Agreement, making OG one of the most significant service providers to Home Depot. At the same time, Home Depot also entered into a Distribution Agreement with OG, the result of which led to another Debtor (OD) becoming the exclusive and sole supplier of natural stone products nationwide. The Debtors maintained offices in New York, Florida and China and had manufacturing facilities (fabrication shops) in New York and New Jersey and warehouses in California, Chicago, Florida, Georgia and New Jersey.

In 2008, the Debtors generated approximately \$165 million in gross sales and employed over 450 people. As of the Filing Date, the Debtors collectively were still the exclusive suppliers nationwide of treated granite to Home Depot through a national fabrication network and the exclusive supplier and fabricator of finished and installed natural stone counter tops in the Northeastern United States to Home Depot stores. OTIC was also by revenue the tenth (10th) largest woman owned business in New York State. OTIC also had the honor of carving and donating the cornerstone for the Trade Center/The Freedom Tower in New York City.

2. The Debtors' Business Structure

With the exception of ONJ, the Debtors are a privately held limited liability company organized and existing under the laws of the State of New York. ONJ is a limited liability company organized and existing under the laws of the State of New Jersey.

OTIC is the Debtors' main administrative entity, and is the sole member of the other debtors, with the exception of OS. With respect to OS, OTIC holds a controlling 86.4% membership interest). OTIC's principal place of business is 150 Motor Parkway in Hauppauge, New York.

OD was formed to facilitate the national granite distribution requirements under the Debtors' contract with Home Depot. OD supplied a national network of designated fabricators who serviced over 2,100 Home Depot stores nationwide and OD was Home Depot's exclusive supplier of treated natural granite stone in these stores. Through this entity, slabs were made available for distribution. OD's principal place of business is 150 Motor Parkway in Hauppauge, New York. (OD operated five distribution facilities and "Permashield" treatment facilities nationwide.) This contract was terminated by mutual agreement.

OG was, as of the Filing Date, the exclusive fabricator of countertops for Home Depot stores in the North Eastern United States. It was formed to fulfill the Exclusive Fabrication Agreement with Home Depot. OG's principal place of business is 150 Motor Parkway in Hauppauge, New York. This contract ended according to its term in March 2010.

OM&T supplied and installed natural stone to commercial customers. Customers include major retail department stores, hotels, restaurants and mixed used developments. OM&T's principal place of business is 130 Motor Parkway in Hauppauge, New York.

OS was a Long Island based fabricator in the southern New York region and surrounding areas; it fabricated and installed natural stone products and granite countertops to its residential customers (including Home Depot customers) as well as products for OM&T. OS's principal place of business is 130 Motor Parkway in Hauppauge, New York.

ONJ was a New Jersey based fabricator that manufactured and installed granite countertops purchased from Home Depot in New Jersey. ONJ's principal place of business is Bordentown, New Jersey.

3. The Pre-Petition Credit Facility

To fund the Debtors' expansion and to manage cash flow, on or about December 20, 2004, Citibank provided the Debtors with a credit facility, whereby Citibank agreed to provide the Debtors with a \$15 million revolving line of credit and additional stand-by letters of credit ("the Credit Facility"). Through amendments, the maximum borrowing basis was increased to \$30,000,000 and OD and ONJ were added as obligors of the Debtors' obligations to Citibank.

4. The Debtors' Relationship with Home Depot

Although the Debtors enjoyed a sterling reputation in the commercial stone slab market since the early 1980's, their prowess in the consumer market began to blossom in the 1990's and Home Depot took notice. In 2002, Home Depot awarded the Debtor (OG) an Exclusive Supply and Fabrication Contract for approximately 425 stores in the Northeast under the Original Service Provider Agreement. This agreement made OG one of the most significant service providers to Home Depot.

In 2007, the Debtors entered into two new agreements with Home Depot (and its affiliate Home Expo Inc.). The first agreement between Home Depot and OG resulted in another Debtor (OD) becoming the exclusive and sole supplier of natural stone products in approximately 425 stores in the North Eastern United States. The second agreement was a distribution agreement with OG allowing to it to be the exclusive and sole supplier of treated natural granite nationwide in approximately 2,000 stores under the Stonemark® by Innovative Stone trade name.

The Stonemark® by Innovative Stone™ brand concept was created by the Debtors as the first national natural stone brand available in the USA. Each individual stone was treated by OD using its proprietary PermaShield™ technology OD treatment process to treat each individual stone in a controlled environment. When introduced, this was unprecedented in the natural stone industry, especially on such a large scale.

To fulfill its obligations under its Distribution Agreement with Home Depot, the Debtors had planned to open five (5) distribution centers nationwide each with PermaShield™ treatment equipment (nationwide) over the course of eighteen (18) months. At Home Depot's insistence, however, the schedule was accelerated to an eight (8) month rollout. This required the Debtors to incur additional debt and other burdens. While the Debtors' traditional businesses continued to be profitable, the cost of the accelerated rollout, the reduced margins on sales due to a weak dollar and, at the time rising fuel prices, created unanticipated strain on the Debtors' business models.

Although the Debtors, together with outside professionals, had already implemented various changes to their operations to reduce expenses associated with the accelerated expansion relationship of Home Depot, the sudden and unanticipated economic downturn which occurred in September 2008 dramatically reduced the Debtors' sales and had an immediate and significant impact on the Debtors' profitability. The Debtors immediately began to implement additional cost cutting measures to adjust to the new economic climate.

B. Events Leading Up to the Chapter 11 Filings

1. Citibank Negotiations

The rapid expansion of the Debtors' obligations under the Distribution Agreement with Home Depot meant that the Debtors were not able to fund the expansion through ordinary cash flow and operating accounts and required the Debtors to use the Credit Facility to fund the expansion. As a result of the sudden drop in sales, the Debtors found themselves in an

"overadvance" on their borrowings. This overadvance required various forbearance agreements with Citibank.

On January 12, 2009, Citibank, dissatisfied with the Debtors' progress in refinancing the Citibank Credit Facility froze, swept and eventually offset approximately \$2,750,000.00 in funds in the Debtors' Citibank accounts. This caused the Debtors to default on obligations to suppliers and prevented the Debtors from paying officers, directors and employees until alternative arrangements were made and was ultimately the initial impetus for the bankruptcy filing.

On January 23, 2009, Citibank commenced an action (the "Action") in the State Court of New York for the County of Suffolk against the Debtors seeking, among other things, to foreclose on Citibank's security interest in the Collateral. Through their counsel, the Debtors and Citibank negotiated over the period from January 23, 2009 through April 17, 2009 multiple forbearance agreements.

With the assistance of Getzler Henrich who had been engaged by the Debtors to help facilitate a refinancing transaction, on or about February 12, 2009, Wells Fargo issued a Letter of Approval to the Debtors for a \$20 million dollar credit facility (the "Wells Facility") The Wells Facility would not, however, provide enough funding to the Debtors to pay off the Citibank Credit Facility in full at closing. Citibank and the Debtors then commenced negotiations on the terms under which the Debtors could move forward and close on the Wells Facility. In early April 2009, Innovative and Citibank reached a preliminary understanding of the terms of a transaction with Wells Fargo.

2. The Home Depot Contract

At the same time, in or about the middle of March 2009, Home Depot made a demand upon OD, for a currency exchange rate adjustment on the prices to be provided to its fabricators under the Distribution Agreement. OD's interpretation of the Distribution Agreement was that the currency price adjustment was but one of several factors that would impact the price to the fabricators. Home Depot disputed OD's interpretation of the terms of the Distribution Agreement and sent a purported notice of anticipatory breach, dated March 16, 2009, which provided the Debtors with thirty (30) days to cure the alleged anticipatory breach. Shortly thereafter, pursuant to the provisions of the Distribution Agreement, Home Depot exercised its right to seek a "line review" of its stone countertop line products.

In light of Home Depot line review, Wells Fargo could not close on such funding until it received the results of the line review and analyzed the change, if any, that may take place between Home Depot and OD.

On April 16, 2009, one day before the forbearance period deadline of 5:00 p.m. on April 17, 2009, Citibank advised the Debtors that they would only agree to the further extension of the forbearance period if the Debtors paid Citibank \$2,700,000.00 within approximately 24 hours and further agreed to certain limitations and pay downs in the event its borrowing base over advance (as defined under the Credit Facility) was not maintained at a certain level. The Debtors did not have the financial resources to make such a payment (and

even if such funds were available, it could not be raised in such a short period of time). The Debtors could not allow the forbearance period to lapse and permit Citibank to exercise its various remedies, any or all of which would make it impossible to continue to conduct business in the ordinary course.

C. The Bankruptcy Filing

The Debtors' only option was to file for protection under Chapter 11 of the Bankruptcy Code. By filing for Chapter 11 protection, the Debtors would be afforded the breathing room they needed to accomplish a number of goals that would ultimately inure to the benefit of their estate and all of their creditors.

On the Filing Date, April 17, 2009, the Debtors each filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code.

On April 30, 2010 the Office of the United States Trustee appointed the Committee in the Chapter 11 Cases (as amended and reconstituted from time to time). The current membership of the Committee is as follows:

Creditor's Committee Members as of July 1, 2010

Xiamen Dayi Trading Co., Ltd
F17 No. 380#A Jiahe Road
Xiamen, Fujian China

Stone Technologies
5 Draper Street
Woburn, MA 01801

NTM SRL
Via Cioche, 1103
Querceta (LU) 55046 Italy

Pokarna Limited
105, 1st Floor, Surya Towers
Secunderabad 500 003
Andhra Pradesh, India

Tracomal Mineracao LTDA
BR 101, Contorno De Vitoria, KM 2,8 DA
Estrada De Ferro Victria-Minas Serra
ES 20160-970 Brazil

Bramagran Brasileiro Marm Gran, Lt.
Rodovia Fued Nemer S/NO
Km 07, Arcuri Castelo 29360-000
ES 29360- Brazil

U. Del Corona & Scardigli srl
Scali D'Azeglio 32,
Livorno, Italy

V. THE CHAPTER 11 CASES

Since the Filing Date, the Debtors have continued to operate as debtors-in-possession subject to the supervision of the Bankruptcy Court. An immediate effect of the commencement of the Chapter 11 Cases was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoined the commencement or continuation of all collection efforts by creditors, the enforcement of liens against the Debtors and any litigation against the Debtors. This injunction remains in effect, unless modified or vacated by order of the Bankruptcy Court, until the Plan is confirmed and the Conditions to the Effective Date are satisfied.

A. Significant Chapter 11 Events

1. Schedules and Statements of Financial Affairs

Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007 direct a debtor to prepare and file schedules and statements of financial affairs when a Chapter 11 case is commenced. The Debtors filed their Schedules of Assets and Liabilities on June 12, 2009 (the "Schedules"). The Debtors filed their Statements of Financial Affairs ("SOFA") on June 12, 2009. Much of the financial and claims related information set forth in this Disclosure Statement is taken from the Schedules and SOFA filed by the Debtors, and all parties in interest are encouraged to review these documents.

2. Retention of Professionals

Pursuant to Orders entered by the Bankruptcy Court, the following Professionals have been retained to assist the Debtors with the administration of the Chapter 11 Cases: (a) MHH&H, as attorneys for the Debtors; (b) Getzler Henrich, as Chief Restructuring Officer; and (c) SSG, as investment banker to the Debtors. In addition, the Committee retained Lowenstein Sandler as counsel in the Chapter 11 Cases.

The retention of MHH&H, effective as of April 17, 2009, was authorized by Order entered on April 15, 2009. As of May 31, 2010, MHH&H has been paid Professional Fees and Expenses in the total amount of approximately \$1,343,665.95. All such fees and expenses remain subject to Bankruptcy Court approval and MHH&H intends to file its Third Fee Application on or about the Confirmation Date and a Final Fee Application about thirty days thereafter.

The retention of Getzler Henrich, effective as of April 17, 2009, was authorized by Order entered on April 15, 2009. As of May 31, 2010, Getzler Henrich has been paid Professional Fees and Expenses in the total amount of approximately \$1,812,688. All such fees

and expenses remain subject to Bankruptcy Court approval and Getzler Henrich intends to file an Application for Final approval of these fees thirty (30) days after the Confirmation Date.

The retention of SSG as the Debtors' investment banker, effective as of April 29, 2009 was authorized by Order entered June 19, 2009. Additionally, SSG was retained on a further basis on January 20, 2010. SSG will be filing a fee application with the Bankruptcy Court to approve their fees, to date they have been paid \$318,244.74 and are owed an additional \$40,000.

The retention of Lowenstein Sandler was approved by Order of the Bankruptcy Court entered on July 20, 2009 and made effective as of April 30, 2009. Lowenstein Sandler has incurred Professional Fees totaling approximately \$212,561.¹⁹ The Professional Fees and Expenses of Lowenstein Sandler remain subject to Bankruptcy Court approval. Both of these Professionals intend to file their Final Fee Applications no later than thirty (30) days after the Confirmation Date.

3. Use of Cash Collateral

By motion dated April 20, 2009, the Debtors sought to use cash collateral (the "Cash Collateral") as defined in Section 363(a) of the Bankruptcy Code (the "Cash Collateral Motion"). The Cash Collateral Motion, which was continued for multiple hearings covering various budget periods, was hotly contested by Citibank throughout the course of Citibank's involvement as a lender to the Debtor. The Bankruptcy Court ultimately approved the use of Cash Collateral by the Debtors over the objections of Citibank. On or about October 30, 2009, a portion of Citibank's loan was purchased by Woodside, and pursuant to an Amended and Restated Final Stipulation and Order Pursuant to 11 U.S.C. §§ 105, 361, 362, and 363 and Fed. R. of Bankr. P. 2002, 4001, and 9014: (I) Authorizing and Restricting Use of Cash Collateral; and (II) Granting Adequate Protection approved by the Court on a consensual basis (the "Cash Collateral Order"), the Debtors were able to use Cash Collateral in accordance with the terms of certain budgets. The Cash Collateral Order was subsequently amended several times to both extend the maturity date and modify the budget.

4. Sale of Substantially All of the Debtors' Assets

In the months subsequent to the commencement of the Chapter 11 Cases, the Debtors actively pursued different restructuring options including, replacement of working capital, a joint venture partner and/or a potential purchaser. In connection with this effort, with the assistance of SSG, the Debtors solicited offers and met with a number of prospective interested parties. There were multiple expressions of interest in the Debtors' assets and approximately seven (7) Non-Disclosure Agreements were signed. Ultimately, the Debtors executed an Asset Purchase Agreement, which was filed with the Bankruptcy Court on January 24, 2010 (the "Stalking Horse Purchase Agreement"), with IGB, pursuant to which IGB agreed to purchase by credit bid certain assets relating to the Debtors' business operations. By separate order entered on January 20, 2010 (the "Sale Procedures Order"), the Bankruptcy Court approved certain sale and auction procedures. A prompt sale of the Debtors' assets was determined to be

¹⁹ However, as of the date of the filing of this document, Lowenstein Sandler has not yet submitted their application for April and May.

necessary. As part of the sale process SSG contacted approximately 67 financial and strategic partners.

At a hearing on February 18, 2010 the Debtors sought approval of the Stalking Horse Purchase Agreement. No other competing bids were received from qualified bidders. On February 22, 2010, the Bankruptcy Court entered the Sale Order approving the Sale to IGB. On April 2, 2010 (the "Closing Date"), the Debtors closed the sale of their assets (the "Sale") with IGB in accordance with the Sale Order. As a result of the Sale, the Debtors were able to save the jobs of approximately 139 employees and preserve a significant amount of their own business relationships affording various vendors and suppliers the ability to continue to do business with a new entity. Also, as of the Closing Date, the services of the Debtors' Chief Restructuring Officer, Peter A. Furman, were reoriented to focus on overseeing the liquidation and wind down of Debtors' estates.

5. Settlement with Home Depot

As of the Petition Date, the Debtors and Home Depot USA Inc. were parties to a Distribution Agreement dated on or about March 21, 2007 which was the subject of at least one amendment. Generally, the Distribution Agreement provided that Innovative was the exclusive distributor of granite slabs to fabricators that supplied and manufactured granite countertops to Home Depot customers in the United States.

The Debtors and Home Depot were also parties to a certain Service Provider Agreement dated as of March 21, 2007 (the "SPA"). The SPA generally provided that the Debtors would supply granite slabs and manufacture directly (or through third-party fabricators) granite countertops for Home Depot customers in the North East part of the United States.

Home Depot and the Debtors had various disputes concerning the provisions of the Distribution Agreement relating to, among other things, foreign currency rate adjustments to price and the procedures followed by Home Depot when it conducted its line review to verify that the prices being charged by the Debtors for its services under the Distribution Agreement were competitive. Home Depot argued that based upon its interpretation of the Distribution Agreement, the Debtors were in breach thereof and as such Home Depot had the ability to terminate the Agreement. In contrast, the Debtors vigorously disputed that they were in breach of the Distribution Agreement and believed that Home Depot did not have the ability to terminate the Agreement. Home Depot made various motions seeking to lift the automatic stay and/or to compel the Debtors to reject the Distribution Agreement. These motions were ultimately withdrawn by Home Depot.

Thereafter, Home Depot unilaterally sought to terminate the Distribution Agreement without Bankruptcy Court approval. In response thereto, the Debtors commenced an adversary proceeding against Home Depot in or about November 2009 to, among other things, enforce the automatic stay and adjudicate the rights between the parties under the Distribution Agreement (the "Adversary Proceeding").

In or about December 2009, Home Depot and Debtors resolved various disputes between them including but not limited to the Adversary Proceeding (the "December

Resolution"). The December Resolution generally provided for the consensual wind down and termination of the Distribution Agreement pursuant to a separate Transition Agreement that would allow the Debtor to sell its inventory of granite slabs in an orderly fashion. In addition, the December Resolution incorporated the execution of a new Service Provider Agreement between Home Depot and the Debtors commencing at the expiration of the original SPA in March 2010 (the "New SPA"). The New SPA essentially extended the Debtors' relationship with Home Depot for two (2) years to manufacture granite countertops in approximately 100 stores of the North East part of the United States.²⁰

The December Resolution did not resolve Home Depot's motion for the allowance and payment of an administrative expense claim (the "Administrative Claim Motion") in which Home Depot, among other things, sought payment in excess of \$1,000,000 as an administrative claim under the Distribution Agreement. Subsequently, the Debtors and Home Depot entered into a Stipulation and Order resolving the Administrative Claim Motion as well as all claims of Home Depot by the payment of \$220,000 to Home Depot as an administrative claim (the "Administrative Claim Settlement"). The Bankruptcy Court approved the Administrative Claim Settlement on June 28, 2010. With the resolution of the Administrative Claim Motion, all of the Debtors' obligations to Home Depot have now been resolved and Home Depot no longer has a claim in the Debtors' bankruptcies.

6. Name Change

In furtherance of the Sale Order and in connection with the closing of the asset sale transactions contemplated by the Sale Order, the Debtors were authorized to change their corporate names and the caption of the Chapter 11 Cases. The Debtors changed their names as follows: Old TIC LLC (f/k/a The Innovative Companies LLC), Old Marble & Tile LLC (f/k/a Innovative Marble & Tile LLC), Old NJ LLC (f/k/a Innovative New Jersey LLC), Old Distribution LLC (f/k/a Innovative Stone Distribution LLC), Old Surfaces LLC (f/k/a Innovative Stone Surfaces LLC), Old Granite LLC (f/k/a Innovative Stone LLC). Pursuant to the Sale Order, the change of the case captions for the Chapter 11 Cases was deemed effective as of the Closing Date.

7. Bar Date

The Bankruptcy Court entered a Bar Date Order fixing December 1, 2009 as the Bar Date. As of July 1, 2010, the Court's claims registrar reflected that there were 244 claims filed against one or more of the Debtors.

8. Extensions of the Debtors' Exclusive Periods to File a Plan and Solicit Acceptances Thereto

By several motions over the course of this case, the Debtors sought the entry of an order pursuant to Section 1121(d) of the Bankruptcy Code extending (a) the exclusive period during which the Debtors may file a plan, and (b) the period within which the Debtors may

²⁰ The New SPA was thereafter sold by the Debtors to a new entity pursuant to the Sale Order.

solicit acceptances of a plan of reorganization in order to allow the Debtors to formulate the terms of a liquidating plan.

9. Avoidance Actions

During the pendency of the Chapter 11 Cases, the Debtors and the Committee's professionals and counsel reviewed the Debtors' books and records for purposes of investigating and determining whether the Debtors had any Claims and Causes of Action for avoidance, recovery and otherwise under the Bankruptcy Code, including, but not limited to, proceedings under sections 544(b), 545, 547, 548, 549 and 550 of the Bankruptcy Code, and applicable state law (collectively, the "Avoidance Claims") against any Entity. Pursuant to the terms of the Woodside Cash Collateral Order and an agreement with the Committee, the Avoidance Claims were transferred to Woodside and Woodside has agreed not to pursue the Avoidance Claims. No avoidance actions have been commenced.

VI. SUMMARY OF THE PLAN

The following is an overview of certain material provisions of the Plan. The following summaries of the material provisions of the Plan do not purport to be complete and are qualified in their entirety by reference to all the provisions of the Plan, all exhibits, all documents described therein, and the definitions therein of certain terms used below.

A. General Information Concerning Treatment Of Claims And Interests

1. Administrative Expense Claims and Priority Tax Claims

Pursuant to the Plan, Holders of Allowed Administrative Expense Claims and Allowed Priority Tax Claims (set forth in Articles II and III of the Plan) have not been classified and are excluded from classification in accordance with Section 1123(a)(1) of the Bankruptcy Code but as more fully discussed below, will receive payment in full in Cash in accordance with the terms of the Plan.

2. Classes of Claims and Interests

OTIC Secured Claims (Class 1), OM&T Secured Claims (Class 1), ONJ Secured Claims (Class 1), OS Secured Claims (Class 1), OG Secured Claims (Class 1), OD Secured Claims (Class 1), OTIC Citibank Claim (Class 2), OM&T Citibank Claim (Class 2), ONJ Citibank Claim (Class 2), OS Citibank Claim (Class 2), OG Citibank Claim (Class 2), OD Citibank Claim (Class 2), OTIC General Unsecured Claims (Class 5), OM&T General Unsecured Claims (Class 5), ONJ General Unsecured Claims (Class 5), OS General Unsecured Claims (Class 5), OG General Unsecured Claims (Class 5) and OD General Unsecured Claims (Class 5) are Impaired and entitled to vote on the Plan. The Debtors intend to solicit acceptances of the Plan from Holders of Secured Claims (Class 1), Holders of Citibank Claim (Class 2), and Holders of General Unsecured Claims (Class 5). Under Section 1126(f) of the Bankruptcy Code, Allowed Secured Equipment Finance Claims (Class 3) and Allowed Priority Claims for each of the Debtors (Class 4) are Unimpaired under the Plan, are deemed to have accepted the Plan, and the votes of such Holders will not be solicited. In addition, under Section 1126(g) of the Bankruptcy Code, the Holders of OTIC Interests (Class 6), Holders of OM&T Interests (Class

6), Holders of ONJ Interests (Class 6), Holders of OS Interests (Class 6), Holders of OG Interests (Class 6), and Holders of OD Interests (Class 6) are deemed not to have accepted (*i.e.*, to have rejected) the Plan, and the votes of such Holders will also not be solicited.

The Debtors intend to seek confirmation of the Plan and to take all steps necessary to cause the Effective Date to occur as soon as practicable. There can be no assurance, however, as to when the Effective Date will actually occur. Procedures for the distribution of Cash pursuant to the Plan, including matters that are expected to affect the timing of the receipt of distributions by Holders of Allowed Claims in certain Classes and that could affect the amount of distributions ultimately received by such Holders, are described more fully in Section VI.F below, entitled "PROVISIONS COVERING DISTRIBUTIONS."

The Debtors believe that the Plan provides the best possible treatment for all Classes of Claims and Interests. The Bankruptcy Court must find, however, that a number of statutory tests are met before it may confirm the Plan. Many of these tests are designed to protect the interests of Holders of Claims or Interests who do not vote to accept the Plan, but who will be bound by the provisions of the Plan if it is confirmed by the Bankruptcy Court. The "cramdown" provisions of Section 1129(b) of the Bankruptcy Code, for example, permit confirmation of a chapter 11 plan in certain circumstances even if the plan is not accepted by all impaired classes of claims and interests. *See* Section III herein, entitled "VOTING ON AND CONFIRMATION OF THE PLAN."

Since the Plan is deemed not to be accepted by Holders of Class 5 Interests, the Debtors will request that the Bankruptcy Court confirm the Plan under Section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code permits confirmation of the Plan despite rejection by one or more impaired classes if the Bankruptcy Court finds that the Plan "does not discriminate unfairly" and is "fair and equitable" as to the rejecting class or classes. The Debtors will request that the Bankruptcy Court find that the Plan is fair and equitable and does not discriminate unfairly as to Class 5 and any other Class that fails to accept the Plan.

As noted above, the Bankruptcy Court may confirm the Plan under Section 1129(b) of the Bankruptcy Code if the Plan is fair and equitable as to any rejecting classes. A plan is fair and equitable to the dissenting class or classes if the holder of any claim or interest junior to the claims or interests of such class will not receive or retain under the Plan on account of such junior claim or interest any property.

For a more detailed description of the requirements for acceptance of the Plan and of the criteria for confirmation notwithstanding rejection by certain classes, *See* Section III.G. herein, entitled "CONFIRMATION REQUIREMENTS."

B. Classification And Treatment Of Claims And Interests

Section 101(5) of the Bankruptcy Code defines a Claim as: (1) a "right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, legal, equitable, secured or unsecured"; or (2) a "right to an equitable remedy for breach or performance if such breach gives rise to a right to payment,

whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured." 11 U.S.C. §101(5).

Section 1123 of the Bankruptcy Code requires that, for purposes of treatment and voting, a Chapter 11 plan divide the different claims against, and interests in, a debtor into separate classes based upon their legal nature. In accordance with Section 1123 of the Bankruptcy Code, claims of a substantially similar legal nature are usually classified together, as are shareholder interests which give rise to the same legal rights; the "claims" and "interests" themselves, rather than their holders, are classified.

Under a Chapter 11 plan, the separate classes of claims and interests must be designated either as "impaired" or "unimpaired" by the plan. If a class of claims is "impaired," the Bankruptcy Code affords certain rights to the holders of such claims, such as the right to vote on the plan (unless the plan provides for no distribution to the holders, in which case, the holder is deemed to reject the plan), and the right to receive under the Chapter 11 plan property of a value that is not less than the value the holder would receive if the debtor were liquidated under Chapter 7.

Under Section 1124 of the Bankruptcy Code, a class of claims or interests is "impaired" unless the plan (1) does not alter the legal, equitable, or contractual rights of the holders or (2) irrespective of the holders' acceleration rights, the plan cures all defaults (other than those arising from the debtor's insolvency, the commencement of the case, or nonperformance of a nonmonetary obligation), reinstates the maturity of the claims or interests in the class, compensates the holders for actual damages incurred as a result of their reasonable reliance upon any acceleration rights, and does not otherwise alter their legal, equitable, or contractual rights. Typically, this means the holder of an unimpaired claim will receive on the later of the effective date or the date on which amounts owing are due and payable, payment in full, in cash, with post-petition interest to the extent appropriate and provided under the governing agreement (or if there is no agreement, under applicable nonbankruptcy law), and the remainder of the debtor's obligations, if any, will be performed as they come due in accordance with their terms. Thus, other than its right to accelerate the debtor's obligations, the holder of an unimpaired claim will be placed in the position it would have been in had the debtor's case not been commenced.

As discussed above, Section 1123 of the Bankruptcy Code provides that a plan of reorganization or liquidation shall classify the claims of a debtor's creditors and interest holders. In compliance therewith, the Plan, for each of the six Debtors, divides Claims and Interests into six (6) Classes and sets forth the treatment for each Class. In accordance with Section 1123(a) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims have not been classified.

Section 1122 of the Bankruptcy Code further requires that each class of claims and interests contain only claims or interests that are "substantially similar" to each other. The Debtors believe that they have classified all Claims and Interests in compliance with the requirements of Sections 1122 and 1123 of the Bankruptcy Code. However, it is possible that a holder of a Claim or Interest may challenge such classification and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event,

the Debtors intend, to the extent permitted by the Bankruptcy Court, to modify the classifications in the Plan as required and use the acceptances received in this solicitation for the purpose of obtaining the approval of a Class or Classes of which the accepting holder is ultimately deemed to be a member. Any such reclassification could adversely affect the Class of which such holder was initially a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan. Furthermore, a reclassification of Claims or Interests could necessitate a re-solicitation of votes.

The following describes the classification of Claims and Interests under the Plan and the treatment that Holders of Allowed Claims and Allowed Interests are to receive if the Plan is confirmed and becomes effective. A Claim or Interest is classified in a particular Class only to the extent that the Claim or Interest fits within the description of that Class and is classified in a different Class to the extent that any remainder of the Claim or Interest fits within the description of such different Class.

1. Unclassified Claims

The Bankruptcy Code does not require classification of certain priority claims against a debtor. In the Chapter 11 Cases, these unclassified claims include Administrative Expense Claims and Priority Tax Claims. All distributions referred to below that are scheduled for the Effective Date will be made on the Effective Date or as soon as practicable thereafter, unless otherwise agreed to in writing by the Holders of any unclassified claims.

(a) Administrative Expense Claims Administrative Expense Claims are the actual and necessary costs and expenses incurred in connection with the Chapter 11 Cases that are allowed under Section 503(b) of the Bankruptcy Code. These expenses typically include post-petition amounts owed to vendors providing goods and services to a debtor during the Chapter 11 Cases, and other obligations incurred after the filing date.

Other Administrative Expense Claims include the actual, reasonable fees and expenses incurred during the Chapter 11 Cases of the Debtors' Professionals and the Committee Professionals. The Debtors believe the Administrative Expense Claims of Professionals include only the fees and expenses of (i) Debtors' bankruptcy counsel, MHH&H, for services rendered to the Debtors and their Estates during the Chapter 11 Cases; (ii) the Debtor's Chief Restructuring Officer, Getzler Henrich, for services rendered to the Debtors and their estates during these bankruptcy cases; (iii) the Debtors' investment banker, SSG; (iv) the Committee's counsel, Lowenstein Sandler; and (v) the professionals retained pursuant to that certain Order Authorizing the Use of Accounting Professionals in the Ordinary Course Professional Order that was entered by the Bankruptcy Court on December 28, 2009 as amended on May 28, 2010.²¹

²¹ In accordance with the Bankruptcy Court's Orders, the firms of Global Alliance Credit Corp., Levy Davis & Maher LLP, Bryan D. Press, Amato & Associates, P.C., Barnett & Garcia, P.L.L.C., Greene Law, PC, Roe Taroff Taitz & Portman LLP were retained pursuant to a separate certain Order Authorizing the Use of Collection Professionals in the Ordinary Course of Business Pursuant to Bankruptcy Code Sections 105(a), 327(e) and 330. To the extent that these professionals have not yet sought payment of fees due them, their anticipated claims are included in the estimated Administrative Expense Claims calculations used herein.

As stated above, the Debtors estimate that Allowed Administrative Expense Claims due and owing on the Effective Date will aggregate between approximately \$1,800,000. Pursuant to an Order of this Court dated December 17, 2009, the Debtors were able to pay 80% of the ongoing claims of all of their professionals during the course of these cases, except Getzler Henrich which has been paid 100% and SSG which is still owed approximately \$40,000; these professionals will have to file a Final Fee Application, seeking the balance due them as well as confirmation by the Court of all sums already paid. The Debtors anticipate that most Administrative Expense Claims will continue to be paid as they come due during the Chapter 11 Cases.

All payments to Professionals for compensation and reimbursement of expenses will be made in accordance with the procedures established by the Bankruptcy Code and the Bankruptcy Rules relating to the payment of interim and final compensation and expenses. The Bankruptcy Court will review and determine all such requests. Requests for such compensation must be approved by the Bankruptcy Court after notice and a hearing wherein the Debtor and other parties-in-interest may participate, and if appropriate, object to the allowance thereof.

Under the Plan, each Allowed Administrative Expense Claim shall be paid in full in Cash on the later of (a) the Effective Date, or (b) in the event such Administrative Expense Claim is not Allowed as of the Effective Date, the date on which the Bankruptcy Court enters an order allowing such Administrative Expense Claim, or (c) such later date as Debtors (or, if it is after the Effective Date, the Plan Administrator) and the Holder of such Allowed Administrative Expense Claim otherwise agree in writing, or as soon thereafter as is practicable; *provided, however,* that Allowed Administrative Expense Claims incurred by the Debtors or the Plan Administrator after the Confirmation Date, including, without limitation, claims for Professionals' Fees, shall not be subject to application and may be paid by the Debtors or the Plan Administrator, as the case may be, in the ordinary course of business and without further Bankruptcy Court approval.

Any Claimant seeking allowance of an Administrative Expense Claim for an Administrative Expense Claim, the amount of which is not agreed to in writing by the Debtors or the Plan Administrator, or otherwise allowed by a Final Order, must file proof of its Administrative Expense Claim with the Bankruptcy Court and serve a copy thereof upon: (i) the Debtors' counsel, Moritt Hock Hamroff & Horowitz LLP, 400 Garden City Plaza, Garden City, New York 11530, Attn: Leslie A. Berkoff, Esq.; (ii) the Plan Administrator, Peter A. Furman, Getzler Henrich & Associates LLC, 295 Madison Avenue, New York, New York 10017; (iii) counsel to the Committee, Jeffrey Prol, Esq. Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068; and (iv) the United States Trustee, Alfonse D'Amato Federal Courthouse, 560 Federal Plaza, Central Islip, NY 11722, Attn: Alfred A. Dimino, Esq., no later than the Administrative Expense Claim Bar Date; *provided further, however,* that with respect to any such timely filed Administrative Expense Claim, such Claim shall be Allowed only if (x) the amount is agreed to in writing by the Debtors or the Plan Administrator and such Claimant, (y) no objection to the allowance thereof is interposed by the Debtors or the Plan Administrator on or before ninety (90) days after the Effective Date, or such other date as may be established by the Bankruptcy Court, or (z) if an objection is interposed, (aa) such Administrative Expense Claim has been allowed by a Final Order, or (bb) such objection is withdrawn. With respect to Claimants seeking allowance of Professional Fees as Administrative Expense Claims, all

applications for final compensation of Professionals for services rendered and for reimbursement of expenses incurred for any period prior to the Confirmation Date must be filed no later than thirty (30) days following the Confirmation Date, and shall be Allowed following entry by the Bankruptcy Court of any order or orders allowing same. The Confirmation Order shall specifically provide that each Administrative Expense Claim Claimant who seeks allowance of an Administrative Expense Claim (i) that is not either agreed to in writing by the Debtors or the Plan Administrator and the Claimant, or otherwise allowed by a Final Order, and that fails to timely and duly file a proof of its Administrative Expense Claim, or (ii) for Professional Fees that fails to timely and duly institute a request for a hearing thereon, as provided for in the Plan, shall have its Claim expunged and shall thereafter be forever barred from asserting any such Administrative Expense Claim. Except as otherwise specified in the Plan or a Final Order of the Bankruptcy Court, the Allowed Amount of an Administrative Expense Claim shall not include interest on such Claim from and after the Filing Dates.

(b) Priority Tax Claims Priority Tax Claims typically consist of unsecured claims by federal, state and local governmental units for taxes specified in Section 507(a)(8) of the Bankruptcy Code, such as certain income taxes, property taxes and sales and use taxes, if any. These unsecured claims are given a statutory priority in right of payment.

Pursuant to the Plan, each Holder of an Allowed Priority Tax Claim that has not been paid prior to the Effective Date shall be paid in full in Cash on the later of (i) the Effective Date, or (ii) in the event such Priority Tax Claim is not Allowed as of the Effective Date, the date on which the Bankruptcy Court enters an order allowing such Priority Tax Claim, or as soon thereafter as is practicable. The Holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of interest, or on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim, except to the extent allowed as a part of an Allowed Priority Tax Claim pursuant to Section 507(a)(8) of the Bankruptcy Code and the Holder of an Allowed Priority Tax Claim will not assess or attempt to collect such penalty from the Liquidated Estates or any assets thereof.

Intercompany Claims shall be deemed subordinated and therefore holders thereof shall not be entitled to vote on the Plan, or receive any Plan Distribution or other allocation of value.

2. Classified Claims and Interests

A. OTIC Debtor

1. Class 1 - OTIC Secured Claim - Class 1 consists of the Allowed Woodside Secured Claim against the OTIC Debtor. The Allowed Woodside Secured Claim shall receive Cash from the liquidation of the Debtors' assets as well as Cash on hand, towards satisfaction of this Claim until such time as the Allowed Woodside Secured Claim is satisfied in full. At the present time the Allowed Woodside Secured Claim is Impaired under Section 1124 of the Bankruptcy Code.

2. Class 2 -OTIC Citibank Claim – Class 2 consists of the contingent and unliquidated claim held by Citibank relating to the issuance of certain standby letters of credit

prior to the Filing Date. At the present time this Claim remains contingent and neither the amount of the Claim nor whether the Claim will ever ripen can be determined. Thus, the Claim is not entitled to any distribution under the Plan. The Claim is Impaired under Section 1124 of the Bankruptcy Code.

3. Class 3 - OTIC Secured Equipment Finance Claims - Class 3 consists of all Allowed OTIC's Secured Equipment Finance Claims. These claims consist of claims by equipment or vehicle lenders for unpaid amounts due in respect of obligations arising under the related agreements. Unless a holder of the OTIC Secured Equipment Finance Claims agrees to a different treatment then, either (i) the legal, equitable and contractual rights to which such Claim entitles the Holder thereof shall be left unaltered; (ii) the Secured Equipment Finance Claim shall be left Unimpaired in the manner described in Section 1124(2) of the Bankruptcy Code; or (iii) the Holder of such Claim shall receive or retain the collateral securing such claim on account of such Claim.

4. Class 4 - OTIC Priority Claims - Class 4 consists of all Allowed OTIC Priority Claims. The Debtors estimate that there are approximately \$225,000 in total Priority Claims against the Debtors' Liquidating Estates. Holders of Allowed OTIC Priority Claims shall receive payment in full in Cash on account of such Allowed OTIC Claims. Class 4 OTIC Priority Claims are Unimpaired and, accordingly, the Holders of such OTIC Allowed Claims are not entitled to vote to accept or reject the Plan and will be deemed to have accepted the Plan.

5. Class 5 - OTIC General Unsecured Claims - Class 5 consists of all Allowed OTIC General Unsecured Claims. Each Entity holding an Allowed OTIC Claim in Class 5 shall be entitled to receive its share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement. Subject to the terms hereof, the initial distribution to Holders of Allowed OTIC General Unsecured Claims in Class 5 shall be made no sooner than ninety (90) days after the Effective Date by the Plan Administrator. Thereafter, as and when necessary and appropriate a further and final distribution shall be made by the Plan Administrator to the Holders of Allowed OTIC General Unsecured Claims in Class 5 in accordance with the provisions hereof. The Debtors do not believe that Class 5 Allowed OTIC General Unsecured Claims will be paid in full from the Liquidating Estates.

6. Class 6 - OTIC Interests - Class 6 consists of all Interests. An Interest means any equity interests in the Debtors, including, but not limited to, shares of common stock, any stock rights, options, warrants, calls, subscriptions, or other similar rights, agreements, or commitments or other outstanding agreements obligating Debtors to issue, transfer, or sell any shares of any type of stock of Debtors. Under Section 5.6 of the Plan, Holders of Class 6 OTIC Interests will neither receive nor retain any interest in the Debtors nor receive any distribution from the Liquidating Estates on account of their Interests. Accordingly, Class 6 is an Impaired Class that is deemed to reject the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

B. OM&T Debtor

1. Class 1 - OM&T Secured Claim - Class 1 consists of the Allowed Woodside Secured Claim against the OM&T Debtor. The Allowed Woodside Secured Claim

shall receive Cash from the liquidation of the Debtors' assets as well as Cash on hand, towards satisfaction of this Claim until such time as the Allowed Woodside Secured Claim is satisfied in full. At the present time the Allowed Woodside Secured Claim is Impaired under Section 1124 of the Bankruptcy Code.

2. Class 2 –OM&T Citibank Claim – Class 2 consists of the contingent and unliquidated claim held by Citibank relating to the issuance of certain standby letters of credit prior to the Filing Date. At the present time this Claim remains contingent and neither the amount of the Claim nor whether the Claim will ever ripen can be determined. Thus, the Claim is not entitled to any distribution under the Plan. The Claim is Impaired under Section 1124 of the Bankruptcy Code.

3. Class 3 - OM&T Secured Equipment Finance Claims - Class 3 consists of all Allowed OM&T's Secured Equipment Finance Claims. These claims consist of claims by equipment or vehicle lenders for unpaid amounts due in respect of obligations arising under the related agreements. Unless a holder of the OM&T Secured Equipment Finance Claims agrees to a different treatment then, either (i) the legal, equitable and contractual rights to which such Claim entitles the Holder thereof shall be left unaltered; (ii) the Secured Equipment Finance Claim shall be left Unimpaired in the manner described in Section 1124(2) of the Bankruptcy Code; or (iii) the Holder of such Claim shall receive or retain the collateral securing such claim on account of such Claim.

4. Class 4 - OM&T Priority Claims - Class 4 consists of all Allowed OM&T Priority Claims. The Debtors estimate that there are approximately \$225,000 in total Priority Claims against the Debtors' Liquidating Estates. Holders of Allowed OM&T Priority Claims shall receive payment in full in Cash on account of such Allowed OM&T Claims. Class 4 OM&T Priority Claims are Unimpaired and, accordingly, the Holders of such OM&T Allowed Claims are not entitled to vote to accept or reject the Plan and will be deemed to have accepted the Plan.

5. Class 5 - OM&T General Unsecured Claims - Class 5 consists of all Allowed OM&T General Unsecured Claims. Each Entity holding an Allowed OM&T Claim in Class 5 shall be entitled to receive its share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement. Subject to the terms hereof, the initial distribution to Holders of Allowed OM&T General Unsecured Claims in Class 5 shall be made no sooner than ninety (90) days after the Effective Date by the Plan Administrator. Thereafter, as and when necessary and appropriate a further and final distribution shall be made by the Plan Administrator to the Holders of Allowed OM&T General Unsecured Claims in Class 5 in accordance with the provisions hereof. The Debtors do not believe that Class 5 Allowed OM&T General Unsecured Claims will be paid in full from the Liquidating Estates.

6. Class 6 - OM&T Interests - Class 6 consists of all Interests. An Interest means any equity interests in the Debtors, including, but not limited to, shares of common stock, any stock rights, options, warrants, calls, subscriptions, or other similar rights, agreements, or commitments or other outstanding agreements obligating Debtors to issue, transfer, or sell any shares of any type of stock of Debtors. Under Section 5.12 of the Plan,

Holders of Class 6 OM&T Interests will neither receive nor retain any interest in the Debtors nor receive any distribution from the Liquidating Estates on account of their Interests. Accordingly, Class 6 is an Impaired Class that is deemed to reject the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

C. ONJ Debtor

1. Class 1 - ONJ Secured Claim - Class 1 consists of the Allowed Woodside Secured Claim against the ONJ Debtor. The Allowed Woodside Secured Claim shall receive Cash from the liquidation of the Debtors' assets as well as Cash on hand, towards satisfaction of this Claim until such time as the Allowed Woodside Secured Claim is satisfied in full. At the present time the Allowed Woodside Secured Claim is Impaired under Section 1124 of the Bankruptcy Code.

2. Class 2 -ONJ Citibank Claim – Class 2 consists of the contingent and unliquidated claim held by Citibank relating to the issuance of certain standby letters of credit prior to the Filing Date. At the present time this Claim remains contingent and neither the amount of the Claim nor whether the Claim will ever ripen can be determined. Thus, the Claim is not entitled to any distribution under the Plan. The Claim is Impaired under Section 1124 of the Bankruptcy Code.

3. Class 3 - ONJ Secured Equipment Finance Claims - Class 3 consists of all Allowed ONJ's Secured Equipment Finance Claims. These claims consist of claims by equipment or vehicle lenders for unpaid amounts due in respect of obligations arising under the related agreements. Unless a holder of the ONJ Secured Equipment Finance Claims agrees to a different treatment then, either (i) the legal, equitable and contractual rights to which such Claim entitles the Holder thereof shall be left unaltered; (ii) the Secured Equipment Finance Claim shall be left Unimpaired in the manner described in Section 1124(2) of the Bankruptcy Code; or (iii) the Holder of such Claim shall receive or retain the collateral securing such claim on account of such Claim.

4. Class 4 - ONJ Priority Claims - Class 4 consists of all Allowed ONJ Priority Claims. The Debtors estimate that there are approximately \$225,000 in total Priority Claims against the Debtors' Liquidating Estates. Class 4 ONJ Priority Claims are Unimpaired and, accordingly, the Holders of such ONJ Allowed Claims are not entitled to vote to accept or reject the Plan and will be deemed to have accepted the Plan.

5. Class 5 - ONJ General Unsecured Claims - Class 5 consists of all Allowed ONJ General Unsecured Claims. Each Entity holding an Allowed ONJ Claim in Class 5 shall be entitled to receive its share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement. Subject to the terms hereof, the initial distribution to Holders of Allowed ONJ General Unsecured Claims in Class 5 shall be made no sooner than ninety (90) days after the Effective Date by the Plan Administrator. Thereafter, as and when necessary and appropriate a further and final distribution shall be made by the Plan Administrator to the Holders of Allowed ONJ General Unsecured Claims in Class 5 in accordance with the provisions hereof. The Debtors do

not believe that Class 5 Allowed ONJ General Unsecured Claims will be paid in full from the Liquidating Estates.

6. Class 6 - ONJ Interests - Class 6 consists of all Interests. An Interest means any equity interests in the Debtors, including, but not limited to, shares of common stock, any stock rights, options, warrants, calls, subscriptions, or other similar rights, agreements, or commitments or other outstanding agreements obligating Debtors to issue, transfer, or sell any shares of any type of stock of Debtors. Under Section 5.18 of the Plan, Holders of Class 6 ONJ Interests will neither receive nor retain any interest in the Debtors nor receive any distribution from the Liquidating Estates on account of their Interests. Accordingly, Class 6 is an Impaired Class that is deemed to reject the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

D. OS Debtor

1. Class 1- OS Secured Claim - Class 1 consists of the Allowed Woodside Secured Claim against the OTIC Debtor. The Allowed Woodside Secured Claim shall receive Cash from the liquidation of the Debtors' assets as well as Cash on hand, towards satisfaction of this Claim until such time as the Allowed Woodside Secured Claim is satisfied in full. At the present time the Allowed Woodside Secured Claim is Impaired under Section 1124 of the Bankruptcy Code.

2. Class 2 -OS Citibank Claim – Class 2 consists of the contingent and unliquidated claim held by Citibank relating to the issuance of certain standby letters of credit prior to the Filing Date. At the present time this Claim remains contingent and neither the amount of the Claim nor whether the Claim will ever ripen can be determined. Thus, the Claim is not entitled to any distribution under the Plan. The Claim is Impaired under Section 1124 of the Bankruptcy Code.

3. Class 3 - OS Secured Equipment Finance Claims - Class 3 consists of all Allowed OS's Secured Equipment Finance Claims. These claims consist of claims by equipment or vehicle lenders for unpaid amounts due in respect of obligations arising under the related agreements. Unless a holder of the OS Secured Equipment Finance Claims agrees to a different treatment then, either (i) the legal, equitable and contractual rights to which such Claim entitles the Holder thereof shall be left unaltered; (ii) the Secured Equipment Finance Claim shall be left Unimpaired in the manner described in Section 1124(2) of the Bankruptcy Code; or (iii) the Holder of such Claim shall receive or retain the collateral securing such claim on account of such Claim.

4. Class 4 - OS Priority Claims - Class 4 consists of all Allowed OS Priority Claims. The Debtors estimate that there are approximately \$225,000 in total Priority Claims against the Debtors' Liquidating Estates. Class 4 OS Priority Claims are Unimpaired and, accordingly, the Holders of such OS Allowed Claims are not entitled to vote to accept or reject the Plan and will be deemed to have accepted the Plan.

5. Class 5 - OS General Unsecured Claims - Class 5 consists of all Allowed OS General Unsecured Claims. Each Entity holding an Allowed OS Claim in Class 5 shall be entitled to receive its share of the Cash deposited into the Unsecured Creditor Distribution

Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement. Subject to the terms hereof, the initial distribution to Holders of Allowed OS General Unsecured Claims in Class 5 shall be made no sooner than one hundred and ninety (90) days after the Effective Date by the Plan Administrator. Thereafter, as and when necessary and appropriate a further and final distribution shall be made by the Plan Administrator to the Holders of Allowed OS General Unsecured Claims in Class 5 in accordance with the provisions hereof. The Debtors do not believe that Class 5 Allowed OS General Unsecured Claims will be paid in full from the Liquidating Estates.

6. Class 6 - OS Interests - Class 6 consists of all Interests. An Interest means any equity interests in the Debtors, including, but not limited to, shares of common stock, any stock rights, options, warrants, calls, subscriptions, or other similar rights, agreements, or commitments or other outstanding agreements obligating Debtors to issue, transfer, or sell any shares of any type of stock of Debtors. Under Section 5.24 of the Plan, Holders of Class 6 OS Interests will neither receive nor retain any interest in the Debtors nor receive any distribution from the Liquidating Estates on account of their Interests. Accordingly, Class 6 is an Impaired Class that is deemed to reject the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

E. OG Debtor

1. Class 1- OG Secured Claim - Class 1 consists of the Allowed Woodside Secured Claim against the OG Debtor. The Allowed Woodside Secured Claim shall receive Cash from the liquidation of the Debtors' assets as well as Cash on hand, towards satisfaction of this Claim until such time as the Allowed Woodside Secured Claim is satisfied in full. At the present time the Allowed Woodside Secured Claim is Impaired under Section 1124 of the Bankruptcy Code.

2. Class 2 -OG Citibank Claim – Class 2 consists of the contingent and unliquidated claim held by Citibank relating to the issuance of certain standby letters of credit prior to the Filing Date. At the present time this Claim remains contingent and neither the amount of the Claim nor whether the Claim will ever ripen can be determined. Thus, the Claim is not entitled to any distribution under the Plan. The Claim is Impaired under Section 1124 of the Bankruptcy Code.

3. Class 3 - OG Secured Equipment Finance Claims - Class 3 consists of all Allowed OG's Secured Equipment Finance Claims. These claims consist of claims by equipment or vehicle lenders for unpaid amounts due in respect of obligations arising under the related agreements. Unless a holder of the OG Secured Equipment Finance Claims agrees to a different treatment then, either (i) the legal, equitable and contractual rights to which such Claim entitles the Holder thereof shall be left unaltered; (ii) the Secured Equipment Finance Claim shall be left Unimpaired in the manner described in Section 1124(2) of the Bankruptcy Code; or (iii) the Holder of such Claim shall receive or retain the collateral securing such claim on account of such Claim.

4. Class 4 - OG Priority Claims - Class 4 consists of all Allowed OG Priority Claims. The Debtors estimate that there are approximately \$225,000 in total Priority Claims against the Debtors' Liquidating Estates. Class 4 OG Priority Claims are Unimpaired and,

accordingly, the Holders of such OG Allowed Claims are not entitled to vote to accept or reject the Plan and will be deemed to have accepted the Plan.

5. Class 5 - OG General Unsecured Claims – Class 5 consists of all Allowed OG General Unsecured Claims. Each Entity holding an Allowed OG Claim in Class 5 shall be entitled to receive its share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement. Subject to the terms hereof, the initial distribution to Holders of Allowed OG General Unsecured Claims in Class 5 shall be made no sooner than ninety (90) days after the Effective Date by the Plan Administrator. Thereafter, as and when necessary and appropriate a further and final distribution shall be made by the Plan Administrator to the Holders of Allowed OG General Unsecured Claims in Class 5 in accordance with the provisions hereof. The Debtors do not believe that Class 5 Allowed OG General Unsecured Claims will be paid in full from the Liquidating Estates.

6. Class 6 - OG Interests - Class 6 consists of all Interests. An Interest means any equity interests in the Debtors, including, but not limited to, shares of common stock, any stock rights, options, warrants, calls, subscriptions, or other similar rights, agreements, or commitments or other outstanding agreements obligating Debtors to issue, transfer, or sell any shares of any type of stock of Debtors. Under Section 5.30 of the Plan, Holders of Class 6 OG Interests will neither receive nor retain any interest in the Debtors nor receive any distribution from the Liquidating Estates on account of their Interests. Accordingly, Class 6 is an Impaired Class that is deemed to reject the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

F. OD Debtor

1. Class 1- OD Secured Claim - Class 1 consists of the Allowed Woodside Secured Claim against the OD Debtor. The Allowed Woodside Secured Claim shall receive Cash from the liquidation of the Debtors' assets as well as Cash on hand, towards satisfaction of this Claim until such time as the Allowed Woodside Secured Claim is satisfied in full. At the present time the Allowed Woodside Secured Claim is Impaired under Section 1124 of the Bankruptcy Code.

2. Class 2 -OD Citibank Claim – Class 2 consists of the contingent and unliquidated claim held by Citibank relating to the issuance of certain standby letters of credit prior to the Filing Date. At the present time this Claim remains contingent and neither the amount of the Claim nor whether the Claim will ever ripen can be determined. Thus, the Claim is not entitled to any distribution under the Plan. The Claim is Impaired under Section 1124 of the Bankruptcy Code.

3. Class 3 - OD Secured Equipment Finance Claims - Class 3 consists of all Allowed OD's Secured Equipment Finance Claims. These claims consist of claims by equipment or vehicle lenders for unpaid amounts due in respect of obligations arising under the related agreements. Unless a holder of the OD Secured Equipment Finance Claims agrees to a different treatment then, either (i) the legal, equitable and contractual rights to which such Claim entitles the Holder thereof shall be left unaltered; (ii) the Secured Equipment Finance Claim shall be left Unimpaired in the manner described in Section 1124(2) of the Bankruptcy Code; or (iii)

the Holder of such Claim shall receive or retain the collateral securing such claim on account of such Claim.

4. Class 4 - OD Priority Claims - Class 4 consists of all Allowed OD Priority Claims. The Debtors estimate that there are approximately \$225,000 in total Priority Claims against the Debtors' Liquidating Estates. Class 4 OD Priority Claims are Unimpaired and, accordingly, the Holders of such OD Allowed Claims are not entitled to vote to accept or reject the Plan and will be deemed to have accepted the Plan.

5. Class 5 - OD General Unsecured Claims – Class 5 consists of all Allowed OD General Unsecured Claims. Each Entity holding an Allowed OD Claim in Class 5 shall be entitled to receive its share of the Cash deposited into the Unsecured Creditor Distribution Account pursuant to, and consistent with, the Unsecured Creditor Distribution Agreement. Subject to the terms hereof, the initial distribution to Holders of Allowed OD General Unsecured Claims in Class 5 shall be made no sooner than ninety (90) days after the Effective Date by the Plan Administrator. Thereafter, as and when necessary and appropriate a further and final distribution shall be made by the Plan Administrator to the Holders of Allowed OD General Unsecured Claims in Class 5 in accordance with the provisions hereof. The Debtors do not believe that Class 5 Allowed OD General Unsecured Claims will be paid in full from the Liquidating Estates.

6. Class 6 - OD Interests - Class 6 consists of all Interests. An Interest means any equity interests in the Debtors, including, but not limited to, shares of common stock, any stock rights, options, warrants, calls, subscriptions, or other similar rights, agreements, or commitments or other outstanding agreements obligating Debtors to issue, transfer, or sell any shares of any type of stock of Debtors. Under Section 5.36 of the Plan, Holders of Class 6 OD Interests will neither receive nor retain any interest in the Debtors nor receive any distribution from the Liquidating Estates on account of their Interests. Accordingly, Class 6 is an Impaired Class that is deemed to reject the Plan pursuant to Section 1126(f) of the Bankruptcy Code.

C. Sources Of Cash To Make Plan Distributions

Except as otherwise provided in the Plan or the Confirmation Order, all Cash necessary for Debtors and/or the Plan Administrator to make distributions and payments required under the Plan to Holders of Allowed Claims will be paid from the post-confirmation Liquidating Estates in the manner set forth in the Plan and consistent with the terms of the Unsecured Creditor's Distribution Agreement.

D. Unexpired Leases And Executory Contracts

1. Generally. Under Section 365 of the Bankruptcy Code, the Debtors have the right, subject to Bankruptcy Court approval, to assume or reject executory contracts or unexpired leases. If an executory contract or unexpired lease entered into before the Filing Dates is rejected by the Debtors, it will be treated as if the Debtors breached such contract or lease on the date immediately preceding the Filing Dates, and the other party to the agreement may assert a general Unsecured Claim for damages incurred as a result of the rejection. In the case of rejection of real property leases and employment agreements, damages are subject to certain

limitations imposed by Sections 365 and 502 of the Bankruptcy Code. Under Section 502(b)(6) of the Bankruptcy Code, the claim of a lessor for damages resulting from the termination by the Debtor of a lease for real property pursuant to Section 365 of the Bankruptcy Code may be allowed except to the extent that such claim exceeds (A) the rent reserved by such lease, without acceleration, for the greater of one year, or fifteen percent (15%), not to exceed three years, of the remaining term of such lease, following the earlier of (i) the applicable Filing Date; and (ii) the date on which such lessor repossessed, or the lessee surrendered, the leased property; plus (B) any unpaid rent due under such lease, without acceleration, on the earlier of such dates.

Under Section 502(b)(7) of the Bankruptcy Code, the claim of an employee of a debtor for damages resulting from the termination by the debtor of an employment contract pursuant to Section 365 of the Bankruptcy Code may be allowed except to the extent that such claim exceeds (A) the compensation provided by such contract, without acceleration, for one year following the earlier of (i) the Filing Date or (ii) the date on which the Debtors directed the employee to terminate, or such employee terminated, performance under such contract; plus (B) any unpaid compensation due under such contract, without acceleration, on the earlier of such dates.

2. Assumption and Rejection. The Plan provides in Article VIII that as of the Confirmation Date, any remaining executory contracts or unexpired leases that have not been expressly assumed or rejected with approval by order of the Bankruptcy Court shall be deemed to have been rejected unless (a) there is then pending before the Bankruptcy Court a motion to assume such unexpired lease or executory contract, or (b) the Bankruptcy Court has entered an order extending the period during which a motion may be made to assume such unexpired lease or executory contract, and such a motion is filed with the Bankruptcy Court before the expiration of such period.

The Plan further provides that this Disclosure Statement and the Plan shall constitute due and sufficient notice of the Debtors' intention to reject all executory contracts and unexpired leases that are not otherwise assumed. The Confirmation Order shall be deemed an order under Section 365(a) of the Bankruptcy Code rejecting any such executory contracts and unexpired leases that are not otherwise assumed.

3. Deadline for Filing Rejection Damage Claims. The Plan also establishes a deadline for filing Rejection Damage Claims. Pursuant to the Plan, unless otherwise provided by an order of the Bankruptcy Court entered on or prior to the Confirmation Date, any Rejection Damage Claim must be filed with the Bankruptcy Court within thirty (30) days of the Confirmation Date. Any Entity that fails to file its Rejection Damage Claim within the period set forth above shall be forever barred from asserting a Claim against the Debtors, the Liquidating Estates, the Plan Administrator or any Property or interests in Property of the Debtors or the Liquidating Estates. All Allowed Rejection Damage Claims shall be classified as General Unsecured Claims (Class 5) under the Plan except if allowed in any other Class.

E. Means for Effectuating the Plan

1. Vesting of Property. Except as otherwise provided in the Plan, on the Effective Date, title to all Property of Debtors' Estates shall pass to and vest in the post-

confirmation Liquidating Estates of the Consolidated Debtors, free and clear of all Claims, Interests, Liens, security interests, charges and other encumbrances.

2. 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.

3. Implementation. Pursuant to the Confirmation Order and upon confirmation of the Plan, the Debtors and the Plan Administrator shall be authorized to take all necessary steps, and perform all necessary acts, to consummate the terms and provisions of the Plan. On or before the Effective Date, the Debtors may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate or further evidence the terms and provisions of the Plan and the other agreements referred to herein. The Debtors and the Plan Administrator, as the case may be, are hereby authorized to, and shall, execute such documents and take such other actions as are necessary to effectuate the transactions provided for in the Plan, without the need for any additional approvals, authorizations or consents. Upon the completion of all acts required to be performed by the post-confirmation Debtors and their Liquidating Estates, and the Plan Administrator under the Plan and/or the filing by or on behalf of the post-confirmation Debtors of a certification to that effect with the Bankruptcy Court (which may be included in the application for entry of the final decree), the post-confirmation Debtors and their Liquidating Estates shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the post-confirmation Debtors, the Liquidating Estates, the Plan Administrator or payments to be made in connection therewith. From and after the Effective Date, the post-confirmation Debtors and their Liquidating Estates, and the Plan Administrator shall not be required to file any document, or take any action, to withdraw the post-confirmation Debtors' business operation from any States where the Debtors previously conducted business operations.

4. Initial Funding for the Plan. Since the entry of the Sale Order and pursuant to various other orders the Debtors have begun to liquidate their assets and this liquidation process may even be completed prior to the Effective Date. Utilizing Cash on hand as well as the proceeds of these various Sales and other liquidations, the Debtors shall within seven (7) business days of the Effective Date effectuate the following transfers in order to provide for implementation and consummation of the Plan:

(a) fund the initial payment of \$375,000 pursuant to the Unsecured Creditor Distribution Agreement into the Unsecured Creditor Distribution Account to provide for the Distributions to the Unsecured Creditors;

(b) fund a payment in the amount of \$190,000 representing the Plan Administrator Initial Account Funding into the Plan Administrator Operating Fund;

(c) transfer an amount into the Plan Administrator Reserve Account equal to the (i) sum of estimated Allowed Administrative Expense Claims; (ii) \$250,000 to fund the Priority Claim Reserve to address the estimated Allowed Priority Claims; (iii) as well as any payments that may become due from the Office of the United States Trustee; and (iv)

an amount sufficient to cover any Secured Equipment Finance Claims which have not yet been Allowed;

(d) transfer any amounts to be paid to Allowed Secured Equipment Finance Claims pursuant to Article V of the Plan; and

(e) remit all remaining funds to Woodside on account of its Secured Claim.

After the foregoing transfers have been effectuated, the Plan Administrator, on behalf of the Liquidating Estates, shall make payments due Claimants under paragraphs (c) and (d) above within thirty (30) days of Allowance of those Claims (or in the event of sums due the Office of the United States Trustee upon the fixing of such claims). Payments on account of Allowed Unsecured Creditors Claims shall be made by the Plan Administrator from the Unsecured Creditor Distribution Account upon the allowance of such Claims at intervals as determined by the Plan Administrator but which shall occur no sooner than ninety (90) days after the Effective Date. Prior to any distribution to Holders of Allowed Unsecured Claims, the Committee shall review and approve such distribution.

The Plan Administrator shall retain the right to object to any and all Claims (except as previously Allowed by Final Order of this Court). The Plan Administrator shall be authorized to object to any General Unsecured Claims after consultation with the Committee. The Plan Administrator shall provide the Committee with the Plan Administrator Unsecured Allowed Claims Report prior to making such determination and any distribution.

Objections to Claims if any shall be filed by the Plan Administrator no later than sixty (60) days after the Effective Date, subject to further extension by Order of this Court upon the submission of a written request by the Plan Administrator on notice to Counsel to the Committee, Counsel to Woodside and the Office of the United States Trustee.

Upon resolution and determination of the Priority Claims by way of Final Order of the Court (including an agreement of the parties approved by way of a Final Order of the Court), and as more specifically addressed in the Unsecured Creditors Distribution Agreement, any funds remaining in the Priority Claim Reserve shall be apportioned fifty percent (50%) to be paid over to the Unsecured Creditor Distribution Account and fifty percent (50%) to be returned to Woodside.—

5. Liquidating Estates.

(a) Creation of Liquidating Estates. On the Effective Date, a Liquidating Estate, will be created from which payment in connection with all remaining Allowed Administrative Expense Claims, Allowed Priority Tax Claims, Allowed Secured Claims, Allowed Priority Claims, Allowed General Unsecured Claims, together with the Operating Expenses shall be paid.

(b) Appointment of Plan Administrator. On the Confirmation Date, the Plan Administrator will be designated pursuant to Court order. The retention of the Plan

Administrator will be pursuant to this Plan and Confirmation Order and she/he will have the powers and responsibilities of a disbursing agent and trustee as set forth herein.

(c) Vesting of Estate Assets. On the Effective Date, and in accordance with the Confirmation Order, the Liquidating Estates Assets shall vest in the post-confirmation Liquidating Estates under the control of the Plan Administrator, free and clear of all Claims, Liens, Interests, and encumbrances and other interests of Holders of Claims against the Debtors except as set forth herein.

6. Preservation and Vesting of Claims, Rights, Demands and Causes of Action. Pursuant to Section 1123 of the Bankruptcy Code, the Plan Administrator, on behalf of and for the benefit of the Liquidating Estates, shall be vested with, shall retain, and shall have the authority to prosecute and enforce any and all claims, controversies, agreements, promises, accounts, rights to legal remedies, rights to equitable remedies, rights, demands and Causes of Action of any kind or nature whatsoever held by, through, or on behalf of the Debtors and/or the Liquidating Estates, including, without limitation, all Causes of Action of a trustee and debtors-in-possession under the Bankruptcy Code, including, without limitation, under Sections 544, 545, 547, 548, and 549 of the Bankruptcy Code, against any other Entity arising before or after the Effective Date that have not been fully resolved or disposed of prior to the Effective Date, whether or not such Claims or Causes of Action are specifically identified in the Disclosure Statement accompanying the Plan and whether or not litigation with respect to same has been commenced prior to the Effective Date. The Plan Administrator will also be authorized to challenge, object to and/or settle disputed Claims, without first having to seek approval from the Bankruptcy Court, in accordance with the terms and provisions hereof. The Plan Administrator will be authorized and empowered to bind the Liquidating Estates thereto. Any settlement by the Plan Administrator pursuant to and in accordance with the terms hereof shall be conclusively deemed to be in the best interests of the Liquidating Estates.

7. Recoveries. All Cash, proceeds and/or recoveries from the Causes of Action and all other proceeds derived from the Plan Administrator's liquidation of Liquidation Estate Assets will be included in the Liquidating Estates, deposited in the Plan Administrator Operating Fund and administered and disbursed in accordance with the provisions of the Plan. With respect to Innovative Syracuse LLC ("Syracuse") OG owns fifty one percent (51%) of this entity along with another nondebtor entity known as Marble Techniques, Inc ("MT"). OG together with its partner MT are evaluating the business model for this fabrication facility which continues to conduct business and has a fabrication and installation contract with Home Depot. It is anticipated that OG will monetize, if possible, its investment in Syracuse in relatively short order, in the event that there remains any surplus proceeds from any transactions the Debtors will receive a distribution.

8. The Plan Administrator.

(a) Appointment. In the Confirmation Order, Getzler Henrich will be appointed as the Plan Administrator and will be bound to perform as required by the Plan.

(b) Duties and Powers. (i) On the Effective Date, the Plan Administrator will be the representative of the Liquidating Estates and successor to the Debtors

pursuant to Section 1123(b)(3)(B) of the Bankruptcy Code, and will have the rights and powers provided in the Bankruptcy Code, in addition to any rights and powers granted herein and in the Confirmation Order. In the Plan Administrator's capacity as the representative of the Liquidating Estates and successor to the Debtors, the Liquidating Estates will be the successor-in-interest to the Debtors with respect to all Causes of Action and other interests constituting Estate Assets and with respect to the Claims of Creditors. The Plan Administrator shall act in a fiduciary capacity for the Holders of all Allowed Claims under the Plan and shall have all of the rights, powers and duties of a debtor in possession under Sections 1107 and 1108 of the Bankruptcy Code. The Plan Administrator shall assume all of the responsibilities, duties and obligations of the Debtors' former officers and directors that arise after the Effective Date of the Plan and is empowered and authorized to satisfy such responsibility, duties, and obligations without further corporate authority as may have been required prior to the Effective Date. The Plan Administrator will pay from the Liquidating Estates all ordinary and necessary costs of protecting, preserving, disposing, liquidating and realizing upon the Liquidating Estates. The Plan Administrator is authorized to investigate and, if necessary, litigate any Cause of Action on behalf of the Debtors and shall have standing as a representative of the Liquidating Estates to pursue any Causes of Action and Claims objections, whether initially filed by the Debtors, the Committee or the Plan Administrator, and the Plan Administrator may assert any defenses that may otherwise have been asserted by a trustee under the Bankruptcy Code. The Plan Administrator shall prosecute or defend, as appropriate, such actions through final judgment, any appeals deemed necessary and appropriate by the Plan Administrator, and the Plan Administrator shall have the power and authority (aa) to enter into such settlements as the Plan Administrator deems to be in the best interest of creditors, subject to Bankruptcy Court approval after notice caused for Woodside, after United States Trustee and counsel for Committee; or (bb) to abandon, dismiss and/or decide not to prosecute any such litigation if the Plan Administrator deems such action to be in the best interest of creditors. The Plan Administrator shall also be vested with all rights, powers, and benefits afforded to a "trustee" under 11 U.S.C. § 108. The Plan Administrator will administer the assets of the Liquidating Estates, will liquidate the Liquidating Estates, will object to/challenge/settle all Claims, and will make distributions from the Liquidating Estates, all in accordance with the terms of the Plan and the Confirmation Order. Unless otherwise excused or exempted from doing so by the Bankruptcy Code, the Plan Administrator will abide by all laws, including tax laws and regulations, and will prepare or cause to be prepared all local, state, or federal tax returns, filings, and/or reports that are necessary or appropriate. The Plan Administrator shall have sole and exclusive authority for the retention of professionals to assist in any manner on and after the Effective Date. (ii) The Plan Administrator will have the power to take any and all actions which, in the business judgment of the Plan Administrator, as are necessary or appropriate to fulfill his/her obligations under the Plan and the Confirmation Order, including, but not limited to, each of the powers set forth below:

- (aa) hold, manage, protect, administer, collect, sell, liquidate, prosecute, transfer, resolve, settle, adjust, invest, distribute, or otherwise dispose of any Liquidating Estates Assets solely for the benefit of Holders of Allowed Claims in accordance with the Plan;
- (bb) reconcile Claims and contest objectionable Claims and Disputed Claims;

- (cc) make all Distributions to be funded under the Plan;
- (dd) pay all necessary expenses incurred in connection with the duties and responsibilities of the Plan Administrator under the Plan to the extent of available funds;
- (ee) administer, implement and enforce all provisions of the Plan;
- (ff) file tax returns and make other related corporate filings;
- (gg) administer the Plan and the Liquidating Estates Assets;
- (hh) abandon any Liquidating Estates Assets;
- (ii) to invest Cash in accordance with Section 345 of the Bankruptcy Code or otherwise as permitted by order of the Bankruptcy Court;
- (jj) to purchase and carry all insurance policies including errors and omissions and pay all premiums and costs deemed necessary and advisable;
- (kk) to file such plan and merger documents as the Plan Administrator determines are necessary to promote the streamlined liquidation and administration of the Debtors; and
- (ll) undertake such other responsibilities as are reasonable and appropriate in connection with the Plan.

(c) Reporting Requirements. The Plan Administrator shall prepare and maintain distribution schedules with respect to all Classes of Claims. As soon as practicable following the Confirmation Date, but no later than the Effective Date, the Debtors shall prepare and deliver to the Plan Administrator an analysis of filed Claims including Administrative Expense Claims (except for Professional Fees), and for all other Classes of Claims, including Disputed Claims. Except as otherwise agreed to by the affected Claimant or as estimated under a Final Order, the entire amount of the Disputed Claim shall be included in the schedules for purposes of computing any Pro Rata Distribution payable to any holder of a Claim on any Distribution Date hereunder. The Plan Administrator shall reserve the Distribution payable to a holder of a Disputed Claim until entry of a Final Order with respect to such Claim. Approximately ninety (90) days following the Effective Date, the Plan Administrator shall file with the Bankruptcy Court and serve on the Office of the United States Trustee and those parties who have requested special notice post-confirmation (as opposed to parties having previously filed a notice of appearance), a status report and a summary financial update explaining what progress has been made toward entry of the Final Decree including a statement of all disbursements made pursuant to the Plan along with an estimated date when an application for a final decree will be filed with the Court. Until entry of the Final Decree, further status reports

shall be filed periodically approximately every one hundred and twenty (120) days and served on the same entities. Each status report shall generally include a description of Liquidating Estates Assets sold or otherwise realized upon during the relevant period, gross and net proceeds received, distributions and payments made, expenses incurred and paid, and cash on hand. A standard Post-Confirmation Operating Report as required by the United States Trustee shall meet the requirements of this status report.

(d) Compensation. The Liquidating Estates shall pay reasonable compensation for the services provided by the Plan Administrator and any other professionals or other Entities retained by the Plan Administrator or the Liquidating Estates. The Plan Administrator shall be entitled to receive from the Liquidating Estates compensation for his services plus reasonable out of pocket expenses.

The Plan Administrator shall have the authority to employ or retain MHH&H and any additional professionals as the Plan Administrator may select to assist the Plan Administrator in her/his duties, on such terms, including contingency-fee arrangements, as the Plan Administrator reasonably deems appropriate, without Bankruptcy Court approval, subject to the terms and provisions of the Plan. All reasonable fees and expenses incurred in connection with the performance of her/his duties and obligations as Plan Administrator on behalf of the Liquidating Estates including, without limitation, the fees and expenses of the Plan Administrator, any accountants, attorneys and other professionals engaged by the Plan Administrator, shall be paid out of the Liquidating Estates, without the need for further application to the Court from the Plan Administrator Operating Fund.

9. Dissolution of Debtors. Upon distribution and/or abandonment of all Liquidating Estates Assets pursuant to the Plan, the Debtors will be dissolved for all purposes effective as of the final Distribution Date without the necessity for any other or further actions to be taken by or on behalf of the Debtors or the Plan Administrator; provided, however, that the Plan Administrator shall be authorized to file with the official public offices of keeping corporate records in the Debtors' states of incorporation or organization certificates of dissolution or equivalent documents. Such certificates of dissolution may be executed by the Plan Administrator without need for any action or approval by the shareholders or the board of directors of the Debtors.

10. Dissolution of Committee. As of the Final Distribution Date, the Committee shall be deemed dissolved and the duties, powers, responsibilities and rights of the Committee and its agents shall terminate, ipso facto.

11. No Stamp or Similar Taxes. Pursuant to Section 1146(c) of the Bankruptcy Code: (a) the creation of any mortgage, deed of trust, lien, pledge, or other security interest; (b) the making or assignment of any lease or sublease; (c) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, any restructuring, disposition, liquidation, dissolution, deeds, bills of sale, transfers of tangible property or the transfers, sales, and assignments of the Debtors' or Liquidating Estates' owned and leased real property, or (d) any transfers from or for the benefit of the Debtors to Plan Administrator pursuant to the Plan, will not be subject to any document recording tax, stamp tax, conveyance fee, personal property tax, real estate transfer tax,

intangibles or similar governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

F. Provisions Covering Distributions

1. Liquidating Estates. On the Effective Date, all of the Debtors' right, title and interest in and to the Liquidating Estates Assets shall vest in the post-confirmation Debtors' Liquidating Estates. From time to time thereafter, other assets may be transferred to the Liquidating Estates and, upon conversion thereof to Cash, will be used for Distributions to Woodside on account of its Secured Claim in accordance with the terms and provisions of the Plan and the Unsecured Creditor Distribution Agreement.

2. Timing of Distributions Due Under Plan. (a) All Distributions and payments required of the Plan Administrator under the Plan to Holders of Allowed Claims will be paid from the Liquidating Estates, the Plan Administrator Reserve Account, on the dates, and in the manner indicated in the Plan. Except as otherwise provided in the Plan, without in any way limiting Section 10.2 of the Plan, Distributions in respect of (i) Allowed Secured Claims in Class 1 of the Plan for each Debtor's Estate shall be made by the Plan Administrator as set forth in Sections 5.1, 5.7, 5.13, 5.19, 5.25 and 5.31; (ii) Allowed Secured Equipment Finance Claims in Class 3 of the Plan for each Debtor's Estate shall be made as set forth in Sections 5.3, 5.9, 5.15, 5.21, 5.27 and 5.33; (iii) Allowed Priority Claims in Class 4 of the Plan for each Debtor's Estate shall be made by the Plan Administrator as set forth in Sections 5.4, 5.10, 5.16, 5.22, 5.28 and 5.34; (iv) Allowed General Unsecured Claims in Class 5 of the Plan for each Debtor's Estate shall be made by the Plan Administrator as set forth in Sections 5.5, 5.11, 5.17, 5.23, 5.29 and 5.35; and (v) all other Allowed Claims that are required by the Plan to be made on the Effective Date shall be made by the Plan Administrator from the Liquidating Estates Assets on, or as soon as practicable following, the Effective Date or the date such Claims become Allowed Claims.

3. Manner of Distributions. At the option of the Plan Administrator, Distributions from the Liquidating Estates may be made by wire transfer, check, or such other method as the Plan Administrator deems appropriate under the circumstances. No distributions shall be required to be made to any Holder of an Allowed Claim in an amount less than ten (\$10.00) dollars, unless request is made, in writing, to the Plan Administrator.

4. Cash Payments. Cash payments made pursuant to the Plan will be in U.S. dollars. Cash payments made pursuant to the Plan in the form of checks issued by the Debtors or the Plan Administrator shall be void if not cashed within one hundred twenty (120) days of the date of the issuance. Requests for reissuance of any check shall be made directly to Plan Administrator or her designee as set forth in Section 10.8 of the Plan.

5. Payment of Statutory Fees. All fees payable pursuant to 28 U.S.C. § 1930 as determined by the Bankruptcy Court as of the Confirmation Date shall be paid by the Debtors or the Plan Administrator within ten (10) business days of determination.

6. No Interest. Except with respect to Holders of Unimpaired Claims entitled to interest under applicable non-bankruptcy law or as otherwise expressly provided herein, no Holder of an Allowed Claim, including, without limitation, Holders of Allowed General Unsecured Claims under Class 5 of the Plan, shall receive interest on any distribution to which such Holder is entitled hereunder, regardless of whether such distribution is made on the Effective Date or thereafter.

7. Withholding of Taxes. (a) The Plan Administrator may withhold from any Property to be distributed under the Plan any Property which must be withheld for taxes payable by the Entity entitled to such Distribution to the extent required by applicable law. As a condition to making any distribution under the Plan, the Plan Administrator may request that the Holder of any Allowed Claim provide such Holder's taxpayer identification number and such other certification as may be deemed necessary to comply with applicable tax reporting and withholding laws.

(b) Notwithstanding any other provision of the Plan, each Entity receiving a distribution of Cash pursuant to the Plan will have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed on it by any governmental unit on account of such distribution, including income, withholding and other tax obligations.

8. Undeliverable or Unclaimed Distributions. (a) All distributions under the Plan to any Holder of an Allowed Claim shall be made at the address of such Holder as set forth on the lists to be provided by the Plan Administrator pursuant to Section 10.8 of the Plan unless the Plan Administrator has been notified in writing after the Effective Date of a change of address. Any Entity that is entitled to receive a Cash Distribution under the Plan but that fails to cash a check within one hundred twenty (120) days of its issuance shall be entitled to receive a reissued check for the amount of the original check, without any interest, if such Entity (i) requests, in writing, the issuance of such check, and (ii) provides documentation to verify in her/his sole discretion that such Entity is entitled to such check. If an Entity fails to cash any check within one hundred twenty (120) days of its issuance or fails to request re-issuance of such check within one hundred twenty (120) days of its issuance, such Entity shall be deemed to have forfeited the amount of the distribution or Liquidating Estates provided for in such check. Any such forfeited distributions shall revert to the Liquidating Estates and the Claim of any Holder or successor to such Holder with respect to such forfeited distributions shall be discharged and forever barred, notwithstanding any other provisions in the Plan or any federal or state escheat laws to the contrary.

(b) In the event that any distribution to any Holder of an Allowed Claim is returned to the Plan Administrator as undeliverable, no further distributions will be made to such Holder unless and until the Plan Administrator is notified in writing of such Holder's then-current address. All claims for undeliverable distributions for which no check is issued, must be made within one hundred twenty (120) days of the issuance of the original check. After such date, all unclaimed distributions shall revert to the Liquidating Estates and the claim of any Holder or successor to such Holder with respect to such distribution shall be forfeited, discharged and forever barred, notwithstanding any provisions in the Plan or any federal or state escheat laws to the contrary. Upon such forfeiture of Cash or Liquidating Estates Assets, such Cash or Liquidating Estates Assets shall be the property of the Liquidating Estates.

9. Post Effective Date Services by Professionals. The Professionals retained by the Debtors and the Committee shall continue to be retained subsequent to the Confirmation Date through the Effective Date for the purpose of rendering services as necessary to consummate the Plan. The reasonable fees and expenses of the Debtors' and Committee's Professionals incurred after the Confirmation Date shall constitute Operating Expenses of the Liquidating Estates and shall be payable upon presentment of a monthly statement (or in a manner consistent with the terms of their retention and/or the Unsecured Creditor Distribution Agreement as applicable) for services rendered and for reimbursement of expenses to the Plan Administrator. The Plan Administrator shall have ten (10) days from the receipt of any such fee and expense statements to dispute all or part of such statement. Upon the expiration of said ten (10) days, the Plan Administrator shall pay the professionals the undisputed portion of such fees and expenses. Any disputes shall be submitted to the Bankruptcy Court for determination. A law firm, accountant or other Professional shall not be disqualified from representing or otherwise serving the Plan Administrator or the Liquidating Estates solely because of its current or prior retention as counsel or professional to the parties in interest in the Chapter 11 Cases, including, without limitation, counsel to the Debtors and the Committee.

G. Injunction, Release And Exculpation

1. Injunction. Except as otherwise provided in or to enforce the Plan or Confirmation Order, on or after the Effective Date all Entities that have held, currently hold, or may hold, a Claim, Lien, Interest or other liability against or in the Debtors that would be discharged or satisfied upon confirmation of the Plan and the Effective Date but for the provisions of Section 1141(d)(3) of the Bankruptcy Code are permanently enjoined from taking any of the following actions on account of such Claim, Lien, Interest or right: (a) commencing or continuing in any manner any action or other proceeding on account of such Claim, Lien, Interest, or right against the Liquidating Estates, Liquidating Estates Assets, any Property that is to be distributed under the Plan, or the Plan Administrator; or (b) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order against the Liquidating Estates, Liquidating Estates Assets, any Property to be distributed under the Plan, or the Plan Administrator. On and after the Effective Date, each Holder of an Interest in the Debtors is permanently enjoined from taking or participating in any action that would interfere with or otherwise hinder the post-confirmation Debtors or Plan Administrator from implementing the Plan or the Confirmation Order.

Except as otherwise provided in the Plan or the Confirmation Order, on or after the Effective Date all Creditors of, Claimants against, Interest Holders of, and Entities having or claiming an interest of any nature in the Liquidating Estates are hereby permanently enjoined and stayed from pursuing or attempting to pursue any action, commencing or continuing any action, employing any process, or any act against the Liquidating Estates, Liquidating Estates Assets, any Property that is to be distributed under the Plan, or the Plan Administrator on account of or based upon any right, claim or interest which any such Creditor, Claimant, Interest Holder, or other Entity may have had prior to the entry of the Confirmation Order.

2. Release. (a) Release of Debtors: Except as otherwise specifically provided herein, confirmation of the Plan shall be deemed to release the Debtors' officers, directors, employees, and other agents, financial advisors, consultants, attorneys and accountants

(in such capacity), and their respective assets and properties from any debt, charge, Causes of Action, liability, encumbrance, Lien, security interest, Claim, Interest, or other cause of action of any kind, nature or description (including, but not limited to, any claim of successor liability), other than a right to pursue a claim based on any gross negligence or willful misconduct, including any breach of fiduciary duty constituting gross negligence or willful misconduct, that arose before the Confirmation Date, and any debt of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, whether or not a proof of Claim or Interest is or could have been filed or is deemed filed, and whether or not such Claim or Interest is or could have been Allowed.

(b) Release of Woodside: As of the Confirmation Date, for good and valuable consideration, the adequacy of which is hereby confirmed, the Debtors, their Estates, the Plan Administrator, (including any successor to the Debtors, their Estates or the Plan Administrator), and each holder of a Claim that affirmatively votes in favor of the Plan shall be deemed to forever release, waive, and discharge Woodside and its affiliates, their officers, directors, employees and other agents, attorneys and other professionals (in such capacity) and their respective assets and properties from all debts, charges, encumbrances, damages, demands, judgments, obligations, Claims, Interest, Causes of Action, liabilities, rights (other than the right to enforce the Plan, and the Unsecured Creditor Distribution Agreement delivered hereunder), or other cause of action of any kind, nature or description (including, without limitation, any claim of successor liability), whether direct or derivative, liquidated or unliquidated, fixed or contingent, known or unknown, then existing or thereafter arising, in law, equity or otherwise, relating to the Debtors, the Liquidating Estates, these Chapter 11 Cases, and the Plan (including the confirmation thereof).

3. Exculpation. In consideration of the Distributions under the Plan, upon the Effective Date, each Holder of a Claim or Interest will be deemed to have released the Debtors, the Committee (including each of the Committee's members, in their capacity as such), and each of their directors, partners, members, officers, agents, consultants, attorneys, independent accountants, advisors, Professionals, financial advisors, investment bankers and employees (in such capacity), employed by the Debtors and/or the Committee from and after the Filing Dates from any and all Causes of Action (other than the right to enforce the obligations under the Plan and the right to pursue a claim based on any gross negligence or willful misconduct, including any breach of fiduciary duty constituting gross negligence or willful misconduct) arising out of actions or omissions during the administration of the Chapter 11 Cases, the administration of the Estates and/or the Liquidating Estates, or the Distribution of any Property or Liquidating Estates Assets pursuant to the Plan.

H. Conditions Precedent To Confirmation Order and Effective Date Of The Plan

1. Condition Precedent to Entry of the Confirmation Order. The following condition must be satisfied on or before the Confirmation Date: The Confirmation Order must be in form and substance reasonably acceptable to Debtors.

2. Conditions Precedent to the Effective Date. The following conditions must be fully satisfied or waived, if subject to waiver, on or before the Effective Date for this Plan to become effective, the satisfaction of which shall constitute Consummation of the Plan:

(a) the Confirmation Order must be entered by the Bankruptcy Court and become a Final Order; and

(b) the Plan Administrator has accepted, in writing, the terms of his service and compensation, and such terms shall have been approved by the Bankruptcy Court in the Confirmation Order; and

3. Debtors' Right to Waive Conditions Precedent. The Debtors, in their sole discretion, may waive the Final Order condition set forth in Section 12.2 of the Plan at any time from and after the Confirmation Date. In that event, the Debtor will be entitled to render any or all of their performances under the Plan prior to what otherwise would be the Effective Date if the above-referenced conditions were not waived, including, but not limited to, the right to perform under any circumstances which would moot any appeal, review or other challenge of any kind to the Confirmation Order if the Confirmation Order is not stayed pending such appeal, review or other challenge.

I. Miscellaneous Provisions

1. Bankruptcy Court to Retain Jurisdiction. Notwithstanding entry of the Confirmation Order, or the occurrence of the Effective Date or Consummation of the Plan, the Chapter 11 Case having been closed, or a Final Decree having been entered, the Bankruptcy Court (or the District Court, as the case may be) shall have and retain jurisdiction of matters arising out of, and related to the Chapter 11 Cases and the Plan under, and for the purposes of, Sections 105(a), 1127, 1142 and 1144 of the Bankruptcy Code and for, among other things, the following purposes:

(a) To consider any modification of the Plan under Section 1127 of the Bankruptcy Code and/or modification of the Plan before "substantial consummation" as defined in Section 1101(2) of the Bankruptcy Code, and to consider any modification of the Plan to cure any defect or omission, or reconcile any inconsistency in the Plan, the Disclosure Statement or in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order.

(b) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any, and allowance of Claims resulting therefrom.

(c) To (i) hear and determine any Claim or Cause of Action arising in or related to the Chapter 11 Case; and (ii) to adjudicate any Causes of Action or other proceedings currently pending or which may be commenced by the Plan Administrator after the Effective Date or otherwise referenced in the Plan, including, but not limited to, the adjudication of any Causes of Action and any and all "core proceedings" under 28 U.S.C. § 157(b), which are or may be pertinent to the Chapter 11 Case and which the Plan Administrator may deem appropriate to commence and prosecute in support of implementation of the Plan.

(d) To determine any and all adversary proceedings, applications, and contested matters filed or commenced by the Plan Administrator after the Effective Date, including, without limitation, any Causes of Action.

(e) To ensure that distributions are accomplished as provided in the Plan.

(f) To hear and determine any objections to Administrative Expense Claims, to Proofs of Claim, or to Claims and Interests filed and/or asserted both before and after the Confirmation Date, including any objections to the classification of any Claim or Interest, and to allow or disallow any disputed Administrative Expense Claim, Claim or Interest, in whole or in part, and any request for estimation or determination of the nature and amount of any Claim or Claims.

(g) To protect the Liquidating Estates from adverse Claims or interference inconsistent with the Plan, including to hear actions to quiet or otherwise clear title to property of the Liquidating Estates based upon the terms and provisions of the Plan.

(h) To (i) enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified, or vacated; (ii) to issue such orders in aid of execution of the Plan as may be necessary and appropriate, to the extent authorized by Section 1142 of the Bankruptcy Code; and (iii) to interpret and enforce any Orders previously entered in the Chapter 11 Cases to the extent such Orders are not superseded or inconsistent with the Plan.

(i) 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 for services rendered and expenses incurred prior to or subsequent to the Confirmation Date through the Effective Date.

(j) To hear and determine all litigation, Causes of Action and all controversies, suits and disputes that may arise in connection with the interpretation, implementation or enforcement of the Plan, including but not limited to, any and all litigation and/or Causes of Action brought by the Debtors or Plan Administrator, whether such litigation and/or Causes of Action is/are commenced either prior to or after the Effective Date.

(k) To hear and determine matters concerning state, local, and federal taxes in accordance with Sections 345, 505, and 1146 of the Bankruptcy Code.

(l) To enter a Final Decree closing the Chapter 11 Cases.

(m) To consider and act on the compromise and settlement of any litigation, Claim against or Cause of Action asserted in connection with the Chapter 11 Cases or the Liquidating Estates.

(n) Without limiting the generality of the foregoing and notwithstanding the Effective Date and to the fullest extent permitted by law, the Bankruptcy Court shall retain exclusive jurisdiction over the Liquidating Estates after the Effective Date, including, without limitation, jurisdiction to resolve any and all controversies, suits and issues that may arise in connection herewith or therewith, including, without limitation, any Entities' obligations incurred in connection herewith or therewith, including without limitation, any action against the Plan Administrator or any or all of the Plan Administrator's professionals or the Liquidating Estates, and any action seeking turn over or recovery of Liquidating Estates Assets.

2. Binding Effect of the Plan. Nothing contained in the Plan or the Disclosure Statement will limit the effect of confirmation as set forth in Section 1141 of the Bankruptcy Code. The provisions of this Plan shall be binding upon and inure to the benefit of the Debtors, the Plan Administrator, any Holder of a Claim or Interest, or their respective predecessors, successors, assigns, agents, officers, managers, members and directors and any other Entity affected by this Plan.

3. Fractional Cents. Whenever any payment of a fraction of a cent would otherwise be called for, the actual payment shall reflect a rounding down of such fraction to the nearest whole cent.

4. Successors and Assigns. The rights and obligations of any Entity named or referred to in the Plan shall be binding upon, and shall inure to the benefit of, the successors and assigns of such Entity.

5. Blank Ballots. Any Ballot which is executed by the Holder of an Allowed Claim but which does not indicate an acceptance or rejection of the Plan, shall be deemed to be an acceptance of the Plan. Any Ballot not filed in accordance with the filing instructions on the ballot pertaining to the Plan shall not be counted for voting purposes.

6. Authorization of Corporate Action. Upon the entry of the Confirmation Order, all actions contemplated by the Plan will be deemed authorized and approved in all respects (subject to the provisions of the Plan), including, without limitation, the transfer and/or contribution of the Liquidating Estates Assets to the Liquidating Estates. On the Confirmation Date, appropriate officers of the Debtors and the Plan Administrator are authorized and directed to execute and to deliver any and all agreements, documents and instruments contemplated by the Plan, the Liquidating Estates and/or necessary for the consummation of the Plan, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without the need for any additional authorizations, approvals or consents.

7. Withdrawal of the Plan. The Debtors reserve the right, at any time prior to the entry of the Confirmation Order, to revoke or withdraw the Plan. If the Debtors revoke or withdraw the Plan, or if the Confirmation Date does not occur, or if the Effective Date does not occur then (a) the Plan will be deemed null and void and (b) the Plan shall be of no effect and

shall be deemed vacated, and the Chapter 11 Cases shall continue as if the Plan had never been filed and, in such event, the rights of any Holder of a Claim or Interest shall not be affected nor shall such Holder be bound by, for purposes of illustration only, and without limitation, (i) the Plan, (ii) any statement, admission, commitment, valuation or representation contained in the Plan, the Disclosure Statement, or the Related Documents or (iii) the classification and proposed treatment (including any allowance) of any Claim in the Plan.

8. Captions. Article and Section captions used in the Plan are for convenience only and will not affect the construction of the Plan.

9. Method of Notice. Any notice or other communication under the Plan shall be in writing (including by facsimile transmission or by e-mail) and shall be deemed to have been sufficiently given, for all purposes, if deposited, postage prepaid, in a post office or letter box addressed to the person for whom such notice is intended (or, in the case of notice by facsimile transmission or e-mail, when received and telephonically or electronically confirmed), addressed as follows (*provided, however*, that only one notice or other communication under the Plan need be sent to Holders sharing the same address):

If to the Debtors, to:

Peter A. Furman
Getzler Henrich & Associates LLC
295 Madison Avenue
New York, NY 10017

With copies to:

Moritt Hock Hamroff & Horowitz LLP
400 Garden City Plaza
Garden City, New York 11530
(516) 873-2000
Attn: Leslie A. Berkoff, Esq.

-and-

If to the Plan Administrator, to:

Peter A. Furman
Getzler Henrich & Associates LLC
295 Madison Avenue
New York, NY 10017

If to the Committee, to:

N.T.M. srl, Committee Chair
c/o Marc D. Miceli, Esq.
Carella, Byrne, Cecchi, Olstein,
Brody & Agnello, P.C.
5 Becker Farm Road
Roseland, NJ 07068

With a copy to:

Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068
Attn: Jeffrey Prol, Esq.

Any of the above may, from time to time, change its address for future notices and other communications hereunder by filing a notice of the change of address with the Bankruptcy Court.

10. Amendments and Modifications to Plan. The Plan may be altered, amended or modified by the Debtors, before or after the Confirmation Date, as provided in Section 1127 of the Bankruptcy Code. The Debtors may also seek to modify the Plan at any time after confirmation so long as (a) the Plan has not been substantially consummated and (b) the Bankruptcy Court authorizes the proposed modification after notice and a hearing. The Debtors further reserve the right to modify the treatment of any Allowed Claims at any time after the Effective Date upon the consent of the Creditor whose Allowed Claim treatment is being modified, so long as no other Creditors are materially adversely affected.

11. Section 1125(e) of the Bankruptcy Code. Confirmation of the Plan will constitute a finding that the Debtors (and each of its Affiliates, agents, directors, officers, employees, advisors, Professionals, and attorneys) have proposed and solicited acceptances of this Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code.

12. Entire Agreement. The Plan, as described herein, and the Disclosure Statement and exhibits hereto set forth the entire agreement and understanding of the parties hereto relating to the subject matter hereof and supersede all prior discussions and documents. No party hereto shall be bound by any terms, conditions, definitions, warrants, understandings or representations with respect to the subject matter hereof, other than as is expressly provided for herein or as may hereafter be agreed to by the parties in writing.

13. Post-Confirmation Obligations. Under current applicable law, the Debtors and, after the Effective Date, the Plan Administrator, for and on behalf of the Liquidating Estates, is required to pay fees assessed against Debtor's Estate under 28 U.S.C. § 1930(a)(6) until entry of an order closing the Chapter 11 Case. Subject to a change in applicable law, the Plan Administrator shall pay all fees assessed against the Estate under 28 U.S.C. §1930(a)(6)

from the Liquidating Estates and shall file post-confirmation reports until entry of an order closing the Chapter 11 Cases of the Debtors.

CONCLUSION AND RECOMMENDATION

BASED ON ALL OF THE FACTS AND CIRCUMSTANCES, THE DEBTORS CURRENTLY BELIEVE THAT CONFIRMATION OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS, THEIR CREDITORS, AND THEIR ESTATES. THE DEBTORS BELIEVE THAT THE PLAN PROVIDES THE BEST AVAILABLE ALTERNATIVE FOR MAXIMIZING THE RECOVERIES THAT CREDITORS MAY RECEIVE FROM THE DEBTORS' ESTATES. THEREFORE, THE DEBTORS RECOMMEND THAT ALL CREDITORS THAT ARE ENTITLED TO VOTE ON THE PLAN VOTE TO ACCEPT THE PLAN.

Dated: Garden City, New York
July 20, 2010

OLD TIC LLC
F/K/A THE INNOVATIVE COMPANIES LLC

By: /s/ Peter A. Furman
Name: Peter A. Furman
Title: Chief Restructuring Officer

OLD MARBLE & TILE LLC
F/K/A INNOVATIVE MARBLE & TILE LLC

By: /s/ Peter A. Furman
Name: Peter A. Furman
Title: Chief Restructuring Officer

OLD NJ LLC
F/K/A INNOVATIVE NEW JERSEY LLC

By: /s/ Peter A. Furman
Name: Peter A. Furman
Title: Chief Restructuring Officer

OLD DISTRIBUTION LLC
F/K/A INNOVATIVE STONE
DISTRIBUTION LLC

By: /s/ Peter A. Furman
Name: Peter A. Furman
Title: Chief Restructuring Officer

OLD SURFACES LLC
F/K/A INNOVATIVE STONE SURFACES LLC

By: /s/ Peter A. Furman
Name: Peter A. Furman
Title: Chief Restructuring Officer

OLD GRANITE LLC
F/K/A INNOVATIVE STONE LLC

By: /s/ Peter A. Furman
Name: Peter A. Furman
Title: Chief Restructuring Officer

Prepared By:

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