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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
RICHMOND DIVISION

In re: **JAMES RIVER COAL COMPANY, *et al.*,** **Debtors.**[1]	**Chapter 11** **Case No. 14-31848 (KRH) :** **(Jointly Administered)**

DISCLOSURE STATEMENT FOR DEBTORS' PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE

Dated: December 22, 2015

[1] The Debtors, along with the last four digits of each Debtor's federal tax identification number, are listed on Schedule 1 attached hereto.

THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE DEBTORS' PLAN OF LIQUIDATION AND CERTAIN OTHER DOCUMENTS AND INFORMATION. THE INFORMATION INCLUDED HEREIN IS FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND SHOULD NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW AND WHETHER TO VOTE ON THE PLAN. THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE. THE SUMMARIES OF THE INFORMATION AND THE DOCUMENTS THAT ARE ATTACHED HERETO ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO SUCH INFORMATION AND DOCUMENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR SUCH OTHER PLAN-RELATED DOCUMENTS AND INFORMATION, THE PLAN OR SUCH OTHER PLAN-RELATED DOCUMENTS AND INFORMATION, AS THE CASE MAY BE, SHALL GOVERN FOR ALL PURPOSES.

THE STATEMENTS AND INFORMATION CONTAINED HEREIN HAVE BEEN MADE AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED. HOLDERS OF CLAIMS AND INTERESTS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER AT THE TIME OF SUCH REVIEW THAT THERE HAVE BEEN NO CHANGES IN THE FACTS SET FORTH HEREIN SINCE THE DATE HEREOF. EACH HOLDER OF A CLAIM OR INTEREST ENTITLED TO VOTE ON THE PLAN SHOULD CAREFULLY REVIEW THE PLAN AND THIS DISCLOSURE STATEMENT IN THEIR ENTIRETY BEFORE CASTING A BALLOT. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PERSONS DESIRING ANY SUCH ADVICE OR OTHER ADVICE SHOULD CONSULT WITH THEIR OWN ADVISORS.

NO PARTY IS AUTHORIZED TO GIVE ANY INFORMATION WITH RESPECT TO THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. NO REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY HAVE BEEN AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. ANY INFORMATION, REPRESENTATIONS OR INDUCEMENTS MADE TO OBTAIN AN ACCEPTANCE OF THE PLAN OTHER THAN, OR INCONSISTENT WITH, THE INFORMATION CONTAINED HEREIN AND IN THE PLAN SHOULD NOT BE RELIED UPON BY ANY HOLDER OF A CLAIM OR INTEREST.

WITH RESPECT TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING, THREATENED OR POTENTIAL LITIGATION OR ACTIONS, THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AND MAY NOT BE CONSTRUED BY ANY PARTY AS AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT WILL NOT BE ADMISSIBLE IN ANY NON-

BANKRUPTCY PROCEEDING NOR WILL IT BE CONSTRUED TO CONSTITUTE ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS IT RELATES TO THE HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(b) AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-APPLICABLE BANKRUPTCY LAWS. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

SEE ARTICLE VIII OF THIS DISCLOSURE STATEMENT, ENTITLED "CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING," FOR A DISCUSSION OF CERTAIN CONSIDERATIONS IN CONNECTION WITH A DECISION BY A HOLDER OF AN IMPAIRED CLAIM TO ACCEPT THE PLAN.

TABLE OF CONTENTS

ARTICLE V

ARTICLE VI

ARTICLE VII

ARTICLE VIII

ARTICLE IX

ARTICLE I

INTRODUCTION

A. Purpose of the Disclosure Statement

On April 7, 2014 (the "**Petition Date**"), James River Coal Company ("**James River**") and each of its subsidiaries (collectively with James River, the "**Debtors**") filed voluntary petitions for relief, thereby commencing cases (together, the "**Chapter 11 Cases**") under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 - 1532 (the "**Bankruptcy Code**"), in the United States Bankruptcy Court for the Eastern District of Virginia (the "**Bankruptcy Court**").

The Debtors have filed the Plan Of Liquidation Pursuant to Chapter 11 of the Bankruptcy Code (including all exhibits and schedules attached thereto, and as may be amended, altered, modified or supplemented from time to time, the "**Plan**") with the Bankruptcy Court. A copy of the Plan has been filed contemporaneously herewith and forms a part of this Disclosure Statement.

Capitalized terms used but not otherwise defined herein have the meanings ascribed to such terms in the Plan; *provided*, that any capitalized term used herein that is not defined herein or in the Plan, but is defined in the Bankruptcy Code or the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") will have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

The Plan contemplates the liquidation and dissolution of the Debtors and the resolution of all outstanding Claims against, and Interests in, the Debtors. The Debtors have proposed a Plan that they believe will treat their creditors in an economic and fair manner. As discussed further in Section 5.2, in developing the Plan, the Debtors, in consultation with the Committee, considered various issues relating to how the distributable value should be allocated amongst the creditors of the various Debtors, including, without limitation, (a) whether the elements necessary to obtain an order of substantive consolidation are satisfied in these Chapter 11 Cases; (b) the value of the Estates on a consolidated and a non-consolidated basis, and the proper method of determining such value; (c) the projected recoveries of Creditors on a consolidated basis with and without implementation of substantive consolidation, in whole or in part; (d) whether and how to attribute the value of the proceeds of the various sales of the Debtors' assets to specific Debtors; (e) the probability of avoidance of certain prepetition transactions; and (f) the nature and treatment of Intercompany Claims. The Debtors and the Committee believe that the Plan strikes a fair and equitable balance between these competing interests.

The Debtors submit this disclosure statement (as may be amended, altered, modified, revised or supplemented from time to time, the "**Disclosure Statement**") pursuant to section 1125 of the Bankruptcy Code to Holders of Claims against the Debtors in connection with (i) the solicitation of acceptances of the Plan and (ii) the hearing to consider confirmation of the Plan.

The purpose of this Disclosure Statement is to describe the Plan and its provisions and to provide certain information, as required under section 1125 of the Bankruptcy Code, to Holders

of Claims against, and Interests in, the Debtors who will have the right to vote on the Plan so they can make informed decisions in doing so. Holders entitled to vote to accept or reject the Plan will receive a Ballot (as defined herein) together with this Disclosure Statement to enable them to vote on the Plan.

This Disclosure Statement includes, among other things, information pertaining to the Debtors' prepetition business operations and financial history and the events leading to the filing of the Chapter 11 Cases. This Disclosure Statement also contains information regarding significant events that have occurred during the Chapter 11 Cases. In addition, an overview of the Plan is included, which overview sets forth certain terms and provisions of the Plan, the effects of confirmation of the Plan, certain risk factors associated with the Plan and the manner in which distributions will be made under the Plan. This Disclosure Statement also discusses the confirmation process and the procedures for voting, which procedures must be followed by the Holders of Claims entitled to vote under the Plan for their votes to be counted.

B. Disclosure Statement Enclosures

Accompanying this Disclosure Statement are the following:

1. Order Approving the Disclosure Statement. A copy of the Disclosure Statement Approval Order approving this Disclosure Statement and, among other things, establishing procedures for voting on the Plan, setting the deadline for objecting to the Plan and scheduling the Confirmation Hearing.

2. Ballot. A ballot (the "**Ballot**") for voting to accept or reject the Plan, if you are the record Holder of a Claim in a Class entitled to vote on the Plan (each, a "**Voting Class**").

3. Notice. A notice setting forth: (i) the deadline for casting Ballots either accepting or rejecting the Plan; (ii) the deadline for filing objections to confirmation of the Plan; and (iii) the date, time and location of the Confirmation Hearing (the "**Notice**").

C. Confirmation of the Plan

1. Requirements. The requirements for confirmation of the Plan are set forth in section 1129 of the Bankruptcy Code. The requirements for approval of the Disclosure Statement are set forth in section 1125 of the Bankruptcy Code.

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

3. Only Impaired Classes Vote. Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under a plan may vote to accept or reject such plan. Generally, a claim or interest is impaired under a plan if the holder's legal, equitable or contractual rights are changed under such plan. In addition, if the

> holders of claims or interests in an impaired class do not receive or retain any property under a plan on account of such claims or interests, such impaired class is deemed to have rejected such plan under section 1126(g) of the Bankruptcy Code and, therefore, such holders do not need to vote on such plan.

Under the Plan, Holders of Claims in Classes 1C; 2C-34C, 1D; 2D-34D, 1E; 2E-34E and 1F-34F are impaired and are entitled to vote on the Plan.

Under the Plan, Holders of Claims and Interests in Classes 1G-34G, 1H-34H and 1I are impaired and will not receive or retain any property under the Plan on account of such Claims or Interests and, therefore, are not entitled to vote on the Plan and deemed to reject the Plan.

Under the Plan, Holders of Claims and Interests in Classes 1A-34A, 1B-34B, 1J; 2I-34I are unimpaired and therefore deemed to accept the Plan.

ACCORDINGLY, A BALLOT FOR ACCEPTANCE OR REJECTION OF THE PLAN IS BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN CLASSES 1C; 2C-34C, 1D; 2D-34D, 1E; 2E-34E AND 1F-34F.

D. Treatment and Classification of Claims and Interests; Impairment

1. Treatment of Administrative Claims

An Administrative Claim is a Claim for payment of an administrative expense of a kind specified in section 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority in payment under section 507(a)(2) or 507(b) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises) and Claims by Governmental Units for Taxes accruing after the Petition Date (but excluding Claims related to Taxes accruing on or before the Petition Date); (b) Professional Fee Claims; (c) all fees and charges assessed against the Estates under 28 U.S.C. § 1930; and (d) obligations designated as Administrative Claims pursuant to an order of the Bankruptcy Court.

Except to the extent that the applicable Holder of an Allowed Administrative Claim agrees with the Liquidating Debtors or the Plan Administrator, as applicable, to less favorable treatment, on the later of (i) the Effective Date and (ii) the date such Administrative Claim becomes an Allowed Administrative Claim (or as soon as reasonably practicable thereafter), such Holder shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim or (b) such other lesser treatment as to which such Holder and the Liquidating Debtors or the Plan Administrator, as applicable, shall have agreed upon in writing; provided that Allowed Administrative Claims regarding assumed Executory Contracts and Unexpired Leases, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court shall be paid in full and performed in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements

governing, instruments evidencing or other documents relating to such transactions. Any payments made on account of Allowed Administrative Claims (other than Professional Fee Claims) shall be paid from the Wind-down Account, and Allowed Professional Fee Claims shall be paid from the Professional Fee Reserve pursuant to Section 5.5(a) of the Plan.

2. Treatment of Priority Tax Claims

A Priority Tax Claim is a Claim (whether secured or unsecured) of a Governmental Unit accorded priority in right of payment under section 507(a)(8) of the Bankruptcy Code or specified under section 502(i) of the Bankruptcy Code.

Except to the extent that the applicable Holder of a Priority Tax Claim agrees with the Liquidating Debtors or the Plan Administrator, as applicable, to less favorable treatment, a Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, at the sole option of the Liquidating Debtors or the Plan Administrator, as applicable, (a) on the later of (i) the Effective Date and (ii) the date such Priority Tax Claim becomes an Allowed Priority Tax Claim (or as soon as reasonably practicable thereafter), Cash equal to the unpaid portion of such Allowed Priority Tax Claim or, at the sole option of the Liquidating Debtors or the Plan Administrator, as applicable, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide such Holder deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim or (d) such other lesser treatment as to which such Holder and the Liquidating Debtors or the Plan Administrator, as applicable, shall have agreed upon in writing. For the avoidance of doubt, any payments made on account of Allowed Priority Tax Claims shall be paid from the Wind-down Account.

The Liquidating Debtors and the Plan Administrator shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

3. Classification of Other Claims and Interests

The information in the table below is provided in summary form for illustrative purposes only and is subject to material change based on certain contingencies, including related to the claims reconciliation process. Actual recoveries may widely vary within these ranges, and any changes to any of the assumptions underlying these amounts could result in material adjustments to recovery estimates provided herein and/or the actual distribution received by Holders. The projected recoveries are based on information available to the Debtors as of the date hereof and reflects the Debtors' views as of the date hereof only. In addition to the cautionary notes contained elsewhere in the Disclosure Statement, it is underscored that the Debtors make no representation as to the accuracy of these recovery estimates. The Debtors expressly disclaim any obligation to update any estimates or assumptions after the date hereof on any basis (including new or different information received and/or errors discovered).

The categories of Claims and Interests listed below classify Claims and Interests for all purposes, including voting, confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. For a summary of the treatment of each Class of Claims and Interests, see Article IV, "**Summary of Plan,**" below.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND ARE THEREFORE SUBJECT TO CHANGE.

Class	Class Description	Status	Proposed Treatment	Projected Recovery Under the Plan
1A-34A	Other Priority Claims	Unimpaired	Payment in full in Cash; or other treatment that will render the Claim Unimpaired.	100%
1B-34B	Secured Claims	Unimpaired	Payment in full in Cash, to the extent of the value of the holder's secured interest in such Collateral; or other treatment that will render the Claim Unimpaired.	100%
1C; 2C-34C	7.875% Senior Notes Parent Claims; 7.875% Senior Notes Guarantee Claims	Impaired	Subject to Section 3.2(c) of the Plan, each Holder of an Allowed 7.875% Senior Notes Parent Claim[2] shall be entitled to its Ratable Share of Total Distributable Cash.	3.8%
1D; 2D-34D	10.00% Convertible Senior Notes Parent Claims; 10.00% Convertible Senior Notes Guarantee Claims	Impaired	Subject to Section 3.2(d) of the Plan, each Holder of an Allowed 10.00% Convertible Senior Notes Parent Claim[3] shall be entitled to its Ratable Share of Total Distributable Cash.	1.75%

[2] The amount of the distribution on account of 7.875% Senior Notes Parent Claims has been determined by giving effect to the guarantees by the Subsidiary Debtors of the 7.875% Senior Notes.

[3] The amount of the distribution on account of 10.00% Convertible Senior Notes Parent Claims has been determined by giving effect to the guarantees by the Subsidiary Debtors of the 10.00% Convertible Senior Notes.

Class	Class Description	Status	Proposed Treatment	Projected Recovery Under the Plan
1E; 2E-34E	PBGC Parent Claims; PBGC Subsidiary Claims	Impaired	Subject to Section 3.2(e) of the Plan, on account of any Allowed PBGC Parent Claim,[4] PBGC shall be entitled to such Allowed PBGC Parent Claim's Ratable Share of Total Distributable Cash.	3.8%
1F-34F	General Unsecured Claims	Impaired	Subject to Section 3.2(f), each Holder of an Allowed General Unsecured Claim shall be entitled to its Ratable Share of Total Distributable Cash.	Debtor Group 1: 1.0% Debtor Group 2: 0.5%
1G-34G	Subordinated Claims	Impaired	No distribution.	0%
1H-34H	Intercompany Claims	Impaired	Cancelled; no distribution.	0%
1I	Interests in James River	Impaired	No distribution.	0%
1J; 2I-34I	Interests in Subsidiary Debtors	Unimpaired	Reinstated.	100%

E. Voting Procedures and Voting Deadline

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. To ensure your vote is counted, you must (i) complete the Ballot, (ii) indicate your decision either to accept or reject the Plan in the boxes provided, and (iii) sign and return the Ballot(s) in the envelope provided.

The Ballot also contains an election to opt out of the release provisions contained in Section 11.10 of the Plan for those who vote to reject the Plan. Unless you vote to reject the Plan and indicate your decision to opt-out of the releases described in Section 11.10 of the Plan on the Ballot, you will be deemed to consent to such releases.

TO BE COUNTED, YOUR BALLOT WITH YOUR ORIGINAL SIGNATURE INDICATING YOUR ACCEPTANCE OR REJECTION OF THE PLAN MUST BE

[4] The amount of the distribution on account of PBGC Parent Claims has been determined by giving effect to the potential joint and several liability of applicable Subsidiaries.

RECEIVED NO LATER THAN 4:00 P.M. (EASTERN TIME) ON MARCH 3, 2016 (THE "**VOTING DEADLINE**").

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

(i) any Ballot or Master Ballot (as defined in the Disclosure Statement Approval Order) received after the Voting Deadline (unless extended by the Debtors);

(ii) any Ballot or Master Ballot that is illegible or contains insufficient information to permit the identification of the Holder;

(iii) any Ballot cast by a person or entity that does not hold a Claim in a Class that is entitled to vote to accept or reject the Plan;

(iv) any Ballot cast for a Claim designated as contingent, unliquidated or disputed or as zero or unknown in amount and for which no Rule 3018(a) Motion has been filed by the Rule 3018(a) Motion Deadline (as such terms are defined in the Disclosure Statement Approval Order);

(v) any Ballot that indicates neither an acceptance nor a rejection, or indicates both an acceptance and a rejection, of the Plan;

(vi) any Ballot (other than a Master Ballot) that casts part of its vote in the same Class to accept the Plan and part to reject the Plan;

(vii) any form of Ballot or Master Ballot other than the official form sent by Epiq Bankruptcy Solutions, LLC ("**Epiq**" or the "**Solicitation Agent**"), or a copy thereof;

(viii) any Ballot received that the Solicitation Agent cannot match to an existing database record;

(ix) any Ballot or Master Ballot that does not contain an original signature; or

(x) any Ballot or Master Ballot that is submitted by facsimile, email or by other electronic means.

In order for the Plan to be accepted by an impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting in such Class must vote to accept the Plan. At least one Voting Class, excluding the votes of insiders, must actually vote to accept the Plan.

YOU ARE URGED TO COMPLETE, DATE, SIGN AND PROMPTLY MAIL THE BALLOT ENCLOSED WITH THE NOTICE. PLEASE BE SURE TO COMPLETE THE BALLOT PROPERLY AND LEGIBLY, AND IDENTIFY THE EXACT AMOUNT OF YOUR

CLAIM AND THE NAME OF THE HOLDER. IF YOU ARE A HOLDER OF A CLAIM ENTITLED TO VOTE ON THE PLAN AND YOU DID NOT RECEIVE A BALLOT, YOU RECEIVED A DAMAGED BALLOT OR YOU LOST YOUR BALLOT, OR IF YOU HAVE ANY QUESTIONS CONCERNING THE DISCLOSURE STATEMENT, THE PLAN OR PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT THE SOLICITATION AGENT AT (877) 283-6545 OR, FOR INTERNATIONAL CALLERS, (503) 597-7660 OR AT TABULATION@EPIQSYSTEMS.COM. THE SOLICITATION AGENT IS NOT AUTHORIZED TO AND WILL NOT PROVIDE LEGAL ADVICE.

F. Confirmation Hearing

The Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan for March 10, 2016 at 1:00 p.m. (Eastern Time) in the United States Bankruptcy Court for the Eastern District of Virginia, 701 East Broad Street, Room 5000, Richmond, VA 23219 (the "**Confirmation Hearing**"). The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before March 3, 2016 at 4:00 p.m. (Eastern Time) in the manner described in the Notice accompanying this Disclosure Statement. The Confirmation Hearing may be adjourned from time to time by way of announcement of such continuance in open Court or otherwise, without further notice to parties in interest.

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

ARTICLE II

GENERAL INFORMATION REGARDING THE DEBTORS

A. Overview

As described in further detail herein, prior to the filing of the Chapter 11 Cases, the Debtors undertook an exploration of strategic alternatives, and engaged with potential investors and purchasers. In order to facilitate this process, the Debtors commenced these Chapter 11 Cases. On May 9, 2015, the Bankruptcy Court entered the *Order (i) Approving the Strategic Transaction Bidding Procedures, (ii) Scheduling Bid Deadlines and the Auction, (iii) Approving the Form and Manner of Notice Thereof and (iv) Granting Related Relief* [ECF No. 254] (the "**Strategic Transaction Bidding Procedures Order**"), which established a timeline with respect to soliciting bids for the sale of all or substantially all of the Debtors' assets, or the sponsorship of a plan of reorganization. The Debtors ultimately consummated four sales, which, collectively, included all of their operating assets.

B. The Debtors' Business and Employees

1. Operations

James River was formed in 1988 through the purchase of General Energy Corporation. Prior to the Petition Date, James River was a leading producer and marketer of coal in the Central Appalachia ("**CAPP**") and the Midwest coal regions of the United States. James River's principal business was the mining, preparation and sale of metallurgical coal, thermal coal

(which is also known as steam coal) and specialty coal. The Debtors' operations were managed through operating subsidiaries located throughout eastern Kentucky, southern West Virginia and southern Indiana. Metallurgical coal products were sold primarily to steel mills and independent coke producers, where they were blended with other coals in a chemical process that produced coke for the manufacture of steel. Various thermal coal products were sold primarily to electricity generators with the appropriate boiler, emission control and transportation equipment to produce either electricity or steam, or both. James River supplied different qualities of coal to a diverse base of domestic and international customers, including electricity generators, industrial users and steel and coke producers in various countries across North America, Asia, Europe and South America, including Brazil, Canada, Egypt, France, Germany, India and the United Kingdom, and various states in the United States, including Delaware, Florida, Georgia, Illinois, Indiana, Maryland, Michigan, North Carolina, Ohio, South Carolina, Virginia, West Virginia, Kentucky and Wisconsin.

James River entered the metallurgical coal market in 2011 with the acquisition of International Resource Partners LP and its subsidiary companies (collectively, "**IRP**"), including Debtor Logan & Kanawha Coal Company, LLC ("**L&K**"). The Debtors' acquisition of IRP also increased their access to the international seaborne coal market and expanded their coal brokerage and trading operations.

As of the Petition Date, the Debtors conducted mining operations at eight mining complexes (six of which are active) consisting of 16 active surface and underground mines and six active preparation plants in Indiana, Kentucky and West Virginia. The Debtors' operations included company-operated mines, contractor-operated mines and coal preparation facilities. Through these active and certain idled operations, the Debtors controlled approximately 340 million tons of proven and probable coal reserves available for mining projects. The Debtors' mining methods were diverse and included room and pillar underground mining and contour and highwall mining. Of the coal obtained by the Debtors in 2013, approximately 16% was purchased from third parties. The remaining 84% was produced from the Debtors' mines, of which approximately 83% was produced by company-operated mines and approximately 1% was produced from mines operated by independent contractors.

The Debtors shipped coal to domestic and international electricity generators, industrial users and steel companies via rail and barge transportation routes, ocean-going vessels and trucks. In 2013, the Debtors sold a total of 8.7 million tons of coal. The Debtors' top ten customers contributed approximately 75% of the Debtors' total revenue for the 2013 fiscal year.

Of the coal sold to these significant customers, the Debtors sold 26% to electric utilities, 35% to steel producers and 14% to industrial and other users. Georgia Power Company (a subsidiary of Southern Company), Indianapolis Power and Light Company and Steel Authority of India, Inc. were the Debtors' largest customers in 2013, representing approximately 11%, 11% and 10% of total revenues respectively. The Debtors estimated that approximately 38% of the Debtors' total sales revenue in 2013 was comprised of export sales.

Approximately 70% of the Debtors' 2013 coal sales were under long-term (one-year or longer) coal supply agreements that specify the coal sources, quality and technical specifications, pricing, force majeure, treatment of environmental constraints and other provisions unique to

agreements reached with each purchaser. A limited number of these agreements contained provisions that could have resulted in price adjustments, including price re-opener provisions that allowed either party to commence price renegotiation on a limited basis within a base-price-plus-escalation agreement. Coal products sold outside of these long-term agreements were subject to current market pricing that can be significantly more volatile than the pricing structure negotiated through term supply agreements.

For the fiscal year ending December 31, 2013, the Debtors estimated revenues of approximately $660 million and Adjusted EBITDA of approximately negative $30 million from the sale of approximately 8.4 million tons of coal. The Debtors estimated that their net loss during the same period was approximately $16.4 million.

In addition to the Debtors' mining operations, Debtor L&K marketed the metallurgical and pulverized coal injection ("**PCI**") coal produced by the Debtors' CAPP operations, and also purchased and blended coal to sell to domestic and international customers under the L&K brand. Founded in 1915, it is the oldest independent coal sales and marketing platform in the United States.

The U.S. coal industry is competitive, both regionally and nationally, and has becoming increasingly consolidated. As of the Petition Date, the four largest producers (Alpha Natural Resources, Inc., Arch Coal Inc., Cloud Peak Energy Inc. and Peabody Energy Corporation) controlled more than half of the national production. As described below, this operating environment had intensified in the years leading up to the Petition Date as a result of decreased coal consumption by the electricity and steel industries in the United States and around the world, due, in part, to weakened international and domestic economies, the availability and lower price of competing fuels for electricity generation such as natural gas and nuclear power and the impact of increasingly stringent environmental and other governmental regulations.

Historically a focused thermal coal producer in CAPP, the Debtors made significant strides in the 10 years prior to the Petition Date in order to diversify their business profile in response to the changing coal markets. Prior to 2004, the Debtors produced all CAPP thermal coal from higher cost underground mines. Since 2004, however, the Debtors had successfully transitioned their business into a lower cost producer and moved to a broader asset base with significant exposure to higher margin, specialty coals. This move was effectuated through the acquisition of Debtor Triad Mining, an Illinois basin thermal coal producer, in 2005, the acquisition of lower cost CAPP surface reserves from Cheyenne Resources Corporation in 2008, and, finally, the acquisition of IRP and L&K in 2011, which enabled the Debtors to enter the metallurgical and international coal markets. As of the Petition Date, the Debtors' portfolio included a broader and more diversified asset base of metallurgical, thermal, stoker, specialty and PCI coals, as well as a coal trading operation with significant export relationships.

2. The Debtors' Employees

As of the Petition Date, the Debtors employed approximately 1,241 people in active status, working in both full and part time positions. These employees included miners, engineers, truck drivers, mechanics, electricians, administrative support staff, managers, directors and executives. None of the Debtors' employees were unionized. The Debtors

provided healthcare and other benefits to 1,395 primary insureds and 2,560 beneficiaries, amounting to a total of 3,955 individuals covered by the Debtors' benefit plans. The Debtors were subject to the Federal Coal Mine Health and Safety Act of 1969 (the "**Black Lung Act**") and other workers' compensation laws in the states in which they operated. Under the Black Lung Act, the Debtors were required to provide benefits to their current and former coal miners (and certain of their qualified dependents) suffering from coal workers' pneumoconiosis, an occupational disease often referred to as black lung disease. The Debtors estimated that their Black Lung Act liabilities totaled approximately $66.4 million as of the Petition Date. Separately, the Debtors had posted approximately $91.6 million in letters of credit and/or bonds to secure their liabilities with respect to workers' compensation. The Debtors estimated that their workers' compensation liabilities totaled approximately $68.2 million as of the Petition Date.

C. The Debtors' Corporate Structure

James River is the direct or indirect parent of each of the Debtors. James River's common stock has historically been publicly traded on the Nasdaq Stock Market ("**Nasdaq**") under the ticker "JRCC." As of the Petition Date, there were approximately 5,700 holders of record of James River's common stock. On March 20, 2014, James River received a notice from Nasdaq stating that, because its Annual Report on Form 10-K for its fiscal year ended December 31, 2013 (the "**2013 10-K**") was not timely filed with the Securities and Exchange Commission, James River was not in compliance with the continued listing requirements of Nasdaq Marketplace Rule 5250(c)(1).

D. The Debtors' Capital Structure

As of the Petition Date, James River, as borrower, and substantially all of the other Debtors, as guarantors, were parties to that certain $100 million Second Amended and Restated Revolving Credit Agreement, dated as of June 30, 2011 (as amended, supplemented, modified, or amended and restated from time to time, the "**Prepetition Credit Facility**") by and among the Debtors, General Electric Capital Corporation, as administrative agent (in such role, the "**Administrative Agent**") and collateral agent and the lenders party thereto. The Prepetition Credit Facility provided for the issuance of letters of credit and direct borrowings up to $100 million, subject to a borrowing base, which, as of the Petition Date, was $71.4 million. As of the Petition Date, $64.7 million in letters of credit had been issued under the Prepetition Credit Facility, reducing on a dollar-for-dollar basis the amount that would otherwise be available for borrowing. Obligations arising under the Prepetition Credit Facility were guaranteed by substantially all of the Debtor subsidiaries of James River and were secured by first priority liens on substantially all of the Debtors' assets.

In 2009, James River issued $172.5 million of 4.500% convertible senior unsecured notes due 2015 (the "**4.5% Convertible Senior Notes**"). In the first two quarters of 2011, James River completed a series of transactions in connection with the acquisition of IRP, including (i) the issuance $230 million of 3.125% unsecured convertible senior notes due 2018 (the "**3.125% Convertible Senior Notes**"), (ii) the refinancing of its then-existing 9.375% senior notes due 2012 through the issuance of $275 million in 7.875% senior unsecured notes due 2019, which are guaranteed by all of the subsidiaries of James River Coal (the "**7.875% Senior Notes**") and

(iii) the issuance of approximately 7.6 million shares of common stock, resulting in approximately $170.5 million in proceeds (the "**2011 Equity Offering**"). In April 2011, James River completed the acquisition of IRP for $516 million, financed through the proceeds of the 3.125% Convertible Senior Notes, the 7.875% Senior Notes and the 2011 Equity Offering.

In 2012, the Debtors repurchased a total of $61.3 million of debt at 40.1% of par in open market purchases, including $31.3 million principal amount of the 4.5% Convertible Senior Notes, $25 million principal amount of the 3.125% Convertible Senior Notes and $5 million principal amount of the 7.875% Senior Notes.

In 2013, the Debtors completed two discounted exchange offers of debt at an average price of 50.5% of par. In connection with these offerings, James River issued, in September and May of 2013, a total of $142.5 million principal amount of 10.0% convertible senior unsecured notes due 2018, which are guaranteed by all of the subsidiaries of James River (the "**10.0% Convertible Senior Notes**"). In the May 2013 exchange transaction, James River issued $123.3 million principal amount of the 10.0% Convertible Senior Notes in exchange for $90 million principal amount of the 4.5% Convertible Senior Notes and $153.4 million principal amount of the 3.125% Convertible Senior Notes (the "**Private Exchange Transactions**"). In the September 2013 exchange transaction, James River issued $19.3 million principal amount of 10.0% Convertible Senior Notes in exchange for $3.9 million principal amount of the 4.5% Convertible Senior Notes and $38.3 million principal amount of the 3.125% Convertible Senior Notes (the "**Public Exchange Transaction**").

As of the Petition Date, (a) $47.3 million in aggregate principal amount of the 4.5% Convertible Senior Notes, (b) $13.3 million in aggregate principal amount of the 3.125% Convertible Senior Notes, (c) $270 million in aggregate principal amount of the 7.875% Senior Notes and (d) $133.9 million in aggregate principal amount of the 10.0% Convertible Senior Notes remained outstanding.

E. Summary of Events Leading to the Chapter 11 Filings

By April 2014, the Debtors' businesses reached the point of unsustainability absent utilization of the tools presented by chapter 11. The Debtors had a highly levered capital structure that could not be sustained in light of their declining operating performance resulting from the competitive and challenging macroeconomic environment. In the three years since the Debtors had acquired IRP, domestic demand for coal had decreased dramatically, in large part because alternative sources of energy became increasingly attractive to electricity generators in light of declining natural gas prices and more burdensome environmental and other governmental regulations. Similarly, the seaborne markets experienced an oversupply of coal products, primarily in response to slow economic growth in key international markets. At the same time, the costs associated with mining and processing coal increased as the Debtors faced sharply rising costs due to the regulatory environment in which they operated.

1. Governmental Regulations and Costs of Compliance

The regulatory environment, both with respect to customers who use coal and the operation of coal mining companies, contributed to the Debtors' financial challenges.

Specifically, the regulation of electricity generators had made it increasingly difficult for companies to use coal as an energy source and led to a further reduction in the amount of coal consumed by the electricity generation industry. As the regulation of greenhouse gases and other air emissions imposed on power plants became more rigorous, electricity generators are facing increasing difficulties in obtaining permits to build and operate coal-fueled power plants and higher costs to comply with the permits received at existing facilities.

At the same time, the Debtors were faced with dramatically increasing costs to comply with environmental laws and other governmental regulations. Federal and state regulatory authorities impose obligations on the coal mining industry in many areas, including employee health and safety, permitting and licensing requirements, environmental protection, the reclamation and restoration of mining properties after mining has been completed, surface subsidence from underground mining and the effect of mining on surface and groundwater quality and water availability. The Debtors were incurring significant costs in order to maintain ongoing compliance with health and safety requirements, including with respect to stringent dust exposure standards and automated safety measures for continuous mining machines. In addition, regulatory agencies and environmental groups have been increasingly focused on the effects of surface coal mining on the environment. The increased regulatory scrutiny has resulted in more rigorous permitting requirements and enforcement efforts. As a result, the Debtors experienced dramatic increases in the cost, time and effort necessary to obtain and comply with critical mine permits, as well as the cost to mitigate the environmental effects of their operations.

2. Declining Demand for Coal

Because the Debtors were in the business of selling substantial quantities of coal products to domestic and international electricity generators and steel producers, the Debtors' businesses and results of operations were linked closely to global demand for coal-fueled electricity and steel production. As the domestic electricity markets increasingly turned to natural gas and renewable fuels, and with the softening of the global steel markets, demand had dropped for both thermal and metallurgical coal. Coal's share of total generation, for example, declined from 50% in 2012 to 39% in 2013.

During the several years prior to the Petition Date, coal's share of the U.S. energy market and prices for thermal coal had both markedly declined. Vast resources of natural gas had been unlocked through the new discovery of shale deposits and technological advancements in drilling, causing the price of natural gas in the United States to fall. Natural gas prices were well below historical averages and, as a result, the coal industry as a whole had been forced to reduce production, idle mines and lay off workers.

Metallurgical coal (which varies from thermal coal substantially based primarily on its chemical composition) is suitable for carbonization to make coke for use in manufacturing steel. The demand for metallurgical coal is dependent on the strength of the global economy and in particular on steel production in Europe and the United States and in countries such as Brazil, China and India. As of the Petition Date, the demand for steel, and thus the demand for metallurgical coal, had not fully recovered from the global recession. Furthermore, the seaborne metallurgical market remained impacted by oversupply leading to weaker pricing.

3. Increased Competition

The coal industry is competitive both within the industry and with respect to alternative fuel sources. The most important factors on which the Debtors competed were price, coal quality and characteristics, transportation costs from the mine to the customer and reliability of supply. The domestic coal markets have been increasingly consolidating. For example, more than half of domestic coal production in 2011 was controlled by four coal producers, and two counties in Wyoming accounted for 40% of domestic coal production.

The Debtors' principal competitors included Alpha Natural Resources Inc., Arch Coal, Inc., Patriot Coal Corporation and Teco Coal Corporation. The Debtors also competed directly with all other Central Appalachian coal producers, as well as producers from other basins including Northern and Southern Appalachia, the Illinois Basin and the Western U.S. Several of these domestic coal-producing regions had lower-cost production than Central Appalachia, including the Illinois Basin and the Powder River Basin. Coal with lower delivered costs shipped east from these regions and from offshore sources can result in increased competition for coal sales in regions historically sourced from Appalachian producers.

The majority of the Debtors' production came from the CAPP region and had traditionally been sold to southeastern utilities. These utilities began purchasing a significant portion of their coal from lower cost coal producing regions, such as the Illinois Basin. The Illinois Basin produces higher sulfur coal than what is generally produced in the CAPP region; however, the installation of flue-gas desulfurization technology, or scrubbing technology, which can remove 97% of a coal-fired power plant's sulfur dioxide, had reduced the need for utilities to burn lower sulfur coals, resulting in less demand for the Debtors' CAAP coal.

The Debtors also competed with metallurgical coal producers in foreign countries, including Brazil, Canada, Egypt, France, Germany, India and the United Kingdom. Depending on the strength of the U.S. dollar relative to currencies of other coal producing countries, coal from other countries could enjoy cost advantages that the Debtors did not have.

In sum, the economic and regulatory environments of in the five years prior to the Petition Date accelerated the need for structural changes in the U.S. coal industry.

F. Prepetition Restructuring Initiatives

The Debtors' management team took various actions prepetition in response to the challenges described above. In light of the decreased demand for both thermal and metallurgical coal, it had become uneconomical to operate certain of the Debtors' mining complexes, and the Debtors took steps to reduce coal production to match expected sales volumes and reduce operating costs and capital expenditures per ton. Specifically, since 2012, the Debtors had reduced their workforce by approximately 860 employees and contractors. In September 2013, the Debtors announced the idling of their McCoy Elkhorn and Bledsoe mining complexes, lowering their average cost of production. The Debtors also managed their inventory through temporary (one week) idling and reducing certain facilities to four-day work weeks. In total, since the beginning of 2013, the Debtors had decreased their annual non-specialty thermal coal

production by approximately two million tons compared to 2012. The Debtors also made the decision to avoid selling incremental production into a low price environment.

In January 2013, the Debtors evaluated their wages and benefits programs at their Kentucky operations and made the painful yet necessary announcement that reductions would be made to such programs, including increasing employee premiums and out-of-pocket costs and modifying medical and prescription drug benefits.

In an effort to further preserve liquidity, during the first nine months of 2013, the Debtors reduced their capital expenditures by $42.1 million, or 52%, from the same period in 2012.

As a result of management's efforts, as of the Petition Date, the Debtors had already achieved the majority of their operational restructuring endeavors. However, an operational restructuring alone had proven insufficient in light of the ongoing downturn in the coal markets and the resulting effect on the Debtors' liquidity positions.

In addition to initiatives to adjust the Debtors' cost structure, during the two years prior to the Petition Date, the Debtors actively worked with their debt holders to reduce leverage. As described above, in 2012, the Debtors repurchased a total of $61.3 million of debt at an average price of 40.1% of par. In May and September 2013, the Debtors completed the Private Exchange Transaction and the Public Exchange Transaction, exchanging $285.7 million of debt at an average price of 50% of par. The Debtors, with the assistance of their restructuring financial advisor, Perella Weinberg Partners LP ("**PW**"), also explored various additional options to refinance their existing indebtedness and obtain incremental liquidity, including possible debtor-in-possession ("**DIP**") financing. The Debtors and PW approached General Electric Capital Corporation ("**GECC**"), the Administrative Agent under the Prepetition Credit Facility, and at least five other potential lenders regarding a potential postpetition financing arrangement.

Despite these efforts, and faced with upcoming debt service payments and liquidity concerns, the Debtors were forced to begin to consider strategic alternatives to restructure their debt obligations and improve their liquidity and overall financial condition. In connection therewith, on February 7, 2014, the Debtors entered into an amendment to the Prepetition Credit Facility (the "**Amendment**"), which reduced the minimum liquidity covenant under the Prepetition Credit Facility and set forth specific milestones in connection with a potential capital raise and/or the sale of some or all of the Debtors' businesses. Such milestones included identifying and engaging with prospective investors and purchasers, providing such parties with access to a fully populated data room and providing periodic updates to the Administrative Agent.

In accordance with the milestones described above, the Debtors, with the assistance of their long-term investment banker and M&A advisor, Deutsche Bank Securities Inc. ("**Deutsche Bank**"), initiated a formal marketing process to raise debt or equity capital for a standalone restructuring and/or sell some or all of the Debtors' businesses. In February and March 2014, Deutsche Bank contacted forty-six parties (including existing stakeholders and various financial and strategic buyers and investors) to gauge their interest in a potential transaction, of which twenty-two of those parties entered into confidentiality agreements and received confidential information.

While discussions with several of these parties were ongoing, the news of the Debtors' exploration of strategic alternatives and worsening financial condition spread, and pressure from suppliers for cash on delivery or cash in advance had increased cash requirements and tightened liquidity in the weeks prior to the Petition Date. In light of certain capital constraints and to preserve liquidity, the Debtors did not make an interest payment to the holders of the 3.125% Convertible Senior Notes due on March 15, 2014.

Simultaneous with the M&A process, as it became more clear that the Debtors would likely need to restructure under chapter 11, the Debtors, with the assistance of Deutsche Bank and PW, continued their search for DIP financing by reaching out to a wide array of lending institutions. The Debtors and their advisors approached twenty-six potential sources of DIP financing, of which twenty executed confidentiality agreements with the Debtors. Ultimately, the Debtors secured a $110 million DIP financing facility (the "**DIP Loan**") from a syndicate of lenders, with Cantor Fitzgerald Securities acting as sole administrative agent and collateral agent (the "**DIP Agent**"). Approximately $4.4 million of the DIP Loan was used to pay all accrued and unpaid fees, expenses and other charges payable under the Prepetition Credit Facility, and the amounts outstanding under a Master Lease Agreement between GECC, as lessor, and James River, as lessee, dated as of September 19, 2006, and approximately $29.9 million was used to cash collateralize the existing letters of credit issued under the Prepetition Credit Facility, thereby providing the Debtors with approximately $50 million of aggregate incremental liquidity taking into account the near-term required amortization on the DIP Loan (or $70.2 million excluding the mandatory amortization) and the ability to maintain their existing letters of credit.

ARTICLE III

THE CHAPTER 11 CASES

A. Commencement of the Chapter 11 Cases

As set forth above, on the Petition Date the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The commencement of a chapter 11 case creates an estate that is composed of all of the legal and equitable interests of the debtor as of that date. The Bankruptcy Code provides that the debtor may continue to operate its business and remain in possession of its property as a "debtor in possession." Since the Petition Date, the Debtors have continued to operate their businesses and manage their properties as debtors and debtors-in-possession. By order entered April 10, 2014 [ECF No. 91], the Debtors' cases are being jointly administered for procedural purposes only. No trustee or examiner has been appointed in the Chapter 11 Cases.

B. Automatic Stay

The filing of the Debtors' bankruptcy petitions on the Petition Date triggered the immediate imposition of the automatic stay under section 362 of the Bankruptcy Code, which, with limited exceptions, enjoined all collection efforts and actions by creditors, the enforcement of Liens against property of the Debtors and both the commencement and the continuation of prepetition litigation against the Debtors. With certain limited exceptions and/or modification as

permitted by order of the Bankruptcy Court, the automatic stay remains in effect until the Effective Date of the Plan.

C. "First Day" Motions and Related Applications

On the Petition Date, the Debtors filed a number of "**first-day**" motions and applications designed to ease the Debtors' transition into chapter 11, maximize the value of the Debtors' assets and minimize the effects of the commencement of the Chapter 11 Cases.[5] On April 10, 2014, the Bankruptcy Court entered orders providing various first-day relief, including:

1. authorizing the Debtors to continue use of their existing cash management system and bank accounts, business forms and deposit and investment practices; pay related prepetition obligations; waiver of certain operating guidelines relating to bank accounts; and continue intercompany transactions [ECF No. 89];

2. authorizing the Debtors to pay prepetition wages, compensation and employee benefits; continue certain employee benefit programs in the ordinary course; and direct banks to honor prepetition checks for the payment of prepetition employee obligations [ECF No. 78];

3. determining that the Debtors' proposed deposits to utility providers constituted adequate assurance of payment within the meaning of 11 U.S.C. § 366, approving procedures for resolving requests by utility providers for additional or different assurance and prohibiting utility providers from altering, refusing or discontinuing any utility services on account of prepetition amounts outstanding or the perceived inadequacy of the Debtors' proposed deposits [ECF No. 93];

4. authorizing the Debtors to honor certain prepetition obligations to customers; continue customer programs; and pay other obligations [ECF No. 80];

5. authorizing the Debtors to maintain existing insurance policies; pay all insurance obligations arising thereunder; and renew, revise, extend, supplement, change or enter into new insurance policies [ECF No. 83];

6. authorizing the Debtors to pay certain prepetition taxes and related obligations [ECF No. 86];

7. extending the deadline for the Debtors to file their schedules of assets and liabilities and statements of financial affairs [ECF No. 88];

8. authorizing payment of prepetition claims of certain critical vendors [ECF No. 81];

[5] In addition to the "first-day" motions, the Debtors filed certain other motions that are described more fully herein.

9. authorizing the Debtors to pay certain prepetition charges to shippers, warehousemen and like service providers, and authorizing financial institutions receive, process, honor and pay checks and electronic transfers in connection with the foregoing [ECF No. 90];

10. granting vendors administrative priority status under 11 U.S.C §§ 503(b) and 507(a)(2) for undisputed obligations arising from then-outstanding prepetition purchase orders for good received and accepted by the Debtors on or after the Petition Date [ECF No. 82];

11. authorizing the Debtors to enter into and perform under contracts for the sale of coal in the ordinary course of business [ECF No. 84]; and

12. authorizing the Debtors to maintain, continue and renew their surety bond program in accordance with prepetition practices and procedures, including the posting of cash collateral and authorizing financial institutions to receive, process, honor and pay related checks and wire transfers [ECF No. 85].

D. Retention of Professionals and Appointment of the Committee

1. Retention of Debtors' Professionals

Pursuant to orders entered on May 9, 2014, the Debtors were authorized to retain (i) Davis Polk & Wardwell LLP as their bankruptcy counsel [ECF No. 251], (ii) Hunton & Williams LLP as their bankruptcy co-counsel [ECF No. 253], (iii) Perella Weinberg Partners LP as their restructuring financial advisor [ECF No. 252], (iv) Deutsche Bank Securities Inc. as their investment banker and M&A advisor [ECF No. 248] and (v) KPMG LLP as their auditor [ECF No. 249]. Pursuant to an order entered on April 10, 2014 [ECF No. 76], the Debtors were authorized to retain Epiq Bankruptcy Solutions, LLC as their claims, noticing and balloting agent in the Chapter 11 Cases.

The Debtors also were authorized to retain (i) certain professionals utilized by the Debtors in the ordinary course of business prior to the Petition Date pursuant to an order entered on May 9, 2014 [ECF No. 246], (ii) Togut, Segal & Segal LLP as special bankruptcy counsel to prosecute Avoidance Actions pursuant to an order entered on October 30, 2014 [ECF No. 710] and (iii) Atwell, Curtis & Brooks, Ltd. as collections agent pursuant to an order entered on June 25, 2015 [ECF No. 1359].

2. Appointment of Committee and Retention of Committee Professionals

On April 15, 2014, the Office of the United States Trustee for the Eastern District of Virginia (the "**U.S. Trustee**") appointed an official committee of unsecured creditors in the Chapter 11 Cases (the "**Committee**") pursuant to section 1102(a) of the Bankruptcy Code [ECF No. 106]. The initial members of the Committee (the "**Committee Members**") were: (i) U.S. Bank National Association, (ii) Aquatic Resources Management, (iii) Mine Service Company, (iv) BTG Pactual and (v) Pension Benefit Guaranty Corporation. On or around October 16, 2014, BTG Pactual resigned from the Committee.

Pursuant to orders entered June 2, 2014, the Committee was authorized to retain (i) Akin Gump Strauss Hauer & Feld LLP as its counsel [ECF No. 328], (ii) LeClairRyan, A Professional Corporation as its local counsel [ECF No. 329] and (iii) The Garden City Group, Inc. as its information agent [ECF No. 330]. Pursuant to an order entered on June 27, 2014, the Committee was also authorized to retain Blackstone Advisory Partners L.P. ("**Blackstone**") as its investment banker [ECF No. 444].

Since the formation of the Committee, the Debtors have consulted with the Committee concerning the administration of the Chapter 11 Cases, and the Committee has been an active participant in these Chapter 11 Cases. The Debtors have kept the Committee informed of, and have conferred with the Committee on, matters relating to the Debtors' business operations, sale process, wind-down efforts and the Plan and have sought the concurrence of the Committee to the extent that its constituency would be affected by proposed actions and transactions outside of the ordinary course of the Debtors' businesses. The Committee participated actively with the Debtors' management and professional advisors in reviewing the Debtors' business plans and operations and sales of all of the Debtors' operating assets.

E. Significant Events During the Chapter 11 Cases

In addition to the first-day relief sought and received in the Chapter 11 Cases, the Debtors have sought and received authority with respect to various matters designed to assist in the administration of the Chapter 11 Cases and to maximize the value of the Estates. Material events since the commencement of the Chapter 11 Cases are summarized below and include:

1. Summary of Claims Process, Bar Dates and Claims Filed

On June 20, 2014, the Debtors filed their schedules of assets and liabilities and statements of financial affairs ("**Schedules and SOFAs**"). Subsequently, on July 22, 2014, certain of the Debtors filed amendments to certain of their Schedules and SOFAs. Among other things, the Schedules and SOFAs set forth the claims of known creditors against the Debtors as of the Petition Date, based upon the Debtors' books and records. Interested parties may review the Schedules and SOFAs and amendments thereto by visiting the Debtors' Case Information Website (located at *http://dm.epiq11.com/JamesRiverCoal*).

On July 10, 2014, the Bankruptcy Court entered the Bar Date Order, which established procedures and set deadlines for filing Proofs of Claim against the Debtors and approved the form and manner of the bar date notice (the "**Bar Date Notice**"). Pursuant to the Bar Date Order and the Bar Date Notice, the last date for certain persons and entities to file Proofs of Claim in the Debtors' Chapter 11 Cases was September 22, 2014 (the "**Bar Date**"), and the last date for governmental units to file Proofs of Claim in the Debtors' Chapter 11 Cases was October 6, 2014. The Bar Date Notice was published in *The Wall Street Journal, National Edition* and the *Richmond Times-Dispatch (Richmond, Virginia)* at least 55 days prior to the Bar Date, and copies were served on creditors and potential creditors appearing in the Debtors' Schedules.

The Debtors and their professionals are investigating claims filed against the Debtors to determine the validity of such claims. The Debtors have filed and anticipate filing additional objections to claims that are filed in improper amounts or classifications, or are otherwise subject

to objection under the Bankruptcy Code or other applicable law pursuant to the procedures set forth in the *Order Establishing Procedures for Claims Objections* [ECF No. 1415].

As described in detail below, the Plan contemplates the establishment of an Administrative Claims Bar Date, pursuant to the Disclosure Statement Approval Order and the Confirmation Order.

The projected recoveries set forth in the Plan and this Disclosure Statement are based on certain assumptions, including the Debtors' estimates of the Claims that will eventually be Allowed in various classes. There is no guarantee that the ultimate amount of each of such categories of Claims will correspond to the Debtors' estimates.

2. Exclusivity

Section 1121(b) of the Bankruptcy Code establishes an initial period of 120 days after the Bankruptcy Court enters an order for relief under chapter 11 of the Bankruptcy Code, during which only the debtor may file a chapter 11 plan. If the debtor files a chapter 11 plan within such 120-day period, section 1121(c)(3) of the Bankruptcy Code extends the exclusivity period by an additional 60 days to permit the debtor to seek acceptances of such plan. Section 1121(d) of the Bankruptcy Code also permits the Bankruptcy Court to extend these exclusivity periods "for cause." Without further order of the Bankruptcy Court, the Debtors' initial exclusivity period to file a chapter 11 plan would have expired on November 6, 2012. However, by order dated July 10, 2014, the Bankruptcy Court extended the time period of the Debtors' exclusive authority to file a plan through and including November 13, 2014, and to seek acceptance of such plan through and including January 12, 2015. On December 22, 2014, the Bankruptcy Court extended the time period of the Debtors' exclusive authority to file a plan through and including March 13, 2015, and to seek acceptance of such plan through and including May 12, 2015. On April 23, 2015, the Bankruptcy Court further extended the time period of the Debtors' exclusive authority to file a plan through and including July 11, 2015, and to seek acceptance of such plan through and including September 10, 2015. Finally, on September 3, 2015, the Bankruptcy Court further extended the time period of the Debtors' exclusive authority to file a plan through and including October 7, 2015, and to seek acceptance of such plan through and including December 7, 2015, which was the maximum amount of time provided for in section 1121(d) of the Bankruptcy Code.

3. Chief Restructuring Officer

As the Debtors contemplated the sale of substantially all of their assets, the Debtors, in consultation with the DIP Agent and the Committee**,** determined that the Debtors would require assistance in continuing to operate efficiently while they consummated additional asset sales and to oversee the remaining prosecution of the Chapter 11 Cases, since nearly all of the Debtors' employees, including certain of the Debtors' officers, were expected to cease working for the Debtors upon consummation of the sale of substantially all of the Debtors' assets. Consequently, the Debtors, in consultation with the DIP Agent and the Committee, entered into an agreement with Byron Advisors, LLC to provide such services through a chief restructuring officer, William B. Murphy. By order dated August 28, 2014, the Bankruptcy Court approved the

retention of Byron Advisors, LLC, and Mr. Murphy was appointed as the Debtors' Chief Restructuring Officer [ECF No. 603].

4. Key Employee Compensation

The Debtors' ability to maintain their business operations, preserve the value of their assets and maximize creditor recoveries through a successful restructuring process hinged on the Debtors' ability to retain and incentivize key employees during the critical and uncertain period leading up to the auction and sale of substantially all of the Debtors' assets. It was more important than ever for these employees to remain in their positions and to perform their responsibilities at the highest level. Anything less could well have been critically damaging to the Debtors' efforts to maximize value for all stakeholders.

With these considerations in mind, the Debtors undertook a comprehensive analysis of their existing compensation programs. The Debtors received input and guidance from their employee benefits consultant, Mercer (US) Inc., and their restructuring professionals to assess how the Debtors could best address the concerns outlined above in a manner that aligned with market practice for similarly situated companies.

Following this review, the Debtors, in consultation with the DIP Agent and the Committee, developed proposed compensation plans (the "**Compensation Plans**") consisting of a key employee incentive plan (the "**KEIP**"), a non-insider key employee retention plan (the "**KERP**") and modifications to their prepetition severance plan (the "**Modified Severance Plan**") to properly incentivize certain key employees identified by the Debtors. The Bankruptcy Court entered an order approving the Compensation Plans on June 12, 2014 [ECF No. 376].

The KEIP was designed to provide incentives to nine eligible individuals (the "**Participants**") to maximize creditor recoveries through one or more strategic transactions. The KEIP provided for variable payouts to the Participants based upon the achievement of certain threshold amounts of total acquisition value or total enterprise value, as applicable, achieved through a sale of the Debtors' assets, a sponsored chapter 11 plan of reorganization or a combination thereof. Participants were not eligible to receive a KEIP payment unless a minimum threshold of total acquisition value or total enterprise value of the Debtors' assets was exceeded. As a result of the Blackhawk Sale (as defined herein), certain of the Participants earned KEIP payments.

The KERP was designed to retain the Debtors' most essential administrative and operational employees. Payments under the KERP vested upon the individual employee's continued employment through the earlier of a sale of substantially all of the Debtors' assets and consummation of a chapter 11 plan.

The Modified Severance Plan was intended to address employee concerns about job security and enable employees to focus on the important operational and restructuring tasks that needed to be accomplished in the Chapter 11 Cases. Generally, employees received one week of severance per year of service, subject to certain minimum and maximum payments based on the employee's tier and reduced by a percentage of any KEIP payments and/or KERP payments

received by the employee, and no payments were made to employees who were transferred to any purchasers of the Debtors' assets. The Modified Severance Plan was capped at $3.5 million.

The Debtors anticipate that all payments authorized under the Compensation Plans will have been made prior to December 31, 2015; *provided, however,* that, after consultation with the Committee, the Debtors have determined to make a KEIP payment to Coy K. Lane, the former Chief Operating Officer of James River, upon Confirmation of the Plan. Although Mr. Lane resigned prior to the Blackhawk Sale, Mr. Lane has continued through present to provide services to the Debtors as a consultant and was integral to all of the various sales of the Debtors' operating assets, discussed further herein, and the successful outcome of these Chapter 11 Cases.

F. The Sale of All of the Debtors' Operating Assets

1. The Strategic Transaction Bidding Procedures

The Debtors filed the Chapter 11 Cases in order to pursue a flexible, dual-track restructuring process with the goal of maximizing the recovery for their estates and creditors. Specifically, the Debtors sought to either consummate a sale of some or all of their businesses to a third party or to raise debt or equity capital for a standalone restructuring. The Debtors' postpetition restructuring efforts were to continue an ongoing marketing process that began in earnest prepetition, and were designed to solicit and secure the highest and best offers to maximize recoveries for the stakeholders of these Estates. To that end, on the Petition Date, the Debtors filed a motion [ECF No. 27] (the "**Strategic Transaction Bidding Procedures Motion**") seeking entry of an order (A)(i) establishing bidding procedures (the "**Bidding Procedures**") relating to the sale of substantially all of the Debtors' assets or sponsorship of a plan of reorganization and various dates and deadlines with respect thereto (subject to modification as provided in the Bidding Procedures); (ii) establishing procedures for the Debtors to enter into stalking horse agreement with bid protections in connection with a sale of substantially all of the Debtors' assets; (iii) establishing procedures for the assumption and assignment of executory contracts and unexpired leases, including notice of proposed cure amounts; (iv) approving the form and manner of notice of all procedures, protections, schedules and agreements; and (v) scheduling a hearing (the "**Sale Hearing**") to approve a sale, if applicable.

On May 9, 2014, the Bankruptcy Court entered the Strategic Transaction Bidding Procedures Order approving the Strategic Transaction Bidding Procedures Motion.

2. Selection of a Successful Bidder and the Sale of Substantially all of the Debtors' Assets

The Debtors received 13 preliminary indications of interest for the purchase of certain of the Debtors' assets and the sponsorship of a plan of reorganization. The Debtors and their advisors assisted these parties in conducting due diligence, including on-site visits and meetings with management.

Only one bid received by the Debtors contemplated the purchase of a substantial portion of the Debtors' assets. The Debtors, in consultation with the DIP Agent and the Committee,

negotiated an asset purchase agreement with that bidder, and, on August 16, 2014, the Debtors filed a statement with the Bankruptcy Court indicating that they had selected that bidder, JR Acquisition, LLC ("**JR Acquisition**"), a wholly owned subsidiary of Blackhawk Mining LLC ("**Blackhawk**"), as the stalking horse bidder for the purchase of the Debtors' mining complexes commonly referred to as the Hampden Complex (including the assets of Debtor Logan & Kanawha Coal Company, LLC), the Hazard Complex (other than the assets of Debtor Laurel Mountain Resources LLC) and the Triad Complex (collectively, the "**Blackhawk Assets**") for an aggregate purchase price of $50 million plus the assumption of certain liabilities(the "**Stalking Horse Bidder Statement**") [ECF No. 544]. The Stalking Horse Bidder Statement exhibited the proposed asset purchase agreement pursuant to which JR Acquisition would acquire the Blackhawk Assets and provided that an auction (the "**Auction**") would be held on August 18, 2014.

Multiple bidders and interested parties participated in the Auction, and after multiple rounds of bidding spanning three days, JR Acquisition prevailed with a winning bid consisting of a purchase price of $52 million, the assumption of certain liabilities and an agreement to leave behind all Avoidance Actions with the Estates. The purchase price consisted of a $20 million cash payment, a $5 million second lien note secured by certain of JR Acquisition's assets and scheduled to mature on October 9, 2017 delivered to the Debtors' largest lessor in full satisfaction of its claim and a $27 million third lien note secured by certain of JR Acquisition's assets and scheduled to mature on October 9, 2017 delivered to the Debtors (the "**Blackhawk Note**"). On August 28, 2014, the Bankruptcy Court entered an order approving the sale of the Blackhawk Assets to JR Acquisition (the "**Blackhawk Order**") [ECF No. 599].

The Blackhawk Order required, among other things, that the Debtors use all of their currently owned cash and cash received in the future (other than certain specified amounts set forth in the Blackhawk Order to be used for, among other things, the winddown of the Estates) to pay off the DIP Loan and then to offer to acquire at a price of par certain of the DIP Loan Lenders' first lien secured note issued by JR Acquisition. Until such debts were paid in cash in full, the Debtors were not permitted to pay, among other things, ordinary course administrative expense claims, amounts due under the Compensation Plans or the success fees of PW, Deutsche Bank or Blackstone.

3. The Sale of the Debtors' Remaining Operating Assets

Prior to the sale of the Blackhawk Assets, the Debtors sought Bankruptcy Court approval to sell certain non-core assets at their idled McCoy Elkhorn mining complex. Based on the Debtors' prepetition and postpetition marketing efforts, the Debtors, in consultation with the DIP Agent and the Committee, believed that the proposed sales of these assets would realize greater value for these than could be realized through an auction. On June 5, 2014, the Bankruptcy Court approved the sale of certain of the Debtors' assets relating to the McCoy Elkhorn mining complex to Opes Resources, Inc. or a subsidiary thereof for $3.1 million and the assumption of certain liabilities and certain of the Debtors' other assets relating the McCoy Elkhorn mining complex to Marshall Resources, Inc. for approximately $445,000 and the assumption of certain liabilities [ECF Nos. 351, 352].

Following the sale of the Blackhawk Assets, and pursuant to the Strategic Transaction Bidding Procedures Order, the Debtors and their professional advisors, in consultation with the DIP Agent and the Committee, reviewed bids for the sale of some or all of the Debtors' remaining operational assets and negotiated with each of the bidders on several key terms of the transactions contemplated by such bids. The Debtors, in consultation with the DIP Agent and the Committee, accepted an offer to sell their remaining operating assets to Revelation Energy, LLC ("**Revelation**"). On December 22, 2014, the Debtors filed a statement with the Bankruptcy Court indicating that they had selected Revelation as the stalking horse bidder for the purchase of the Debtors' mines commonly referred to as the Bell Complex and the Bledsoe Complex, along with certain assets of Debtor Laurel Mountain Resources, LLC (collectively, the "**Revelation Assets**"), for an aggregate purchase price of $2 million plus the assumption of certain liabilities and the retention by the Debtors of $3 million of collateral and certain specified equipment that the Debtors intended to sell to bring cash proceeds into the Estates (the "**Revelation Stalking Horse Bidder Statement**") [ECF No. 785]. The Revelation Stalking Horse Bidder Statement exhibited the proposed asset purchase agreement pursuant to which Revelation would acquire the Revelation Assets. The Revelation Stalking Horse Bidder Statement provided a deadline of December 27, 2014 for parties to submit an alternate bid, and also provided that, absent a higher or better bid, no auction would be held. When no such bids were received, the Debtors filed on December 27, 2014 a statement with the Bankruptcy Court indicating that Revelation's bid was the successful bid for the Revelation Assets [ECF No. 800]. On December 29, 2014, the Bankruptcy Court entered an order approving the sale of the Revelation Assets to Revelation [ECF No. 821]. As required by the Blackhawk Order, the Debtors used the proceeds of the sale of the Revelation Assets to pay off the DIP Loan in cash in full.

Following the sale of the Revelation Assets, the Debtors were no longer operating any mining complexes. Accordingly, the Debtors determined that it was in the best interests of Estates to retain a third-party consultant to market and sell the equipment that was excluded from the Revelation Assets. The Debtors, in consultation with the Committee, entered into a consulting agreement with Great American Global Partners, LLC ("**Great American**") pursuant to which Great American would serve as an independent consultant to the Debtors in connection with the sale of the excluded equipment. The Bankruptcy Court approved the agreement on December 29, 2014 [ECF No. 821]. The Debtors assisted Great American in the marketing and selling of the excluded equipment and received approximately $4.9 million in respect of such equipment.

G. The Winddown of the Estates

Following the sale of all of the Debtors' operating assets, the Debtors focused principally on winding down their businesses, marketing and selling personal property, collecting on remaining accounts receivable, prosecuting and recovering proceeds from Avoidance Actions and preserving cash held in the Estates.

On October 28, 2015, the Blackhawk Note and the JR Acquisition first lien note held by certain of the DIP Loan lenders were paid off in cash in full in connection with the sale of certain assets of Patriot Coal Corporation to a subsidiary of Blackhawk. Accordingly, the Debtors are no longer subject to the requirements to make certain specified payments in the Blackhawk

Order and are able to use the proceeds from the Blackhawk Note and other cash on hand to, among other things, fund the Plan.

The Debtors' remaining assets currently consist of, among other things, cash, accounts receivable, Avoidance Actions, interests in collateral held by third party insurers and surety bond providers and tax refunds and deposits. The Plan provides for the Debtors' assets already liquidated or to be liquidated over time and the proceeds thereof to be distributed to Holders of Allowed Claims in accordance with the terms of the Plan. The Plan Administrator, or, a liquidating trust, will be the means to effect such liquidation and distribution. The Debtors will be dissolved as soon as practicable after the Effective Date.

ARTICLE IV

SUMMARY OF THE PLAN

The Debtors believe that the Plan provides the best and most prompt possible recovery to holders of Claims and Interests. The Debtors believe that (i) through the Plan, Holders of Allowed Claims will obtain a recovery from the Debtors' estates equal to or greater than the recovery that they would receive if the Debtors' assets were liquidated under chapter 7 of the Bankruptcy Code and (ii) consummation of the Plan will maximize the recovery of the Holders of Allowed Claims.

The consummation of a plan is the principal objective of a chapter 11 case. A plan sets forth the means for satisfying Claims against, and interests in, a debtor. Confirmation of a plan makes the plan binding upon the debtor, any issuer of securities under the plan and any creditor of, or equity holder in, the debtor, whether or not such creditor or equity holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan. Subject to certain limited exceptions and other than as provided in the plan itself or the confirmation order, a confirmation order discharges the debtor from any debt that arose prior to the date of confirmation of the plan and substitutes therefor the obligations specified under the confirmed plan.

A chapter 11 plan may specify that the legal, contractual and equitable rights of the holders of Claims or Interests in certain classes are to remain unaltered by the reorganization effectuated by the plan. Such classes are referred to as "unimpaired" and, because of such favorable treatment, are deemed to accept the plan. Accordingly, a debtor need not solicit votes from the holders of Claims or Interests in such classes. A chapter 11 plan may also specify that certain classes will not receive any distribution of property or retain any Claim against a debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan. Any classes that are receiving a distribution of property under the plan but are not unimpaired will be solicited to vote to accept or reject the plan.

Prior to soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding the plan. To satisfy the requirements of section 1125 of the Bankruptcy

Code, the Debtors are submitting this Disclosure Statement to holders of Claims against the Debtors who are entitled to vote to accept or reject the Plan.

THE REMAINDER OF THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN. THIS SECTION IS QUALIFIED IN ITS ENTIRETY BY AND IS SUBJECT TO THE PLAN AS WELL AS THE EXHIBITS THERETO AND DEFINITIONS THEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN. REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS UNDER THE PLAN. UPON OCCURRENCE OF THE EFFECTIVE DATE, THE PLAN AND ALL SUCH DOCUMENTS WILL BE BINDING UPON ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS AND THEIR ESTATES AND ALL OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT, ON THE ONE HAND, AND THE PLAN, THE PLAN ADMINISTRATOR AGREEMENT OR ANY OTHER OPERATIVE DOCUMENT, ON THE OTHER HAND, THE TERMS OF THE PLAN, THE PLAN ADMINISTRATOR AGREEMENT AND SUCH OTHER OPERATIVE DOCUMENT SHALL CONTROL.

STATEMENTS AS TO THE RATIONALE UNDERLYING THE TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN ARE NOT INTENDED TO, AND SHALL NOT, WAIVE, COMPROMISE OR LIMIT ANY RIGHTS, CLAIMS OR CAUSES OF ACTION IN THE EVENT THE PLAN IS NOT CONFIRMED.

A. Considerations Regarding the Plan

The terms of the Plan are the result of substantial analysis and discussions by the Debtors and the Committee and their respective advisors concerning various issues relating to how the distributable value should be allocated amongst the creditors of the various Debtors, including, without limitation, (a) whether the elements necessary to obtain an order of substantive consolidation are satisfied in these Chapter 11 Cases; (b) the value of the Debtors' Estates on a consolidated and a non-consolidated basis, and the proper method of determining such value; (c) the projected recoveries of Holders of Claims on a consolidated basis with and without implementation of substantive consolidation, in whole or in part; and (d) the nature and treatment of Intercompany Claims. Through the Plan, the Debtors, with the support of the Committee, propose an economic compromise that fairly allocates the Debtors' assets and value to all of the economic stakeholders after taking into account the foregoing issues.

B. Classification and Treatment of Claims and Interests

Section 1123 of the Bankruptcy Code provides that a plan must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1123 of the Bankruptcy Code, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims, which pursuant to section 1123(a)(1) of the Bankruptcy Code need not be and have not been classified. The Debtors also are required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtors (except for certain claims classified for administrative convenience) into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Bankruptcy Code also requires that a plan provide the same treatment for each claim or interest of a particular class unless the claim holder or interest holder agrees to a less favorable treatment of its claim or interest. The Debtors believe that they have complied with such standard. If the Bankruptcy Court finds otherwise, however, it could deny confirmation of the Plan if the Claimholders and Interest Holders affected do not consent to the treatment afforded them under the Plan.

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim also is placed in a particular Class for the purpose of receiving Distributions pursuant to the Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released or otherwise settled prior to the Effective Date.

The Debtors believe that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law. It is possible that a Holder of a Claim or Interest may challenge the Debtors' classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. If such a situation develops, the Debtors intend, in accordance with the terms of the Plan, to make such permissible modifications to the Plan as may be necessary to permit its confirmation. Any such reclassification could adversely affect Holders of Claims by changing the composition of one or more Classes and the vote required of such Class or Classes for approval of the Plan. UNLESS SUCH MODIFICATION OF CLASSIFICATION MATERIALLY ADVERSELY AFFECTS THE TREATMENT OF A HOLDER OF A CLAIM AND REQUIRES RESOLICITATION, ACCEPTANCE OF THE PLAN BY ANY HOLDER OF A CLAIM OR INTEREST PURSUANT TO THIS SOLICITATION WILL BE DEEMED TO BE A CONSENT TO THE PLAN'S TREATMENT OF SUCH HOLDER OF A CLAIM REGARDLESS OF THE CLASS AS TO WHICH SUCH HOLDER ULTIMATELY IS DEEMED TO BE A MEMBER.

The amount of any impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and, accordingly, the total Claims that are ultimately Allowed by the Bankruptcy Court with respect to each impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims

in any impaired Class. Thus, the value of property that ultimately will be received by a particular Holder of an Allowed Claim may be adversely or favorably affected by the aggregate amount of Claims Allowed in the applicable Class.

The classification of Claims and Interests and the nature of Distributions to members of each Class are summarized below. The Debtors believe that the consideration, if any, provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of their Claims and Interests, taking into account the differing nature and priority (including applicable contractual subordination) of such 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 are not entitled to vote on the Plan, or 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.

1. Unclassified Claims

(a) Administrative Claims

An Administrative Claim means a Claim for payment of an administrative expense of a kind specified in section 503(b) or 1114(e)(2) of the Bankruptcy Code and entitled to priority in payment under section 507(a)(2) or 507(b) of the Bankruptcy Code, including: (a) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries or commissions for services and payments for goods and other services and leased premises) and Claims by Governmental Units for Taxes accruing after the Petition Date (but excluding Claims related to Taxes accruing on or before the Petition Date); (b) Professional Fee Claims; (c) all fees and charges assessed against the Estates under 28 U.S.C. § 1930; and (d) obligations designated as Administrative Claims pursuant to an order of the Bankruptcy Court.

Except to the extent that the applicable Holder of an Allowed Administrative Claim agrees with the Liquidating Debtors or the Plan Administrator, as applicable, to less favorable treatment, on the later of (i) the Effective Date and (ii) the date such Administrative Claim becomes an Allowed Administrative Claim (or as soon as reasonably practicable thereafter), such Holder shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim or (b) such other lesser treatment as to which such Holder and the Liquidating Debtors or the Plan Administrator, as applicable, shall have agreed upon in writing; provided that Allowed Administrative Claims regarding assumed Executory Contracts and Unexpired Leases, liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases and non-ordinary course liabilities approved by the Bankruptcy Court shall be paid in full and performed in the ordinary course of business (or as otherwise approved by the Bankruptcy Court) in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing or other documents relating to such transactions. Any payments made on account of Allowed Administrative Claims (other than Professional Fee Claims) shall be paid from the Wind-down Account, and Allowed Professional Fee Claims shall be paid from the Professional Fee Reserve pursuant to Section 5.5(a) of the Plan.

(b) Priority Tax Claims

A Priority Tax Claim means any Claim (whether secured or unsecured) of a Governmental Unit accorded priority in right of payment under section 507(a)(8) of the Bankruptcy Code or specified under section 502(i) of the Bankruptcy Code.

Except to the extent that the applicable Holder of a Priority Tax Claim agrees with the Liquidating Debtors or the Plan Administrator, as applicable, to less favorable treatment, a Holder of an Allowed Priority Tax Claim shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Priority Tax Claim, at the sole option of the Liquidating Debtors or the Plan Administrator, as applicable, (a) on the later of (i) the Effective Date and (ii) the date such Priority Tax Claim becomes an Allowed Priority Tax Claim (or as soon as reasonably practicable thereafter), Cash equal to the unpaid portion of such Allowed Priority Tax Claim or, at the sole option of the Liquidating Debtors or the Plan Administrator, as applicable, (b) regular installment payments in accordance with section 1129(a)(9)(C) of the Bankruptcy Code, (c) such other amounts and in such other manner as may be determined by the Bankruptcy Court to provide such Holder deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim or (d) such other lesser treatment as to which such Holder and the Liquidating Debtors or the Plan Administrator, as applicable, shall have agreed upon in writing. For the avoidance of doubt, any payments made on account of Allowed Priority Tax Claims shall be paid from the Wind-down Account.

The Liquidating Debtors and the Plan Administrator shall have the right, in their sole discretion, to pay any Allowed Priority Tax Claim or any remaining balance of an Allowed Priority Tax Claim (together with accrued but unpaid interest) in full at any time on or after the Effective Date without premium or penalty.

2. Impaired Claims and Interests

(a) Class 1C; 2C-34C: 7.875% Senior Notes Parent Claims and 7.875% Senior Notes Guarantee Claims

A 7.875% Senior Notes Parent Claim means a Claim asserted against James River by a holder of, and on account of, a 7.875% Senior Note. A 7.875% Senior Notes Guarantee Claim means a Claim asserted against a Subsidiary Debtor by a holder of, and on account of, a 7.875% Senior Note. The 7.875% Senior Notes means those certain 7.875% Senior Unsecured Notes due 2019 issued in the aggregate principal amount of $275 million pursuant to the 7.875% Senior Notes Indenture. The 7.875% Senior Notes Indenture means that certain Indenture, dated as of March 29, 2011 between James River and U.S. Bank National Association, as Indenture Trustee, and substantially all of the Subsidiary Debtors as guarantors, as the same may be amended, supplemented, revised or modified from time to time.

Except to the extent that the applicable Holder agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on or as soon as reasonably practicable after the Initial Distribution Date, each Holder of an Allowed 7.875% Senior Notes Parent Claim shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, its Allowed 7.875% Senior Notes Parent Claim and its Allowed 7.875% Senior Notes Guarantee Claim, on or as soon

as reasonably practicable after the Periodic Distribution Date that is at least twenty (20) calendar days after such 7.875% Senior Notes Parent Claim becomes an Allowed 7.875% Senior Parent Notes Claim (A) its Ratable Share of Total Distributable Cash or (B) such other lesser treatment as to which such Holder and the Debtors or the Plan Administrator, as applicable, shall have agreed upon in writing.

Except to the extent that the applicable Holder agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on or as soon as reasonably practicable after any Periodic Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent shall effect a Distribution so that each Holder of an Allowed 7.875% Senior Notes Parent Claim shall have received, after giving effect to all prior Distributions made to such Allowed 7.875% Senior Notes Parent Claim under the Plan, its Ratable Share of Total Distributable Cash allocable to such Allowed 7.875% Senior Notes Parent Claim.

(b) Class 1D; 2D-34D: 10.00% Convertible Senior Notes Parent Claims and 10.00% Convertible Senior Notes Guarantee Claims

A 10.00% Convertible Senior Notes Parent Claim means a Claim asserted against James River by a holder of, and on account of, a 10.00% Convertible Senior Note. A 10.00% Convertible Senior Notes Guarantee Claim means a Claim asserted against a Subsidiary Debtor by a holder of, and on account of, a 10.00% Convertible Senior Note. The 10.00% Convertible Senior Notes means those certain 10.00% Convertible Senior Unsecured Notes due 2018 issued in the aggregate principal amount of $142.5 million pursuant to the 10.00% Convertible Senior Notes Indenture. The 10.00% Convertible Senior Notes Indenture means that certain Indenture, dated as of May 22, 2013 between James River and U.S. Bank National Association, as Indenture Trustee, and substantially all of the Subsidiary Debtors as guarantors, as the same may be amended, supplemented, revised or modified from time to time.

Except to the extent that the applicable Holder agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on or as soon as reasonably practicable after the Initial Distribution Date, each Holder of an Allowed 10.00% Convertible Senior Notes Parent Claim shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, its Allowed 10.00% Convertible Senior Notes Parent Claim and its Allowed 10.00% Convertible Senior Notes Guarantee Claim, on or as soon as reasonably practicable after the Periodic Distribution Date that is at least twenty (20) calendar days after such 10.00% Convertible Senior Notes Parent Claim becomes an Allowed 10.00% Convertible Senior Notes Parent Claim (A) its Ratable Share of Total Distributable Cash or (B) such other lesser treatment as to which such Holder and the Debtors or the Plan Administrator, as applicable, shall have agreed upon in writing.

Except to the extent that the applicable Holder agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on or as soon as reasonably practicable after any Periodic Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent shall effect a Distribution so that each Holder of an Allowed 10.00% Convertible Senior Notes Parent Claim shall have received, after giving effect to all prior Distributions made to such Allowed 10.00% Convertible Senior Notes Parent Claim under the

Plan, its Ratable Share of Total Distributable Cash allocable to such Allowed 10.00% Convertible Senior Notes Parent Claim.

(c) Class 1E; 2E-34D: PBGC Parent Claims and PGBC Subsidiary Claims

A PBGC Parent Claim means a Claim asserted against James River, as set forth in the PBGC Proofs of Claim. A PBGC Subsidiary Claim means a Claim asserted against a Subsidiary Debtor, as set forth in the PBGC Proofs of Claim. The PBGC Proofs of Claim mean, collectively, in each case (i) with reference to the proof of claim number assigned by the Claims Agent and (ii) as filed on or prior to the Bar Date, proof of claim numbers 1274, 1275 and 1276.

Except to the extent that PBGC agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), PBGC shall receive, on account of each PBGC Parent Claim that becomes an Allowed PBGC Parent Claim after the Effective Date, in full satisfaction, settlement, release and discharge of, and in exchange for, its Allowed PBGC Parent Claim and its Allowed PBGC Subsidiary Claim, on or as soon as reasonably practicable after the Periodic Distribution Date that is at least twenty (20) calendar days after such PBGC Parent Claim becomes an Allowed PBGC Parent Claim (A) its Ratable Share of Total Distributable Cash or (B) such other lesser treatment as to which PBGC and the Debtors or the Plan Administrator, as applicable, shall have agreed upon in writing with respect to such Allowed PBGC Parent Claim.

Except to the extent that PBGC agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on or as soon as reasonably practicable after any Periodic Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent shall effect a Distribution so that PBGC shall have received, on an account of each Allowed PBGC Parent Claim and after giving effect to all prior Distributions made to PBGC on account of such Allowed PBGC Parent Claim under the Plan, each such Allowed PBGC Parent Claim's Ratable Share of Total Distributable Cash allocable to such Allowed PBGC Parent Claim.

(d) Class 1F-34F: General Unsecured Claims

A General Unsecured Claim means any prepetition Claim against any or all of the Debtors that is not an Administrative Claim, Priority Tax Claim, Other Priority Claim, Intercompany Claim, Guaranteed Notes Claim, PBGC Claim or Subordinated Claim, including any unsecured claim under section 506(a)(1) of the Bankruptcy Code and any Non-guaranteed Notes Claim.

Except to the extent that the applicable Holder agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), on or as soon as reasonably practicable after the Initial Distribution Date, each Holder of an Allowed General Unsecured Claim shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed General Unsecured Claim, (A) its Ratable Share of Total Distributable Cash or (B) such other lesser treatment as to which such Holder and the Debtors or the Plan Administrator, as applicable, shall have agreed upon in writing.

Except to the extent that the applicable Holder agrees to less favorable treatment (or as provided in Section 6.2 of the Plan), each Holder of a General Unsecured Claim that is Disputed as of the Effective Date and becomes an Allowed General Unsecured Claim after the Effective

Date, shall receive, on or as soon as reasonably practicable after the Periodic Distribution Date that is at least twenty (20) calendar days after such General Unsecured Claim becomes an Allowed General Unsecured Claim, (A) its Ratable Share of Total Distributable Cash or (B) such other lesser treatment as to which such Holder and the Debtors or the Plan Administrator, as applicable, shall have agreed upon in writing.

Except to the extent that the applicable Holder agrees to less favorable treatment (or as provided in Section 6.2 hereof), on or as soon as reasonably practicable after any Periodic Distribution Date upon which an Adjustment Distribution of Cash is to be distributed, the Disbursing Agent shall effect a Distribution so that each Holder of an Allowed General Unsecured Claim shall have received, after giving effect to all prior Distributions made to such Allowed General Unsecured Claim under the Plan, its Ratable Share of Total Distributable Cash allocable to such Allowed General Unsecured Claim.

(e) Class 1G-34G: Subordinated Claims

A Subordinated Claim means any Claim subordinated pursuant to section 510(b) or 510(c) of the Bankruptcy Code, including, but not limited to, any Claim or Cause of Action against any of the Debtors (i) arising from rescission of a purchase or sale of shares, notes or any other securities of any of the Debtors or an Affiliate of any of the Debtors, (ii) for damages arising from the purchase or sale of any such security, (iii) for violations of the securities laws, misrepresentations or any similar Claims related to the foregoing or otherwise subject to subordination under section 510(b) of the Bankruptcy Code, (iv) for reimbursement, contribution or indemnification allowed under section 502 of the Bankruptcy Code on account of any such Claim, including Claims based upon allegations that the Debtors made false and misleading statements or engaged in other deceptive acts in connection with the offer or sale of securities or (v) for attorneys' fees, other charges or costs incurred on account of any of the foregoing Claims or Causes of Action.

On the Effective Date, all Subordinated Claims shall be eliminated, and Holders of Subordinated Claims shall not be entitled to, and shall not receive or retain, any property or interest in property on account of such Claims.

(f) Class 1H-34H: Intercompany Claims

An Intercompany Claim means any Claim, if any, held by a Debtor against another Debtor, including, without limitation: (i) any account reflecting intercompany book entries by a Debtor with respect to another Debtor, (ii) any Claim not reflected in such book entries that is held by a Debtor against another Debtor and (iii) any derivative Claim asserted by or on behalf of one Debtor against another Debtor.

On the Effective Date, all Intercompany Claims shall be released and of no further force or effect. Holders of Intercompany Claims shall not be entitled to participate in any of the distributions under the Plan on account of such Claims and shall not be entitled to, and shall not receive or retain, any property or interest in property on account of such Claims.

(g) Class 1I: Interests in James River

An Interest means the legal interest, equitable interest, contractual interest, equity interest or ownership interest, or other right of any Person in the Debtors, including all capital stock, stock certificates, common stock, preferred stock, partnership interests, limited liability company or membership interests, rights, treasury stock, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest or share in the Debtors, partnership interests in the Debtors' stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights, subscription rights and liquidation preferences, puts, calls, awards or commitments of any character whatsoever relating to any such equity, common stock, preferred stock, ownership interests or other shares of capital stock of the Debtors or obligating the Debtors to issue, transfer or sell any shares of capital stock whether or not certificated, transferable, voting or denominated stock or a similar security. James River means James River Coal Company.

On the Effective Date, the Interests in James River shall be deemed eliminated, cancelled and/or extinguished and each Holder of such Interests shall not be entitled to, and shall not receive or retain, any property under the Plan on account of such Interest.

3. Unimpaired Claims

(a) Class 1A-34A: Other Priority Claims

An Other Priority Claim means any Claim, other than an Administrative Claim or a Priority Tax Claim, entitled to priority in right of payment pursuant to section 507(a) of the Bankruptcy Code.

Except to the extent that the applicable Holder agrees to less favorable treatment (or as provided in Section 6.2 of the Plan) with the Liquidating Debtors or the Plan Administrator, as applicable, each Holder of an Allowed Other Priority Claim against any of the Debtors shall receive, in full satisfaction, settlement, release and discharge of and in exchange for such Claim, Cash in an amount equal to the Allowed amount of such Claim, or treatment in any other manner so that such Claim shall otherwise be rendered Unimpaired, on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) twenty (20) calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any applicable agreement between the Debtors and the Holder of such Claim.

Any distributions made on account of Other Priority Claims shall be made on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) twenty (20) calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the Holder of such Claim.

(b) Class 1B-34B: Secured Claims

A Secured Claim means any Claim or portion thereof or a Priority Tax Claim (i) that is reflected in the Schedules or a Proof of Claim as a secured claim and is secured by a Lien on Collateral, to the extent of the value of such Collateral, as determined in accordance with section 506(a) and, if applicable, section 1129(b) of the Bankruptcy Code or (ii) to the extent that the holder thereof has a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

Except to the extent that the applicable Holder agrees to less favorable treatment with the Liquidating Debtors or the Plan Administrator, as applicable, each Holder of an Allowed Secured Claim against any of the Debtors shall receive in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Secured Claim payment in Cash in the amount of such Allowed Secured Claim or such other distribution as necessary to satisfy the requirements of section 1124 of the Bankruptcy Code. If a Secured Claim is satisfied, the Liens securing such Secured Claim shall be deemed released without further action by any party. Each Holder of an Allowed Secured Claim shall take all actions to effectuate and confirm such termination, release and discharge as reasonably requested by the Liquidating Debtors or the Plan Administrator.

Any distributions made on account of Secured Claims shall be made on or as soon as reasonably practicable after the latest of (i) the Effective Date, (ii) twenty (20) calendar days after the date such Claim becomes Allowed and (iii) the date for payment provided by any agreement between the applicable Debtor and the Holder of such Claim.

(c) Class 1J; 2J-34J: Interests in Subsidiary Debtors

An Interest means the legal interest, equitable interest, contractual interest, equity interest or ownership interest, or other right of any Person in the Debtors, including all capital stock, stock certificates, common stock, preferred stock, partnership interests, limited liability company or membership interests, rights, treasury stock, options, warrants, contingent warrants, convertible or exchangeable securities, investment securities, subscriptions or other agreements and contractual rights to acquire or obtain such an interest or share in the Debtors, partnership interests in the Debtors' stock appreciation rights, conversion rights, repurchase rights, redemption rights, dividend rights, preemptive rights, subscription rights and liquidation preferences, puts, calls, awards or commitments of any character whatsoever relating to any such equity, common stock, preferred stock, ownership interests or other shares of capital stock of the Debtors or obligating the Debtors to issue, transfer or sell any shares of capital stock whether or not certificated, transferable, voting or denominated stock or a similar security. Subsidiary Debtors means, collectively, each of the Debtors except James River.

On the Effective Date, the Intercompany Interests shall be reinstated and rendered Unimpaired in accordance with section 1124 of the Bankruptcy Code.

4. Special Provision Regarding Unimpaired Claims

Except as otherwise provided in the Plan, the Confirmation Order, any other order of the Bankruptcy Court or any document or agreement enforceable pursuant to the terms of the Plan, nothing shall affect the rights and defenses, both legal and equitable, of the Liquidating Debtors and the Plan Administrator with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments against Unimpaired Claims and the rights to assert all Causes of Action against the Holders of such Unimpaired Claims that the Debtors had immediately prior to the Petition Date as if the Chapter 11 Cases had not been commenced.

5. Allowed Claims

Notwithstanding any provision herein to the contrary, the Disbursing Agent shall only make Distributions to Holders of Allowed Claims. No Holder of a Disputed Claim shall receive any Distribution on account thereof until (and then only to the extent that) its Disputed Claim becomes an Allowed Claim. The Liquidating Debtors and/or the Plan Administrator may, in their discretion, withhold Distributions otherwise due hereunder to any Holder until the Claims Objection Deadline, to enable a timely objection thereto to be filed. Any Holder of a Claim that becomes an Allowed Claim after the Effective Date shall receive its Distribution in accordance with the terms and provisions of the Plan.

6. Special Provisions Regarding Insured Claims

Distributions under the Plan to each Holder of an Allowed Insured Claim shall be in accordance with the treatment provided under the Plan for the Class in which such Insured Claim is classified; provided that the maximum amount of any Distribution under the Plan on account of an Allowed Insured Claim shall be limited to an amount equal to: (a) the applicable deductible or self-insured retention under the relevant insurance policy minus (b) any reimbursement obligations of the Debtors to the insurance carrier for sums expended by the insurance carrier on account of such Claim (including defense costs); provided, further, that, to the extent that a Holder has an Allowed Insured Claim, the amount of which exceeds the total coverage available from the relevant insurance policies of the Debtors, such Holder shall have an Allowed General Unsecured Claim in the amount by which such Allowed Insured Claim exceeds the coverage available from the relevant Debtor's insurance policies. Nothing in this Article IV.B.6 shall constitute a waiver of any Cause of Action the Debtors may hold against any Person, including the Debtors' insurance carriers, or is intended to, shall or shall be deemed to preclude any Holder of an Allowed Insured Claim from seeking and/or obtaining a distribution or other recovery from any insurer of the Debtors in addition to any Distribution such Holder may receive under the Plan; provided that the Debtors do not waive, and expressly reserve their rights to assert that any insurance coverage is property of the Estates to which they are entitled.

The Plan shall not expand the scope of, or alter in any other way, the obligations of the Debtors' insurers under their policies, and the Debtors' insurers shall retain any and all defenses to coverage that such insurers may have. The Plan shall not operate as a waiver of any other Claims that the Debtors' insurers have asserted or may assert in any Proof of Claim or the Debtors' rights and defenses to such Proofs of Claim.

C. Means for Implementation of the Plan

1. Corporate Action

(a) Merger and Dissolution of Debtors

Immediately following the occurrence of the Effective Date, (a) the respective boards of directors of each of the Debtors shall be terminated and the members of each of the boards of directors of the Debtors shall be deemed to have resigned, and (b) each of the Debtors shall continue to exist as Liquidating Debtors after the Effective Date in accordance with the respective laws of the state under which each such Debtor was formed and pursuant to their respective certificates of incorporation, bylaws, articles of formation, operating agreements and

other organizational documents in effect prior to the Effective Date, except to the extent such organizational documents are amended under the Plan, for the limited purposes of liquidating all of the assets of the Estates and making Distributions in accordance with the Plan.

On such date that the Plan Administrator determines in its sole discretion that the Subsidiary Debtors shall be deemed merged with and into James River, the Plan Administrator shall file a notice with the Bankruptcy Court, and on such date (the "Merger Date"), without further order of the Bankruptcy Court, and without the necessity of any other or further actions to be taken by or on behalf of the Debtors or payments to be made in connection therewith; the Subsidiary Debtors shall be deemed merged with and into James River; provided that each of the Debtors, the Liquidating Debtors and the Plan Administrator may execute and file documents and take all other actions as they deem appropriate relating to the foregoing corporate actions under applicable law and, in such event, all applicable regulatory or governmental agencies shall take all steps necessary to allow and effect the prompt merger of the Subsidiary Debtors as provided herein, without the payment of any fee, Tax or charge and without need for the filing of reports or certificates.

Moreover, on and after the first day following the Merger Date, the Subsidiary Debtors (i) shall be deemed to have withdrawn their business operations from any state in which they were previously conducting, or are registered or licensed to conduct, their business operations, and shall not be required to file any document, pay any sum or take any other action in order to effectuate such withdrawal and (ii) shall not be liable in any manner to any taxing or other authority for franchise, business, license or similar Taxes accruing on or after the Merger Date.

Each of the Chapter 11 Cases of each of the Subsidiary Debtors shall be closed on the first day following the Merger Date upon submission of an appropriate order to the Bankruptcy Court under certification of counsel, following which any and all proceedings that could have been brought or otherwise commenced in the Chapter 11 Cases of the Subsidiary Debtors shall be brought or otherwise commenced in James River's Chapter 11 Case.

As soon as practicable after the Plan Administrator exhausts substantially all of the assets of the Estates by making the final Distribution of Cash under the Plan, the Plan Administrator shall, at the expense of the Estates, (i) provide for the retention and storage of the Books and Records that shall have been delivered to or created by the Plan Administrator until such time as all such Books and Records are no longer required to be retained under applicable law, and File a certificate informing the Bankruptcy Court of the location at which such Books and Records are being stored; (ii) File a certification stating that the assets of the Estates have been exhausted and final Distributions of Cash have been made under the Plan; (iii) File the necessary paperwork in the State of Virginia to effectuate the dissolution of James River in accordance with the laws of such jurisdiction; and (iv) resign as the sole shareholder, officer, director and manager, as applicable, of the Liquidating Debtors. Upon the Filing of the certificate described in clause (ii) of the preceding sentence, James River 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 Liquidating Debtors or payments to be made in connection therewith other than the filing of a motion for final decree.

In furtherance of the liquidation of the Liquidating Debtors, a liquidating trust may be established pursuant to documentation, including a liquidating trust agreement, approved by the

Liquidating Debtors or the Plan Administrator, as applicable, for the primary purpose of receiving assets of the Estates, continuing the wind-down of such Estates in a commercially reasonable but expeditious manner and distributing any such assets pursuant to the Plan, with no objective to continue or engage in the conduct of a trade or business except to the extent reasonably necessary to and consistent with, the liquidating purpose of the trust (any such trust, the "Liquidating Trust").

If established, the Liquidating Trust shall be structured to qualify as a "liquidating trust" within the meaning of Treasury Regulations Section 301.7701-4(d) and in compliance with Revenue Procedure 94-45, 1994-2 C.B. 684, and, thus, as a "grantor trust" within the meaning of Sections 671 through 679 of the Internal Revenue Code of 1986, as amended, to the Holders of Claims, consistent with the terms of the Plan; provided that the Plan Administrator in its role as liquidating trustee, may make an election under Treasury Regulations Section 1.468B-9(c)(2)(ii) to treat a portion of the Liquidating Trust as a disputed ownership fund. Accordingly, except to the extent that an election is made to treat the Liquidating Trust as a disputed ownership fund, such Holders shall be treated for U.S. federal income tax purposes, (i) as direct recipients of an undivided interest in the assets transferred to the Liquidating Trust and as having immediately contributed such assets to the Liquidating Trust and (ii) thereafter, as the grantors and deemed owners of the Liquidating Trust and thus, the direct owners of an undivided interest in the assets held by the Liquidating Trust. All parties (including Holders of Claims) shall report consistent with the valuation of the assets transferred to the Liquidating Trust as established by the Plan Administrator or its designee. The Plan Administrator is hereby appointed in such instance pursuant to section 1123(b)(3)(B) of the Bankruptcy Code to handle all of the Debtors' tax matters, including, without limitation, the filing of all tax returns, and the handling of tax audits and proceedings, of the Debtors. The liquidating trustee shall be responsible for filing information on behalf of the Liquidating Trust as grantor trust pursuant to Treasury Regulation Section 1.671-4(a) or as a disputed ownership fund.

(b) Certificate of Incorporation and Bylaws

The certificate and articles of incorporation and bylaws of James River shall be deemed amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code and shall include, among other things, a provision (a) prohibiting the issuance of nonvoting equity securities in accordance with section 1123(a)(6) of the Bankruptcy Code and (b) limiting the activities of the Liquidating Debtors to matters authorized under the Plan.

(c) Cancellation of Existing Securities and Agreements

Except as otherwise provided in the Plan, and in any contract, instrument or other agreement or document created in connection with the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article VI of the Plan, any promissory notes, share certificates, whether for preferred or common stock (including treasury stock), other instruments evidencing any Claims or Interests, other than a Claim or Interest that is being reinstated and rendered unimpaired, and all options, warrants, calls, rights, puts, awards, commitments or any other agreements of any character to acquire such Interests shall be deemed automatically cancelled and discharged and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order or rule, and the obligations of

the Debtors under the notes, share certificates and other agreements and instruments governing such Claims and Interests shall be discharged; provided that the Notes and the Indentures shall continue in effect solely for the purposes of (i) allowing the Holders of Allowed Notes Claims to receive their Distributions hereunder, (ii) allowing the Indenture Trustee to make the Distributions to be made on account of the Allowed Notes Claims and (iii) permitting the Indenture Trustee to assert its Indenture Trustee Charging Lien against such Distributions for payment of the Indenture Trustee Fee. The holders of or parties to such cancelled notes, share certificates and other agreements and instruments shall have no rights arising from or relating to such notes, share certificates and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to the Plan.

(d) No Further Action

Each of the matters provided for under the Plan involving the corporate structure of the Debtors or corporate action to be taken by or required of the Debtors shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by any Person, including, but not limited to, the Plan Administrator, Holders of Claims or Interests against or in the Debtors or directors or officers of the Debtors.

(e) Effectuating Documents

Prior to the Effective Date, any appropriate officer of James River or the Subsidiary Debtors, as applicable, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

(f) Further Transactions

Immediately upon the occurrence of the Effective Date, the Plan Administrator shall serve as the sole shareholder, officer, director or manager of each of the Liquidating Debtors. The Plan Administrator, subject to the terms and conditions of the Plan and the Plan Administrator Agreement, shall be authorized to execute, deliver, file or record such documents, contracts, instruments, releases and other agreements and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

2. Privilege Matters

On the Effective Date, any attorney-client privilege, work-product privilege or other privilege or immunity relating to any claim or Cause of Action and/or attaching to any documents or communications (whether written or oral) shall be transferred to and shall vest in the Liquidating Debtors and the Plan Administrator (or, if a Liquidating Trust is established pursuant to Section 5.1(a) of the Plan, such Liquidating Trust upon the date of such establishment), and the Debtors, Liquidating Debtors and Plan Administrator are authorized to take all necessary actions to effectuate the transfer of such privileges.

3. The Committee

The Committee shall continue in existence until the Effective Date to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code and shall perform such other duties as it may have been assigned by the Bankruptcy Court prior to the Effective Date. On the Effective Date, provided that no appeal of the Confirmation Order is then pending, the Committee shall be dissolved and its members shall be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Committee's Professionals and other agents shall terminate, except with respect to any Professional Fee Claim. The Committee and the Committee's Professionals shall not be entitled to assert any Professional Fee Claim for any services rendered or expenses incurred after the Effective Date, except in either case for services rendered and expenses incurred in connection with the Committee's and its Professionals' Professional Fee Claims and in connection with any appeal of the Confirmation Order.

4. The Plan Administrator

(a) Appointment of the Plan Administrator

From and after the Effective Date, a Person or Entity to be designated by the Debtors shall serve as the Plan Administrator pursuant to the Plan Administrator Agreement and the Plan, until the resignation or discharge and the appointment of a successor Plan Administrator in accordance with the Plan Administrator Agreement and the Plan. The Debtors shall file a notice on a date that is not less than ten (10) calendar days prior to the Confirmation Hearing designating the Person who they have selected as Plan Administrator. The appointment of the Plan Administrator shall be approved in the Confirmation Order, and such appointment shall be as of the Effective Date. The Plan Administrator shall have and perform all of the duties, responsibilities, rights and obligations set forth in the Plan, as applicable, and the Plan Administrator Agreement.

(b) The Plan Administrator Agreement

Prior to or on the Effective Date, the Debtors shall execute a Plan Administrator Agreement in substantially the same form as set forth in Exhibit A to the Plan. Any nonmaterial modifications to the Plan Administrator Agreement made by the Debtors prior to the Effective Date are hereby ratified. The Plan Administrator Agreement will contain provisions permitting the amendment or modification of the Plan Administrator Agreement necessary to implement the provisions of the Plan.

(c) Rights, Powers and Duties of the Liquidating Debtors and the Plan Administrator

Each of the Liquidating Debtors shall retain and have all the rights, powers and duties necessary to carry out its responsibilities under the Plan. Such rights, powers and duties, which shall be exercisable by the Plan Administrator on behalf of the Liquidating Debtors and the Estates pursuant to the Plan and the Plan Administrator Agreement, shall include, among others, (i) investigating and, if appropriate, pursuing Causes of Action, (ii) administering and pursuing the Liquidating Debtors' assets, (iii) resolving all Disputed Claims and any Claim objections

pending as of the Effective Date and (iv) making Distributions to Holders of Allowed Claims as provided for in the Plan.

(d) Compensation of the Plan Administrator

The Plan Administrator shall be compensated from the Wind-down Account pursuant to the terms of the Plan Administrator Agreement. Plan Administrator Professionals shall be entitled to reasonable compensation for services rendered and reimbursement of expenses incurred from the Wind-down Account. The payment of the fees and expenses of the Plan Administrator and the Plan Administrator Professionals shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court; provided that any disputes related to such fees and expenses shall be brought before the Bankruptcy Court.

(e) Indemnification

The Liquidating Debtors shall indemnify and hold harmless (i) the Plan Administrator (solely in its capacity as such and in its capacity as officer and director of the Liquidating Debtors) and (ii) the Plan Administrator Professionals ((i) and (ii) collectively, the "Indemnified Parties"), from and against and with respect to any and all liabilities, losses, damages, claims, costs and expenses, including, but not limited to, attorneys' fees arising out of or due to their actions or omissions, or consequences of such actions or omissions, other than acts or omissions resulting from such Indemnified Party's bad faith, willful misconduct (including, without limitation, actual fraud) or gross negligence, with respect to the Liquidating Debtors or the implementation or administration of the Plan or Plan Administrator Agreement. To the extent an Indemnified Party asserts a claim for indemnification as provided above, the legal fees and related costs incurred by counsel to the Plan Administrator in monitoring and participating in the defense of such claims giving rise to the asserted right of indemnification shall be advanced to such Indemnified Party (and such Indemnified Party undertakes to repay such amounts if it ultimately shall be determined that such Indemnified Party is not entitled to be indemnified therefore) out of the Wind-down Account or any insurance purchased using the Wind-down Account. The indemnification provisions of the Plan Administrator Agreement shall remain available to and be binding upon any former Plan Administrator or the estate of any decedent of the Plan Administrator and shall survive the termination of the Plan Administrator Agreement.

(f) Insurance

The Plan Administrator shall be authorized to obtain and pay for out of the Wind-down Account all reasonably necessary insurance coverage for itself, its agents, representatives, employees or independent contractors, and the Liquidating Debtors, including, but not limited to, coverage with respect to (i) any property that is or may in the future become the property of the Liquidating Debtors or their Estates and (ii) the liabilities, duties and obligations of the Plan Administrator and its agents, representatives, employees or independent contractors under the Plan Administrator Agreement (in the form of an errors and omissions policy or otherwise), the latter of which insurance coverage may remain in effect for a reasonable period of time as determined by the Plan Administrator after the termination of the Plan Administrator Agreement.

5. Accounts and Reserves

(a) Professional Fee Reserve

On or before the Effective Date, the Debtors shall, in consultation with the Committee, create and fund the Professional Fee Reserve. The Cash so transferred shall not be used for any purpose other than to pay Allowed Professional Fee Claims. The Plan Administrator (i) shall segregate and shall not commingle the Cash held in the Professional Fee Reserve and (ii) subject to the terms and conditions of the Plan, shall pay each Allowed Professional Fee Claim on or as soon as reasonably practicable after the date such Claim becomes an Allowed Claim, upon entry of a Final Order allowing such Claim. After all Professional Fee Claims are Allowed or Disallowed and the Allowed amounts of such Claims are paid by the Plan Administrator, any remaining Cash in the Professional Fee Reserve shall be transferred to the Wind-down Account.

(b) Disputed Claims Reserve

On or before the Initial Distribution Date, the Debtors shall, in consultation with the Committee, create and fund the Disputed Claims Reserve in accordance with Section 8.4(b) of the Plan. Subject to Section 5.5(d), no payments made on account of Disputed Claims that become Allowed Claims after the Effective Date shall be made from any source other than the Disputed Claims Reserve.

(c) Wind-down Account

On or before the Effective Date, the Debtors shall create and fund with Cash the Wind-down Account in the amount necessary to fund the Wind-down Budget and the amount necessary to pay in full (or reserve for) accrued but unpaid Allowed Administrative Expense Claims (other than Professional Fee Claims), Allowed Priority Tax Claims and Other Allowed Priority Tax Claims. Any recovery of proceeds from the Liquidating Debtors' assets, including any Causes of Action, shall be deposited by the Plan Administrator into the Wind-down Account. From time to time, the Plan Administrator shall determine whether the Cash in the Wind-down Account exceeds the amount of Cash needed to fund the Wind-down Budget and pay in full (or reserve for) accrued but unpaid Allowed Administrative Expense Claims, Allowed Priority Tax Claims and Other Allowed Priority Tax Claims, and shall transfer any such excess Cash, first, to the extent any Allowed Professional Fee Claim remains unpaid, to the Professional Fee Reserve, and second, to the Disputed Claims Reserve (which Cash, for the avoidance of doubt, shall then be subject to potential distribution in connection with an Adjustment Distribution).

(d) Other Reserves and Modifications to Reserves

Subject to and in accordance with the provisions of the Plan Administrator Agreement and the Wind-down Budget, the Plan Administrator may establish and administer any other necessary reserves that may be required under the Plan or Plan Administrator Agreement. Notwithstanding anything to the contrary contained in the Plan, the Plan Administrator may make transfers of Cash between the accounts and reserves established hereunder to satisfy Claims and other obligations in accordance with the Plan and the Wind-down Budget.

D. Provisions Governing Distributions

1. Disbursing Agent

The Disbursing Agent shall make all Distributions required under the Plan, subject to the terms and provisions of the Plan. If the Disbursing Agent is an independent third party designated to serve in such capacity, such Disbursing Agent shall receive, without further Bankruptcy Court approval, reasonable compensation from the Wind-down Account for distribution services rendered pursuant to the Plan and reimbursement of reasonable actual and documented out-of-pocket expenses. No Disbursing Agent shall be required to give any bond or surety or other security for the performance of its duties.

2. Delivery of Distributions

(a) Timing

Subject to any reserves or holdbacks established pursuant to the Plan, on the appropriate Distribution Date or as soon as reasonably practicable thereafter, Holders of Allowed Claims against the Debtors shall receive the Distributions provided for Allowed Claims in the applicable Classes as of such date.

If and to the extent there are Disputed Claims as of the Effective Date, Distributions on account of such Disputed Claims (which will only be made if and when they become Allowed Claims) shall be made pursuant to the provisions set forth in the Plan on or as soon as reasonably practicable after the next Distribution Date that is at least twenty (20) calendar days after each such Claim is Allowed; provided that distributions on account of the Claims set forth in Article III of the Plan shall be made as set forth therein and Professional Fee Claims shall be made as soon as reasonably practicable after such Claims are Allowed or as provided in any other applicable Order. Because of the size and complexities of the Chapter 11 Cases, the Debtors at the present time cannot accurately predict the timing of the final Periodic Distribution Date.

(b) Delivery of Distributions in General

As to all Holders of Allowed Claims, Distributions shall only be made to the record Holders of such Allowed Claims as of the Distribution Record Date.

On the Distribution Record Date, at the close of business for the relevant register, all registers maintained by the Debtors, Liquidating Debtors, Plan Administrator, Disbursing Agent and each of the foregoing's respective agents, successors and assigns shall be deemed closed for purposes of determining whether a Holder of such a Claim is a record holder entitled to Distributions. The Debtors, Liquidating Debtors, Plan Administrator, Disbursing Agent and all of their respective agents, successors and assigns shall have no obligation to recognize, for purposes of distributions pursuant to or in any way arising from the Plan (or for any other purpose), any Claims that are transferred after the Distribution Record Date. Instead, they shall be entitled to recognize only those record holders set forth in the registers as of the Distribution Record Date, irrespective of the number of distributions made under the Plan or the date of such distributions. Furthermore, if a Claim is transferred twenty (20) or fewer calendar days before the Distribution Record Date, the Disbursing Agent or Indenture Trustee, as applicable, shall

make Distributions to the transferee only if the transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

If any dispute arises as to the identity of a Holder of an Allowed Claim that is entitled to receive a Distribution pursuant to the Plan, the Disbursing Agent may, in lieu of making such Distribution to such person, make the Distribution into an escrow account until the disposition thereof is determined by Final Order or by written agreement among the interested parties to such dispute.

Subject to Bankruptcy Rule 9010, a Distribution to a Holder of an Allowed Claim may be made by the Disbursing Agent, in its sole discretion: (i) to the address set forth on the first page of the Proof of Claim filed by such Holder (or at the last known address of such Holder if no Proof of Claim is filed or if the Debtors have been notified in writing of a change of address), (ii) to the address set forth in any written notice of an address change delivered to the Disbursing Agent after the date of any related Proof of Claim, (iii) to the address set forth on the Schedules, if no Proof of Claim has been filed and the Disbursing Agent has not received a written notice of an address change, (iv) in the case of a Holder whose Claim is governed by an agreement and administered by a servicer or other agent, to the address contained in the official records of such Entity or (v) to the address of any counsel that has appeared in the Chapter 11 Cases on such Holder's behalf.

(c) Delivery of Distributions – Allowed Notes Claims

Subject to the provisions of Section 5.1(c) of the Plan, as to Holders of Allowed Notes Claims and as a condition to receive any Distribution:

Distributions to Holders of Allowed Notes Claims. Notwithstanding any provision contained in the Plan to the contrary, the distribution provisions in the Indentures shall continue in effect and control solely to the extent necessary to authorize the Indenture Trustee to receive and distribute Distributions to the Holders of Allowed Notes Claims Distributions on account of Allowed Notes Claims pursuant to the Plan and shall terminate completely upon completion of all such Distributions.

Payments to be Made to Indenture Trustee. The Distributions to be made under the Plan to Holders of Allowed Notes Claims shall be made to the Indenture Trustee, which, subject to the right of the Indenture Trustee to assert its Indenture Trustee Charging Lien against such Distributions, shall transmit such Distributions to the Holders of such Allowed Notes Claims. The Indenture Trustee may transfer or direct the transfer of such Distributions through the facilities of DTC and will be entitled to recognize and deal for all purposes under the Plan with Holders of Allowed Notes Claims to the extent consistent with the customary practices of DTC.

(d) Allocation of Plan Distributions Between Principal and Interest

To the extent that any unsecured Claim entitled to a distribution under the Plan is based upon any obligation or instrument that is treated for U.S. federal income tax purposes as indebtedness of any Debtor and accrued but unpaid interest thereon, such distribution shall be allocated first to the principal amount of the Claim (as determined for federal income tax

purposes) and then, to the extent the consideration exceeds the principal amount of the Claim, to accrued but unpaid interest.

(e) Means of Cash Payment

Cash payments made pursuant to the Plan shall be in U.S. dollars and shall be made at the option and in the sole discretion of the Disbursing Agent by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Disbursing Agent. In the case of foreign creditors, Cash payments may be made, at the option of the Disbursing Agent, in such funds and by such means as are necessary or customary in a particular jurisdiction.

(f) Foreign Currency Exchange Rate

As of the Effective Date, any Claim asserted in a currency other than U.S. dollars shall be automatically deemed converted to the equivalent U.S. dollar value using the exchange rate on the Petition Date, as quoted at 4:00 p.m., mid-range spot rate of exchange for the applicable currency as published in *The Wall Street Journal*, National Edition, on the day after the Petition Date.

(g) Fractional Dollars

Any other provision of the Plan notwithstanding, the Disbursing Agent shall not be required to make Distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down.

(h) De Minimis Distributions

The Disbursing Agent shall not be required to make any Distributions to Holders of Allowed Claims (other than Allowed Administrative Claims and Allowed Priority Tax Claims) aggregating less than $50.00. Cash that otherwise would be payable under the Plan to Holders of Allowed Claims of a particular Class but for this Section 6.2(h) shall be available for Distributions to Holders of Allowed Claims of such Class.

Notwithstanding any other provision of the Plan, the Disbursing Agent shall have no obligation to make any distributions on any Periodic Distribution Date unless the sum of all distributions authorized to be made to all Holders of Allowed Claims on such Periodic Distribution Date exceeds $50,000 in value.

3. Undeliverable and Unclaimed or Non-negotiated Distributions

If the Distribution to any Holder of an Allowed Claim is returned to the Disbursing Agent as undeliverable or is otherwise unclaimed, no further Distributions shall be made to such Holder unless and until the Disbursing Agent is notified in writing of such Holder's then-current address and such Holder provides sufficient evidence of such address as may be requested by the Disbursing Agent, at which time all missed Distributions shall be made to such Holder without interest, subject to the time limitations set forth below. Amounts in respect of undeliverable

Distributions made by the Disbursing Agent shall be returned to the Plan Administrator until such Distributions are claimed.

Any Holder of an Allowed Claim that does not claim an undeliverable or unclaimed Distribution within ninety (90) days after the date such Distribution was returned undeliverable shall be deemed to have forfeited its Claim for such undeliverable or unclaimed Distribution and shall be forever barred and enjoined from asserting any such claim for an undeliverable or unclaimed Distribution against the Debtors and their Estates, the Liquidating Debtors, the Plan Administrator, the Disbursing Agent and each of the foregoing's respective agents, attorneys, representatives, employees or independent contractors, and/or any of its or their property. All title to and all beneficial interests in the Cash relating to such undeliverable or unclaimed Distribution, including any dividends or interest attributable thereto, shall revert to the Liquidating Debtors and such Cash shall be deposited in the Wind-down Account for distribution in accordance with the Plan. The reversion of such Cash shall be free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary. Nothing contained in the Plan or the Plan Administrator Agreement shall require the Debtors, the Liquidating Debtors, the Plan Administrator or any Disbursing Agent to attempt to locate any Holder of an Allowed Claim.

Checks issued on account of Allowed Claims shall be null and void if not negotiated within ninety (90) calendar days from and after the date of issuance thereof. Requests for reissuance of any check must be made directly and in writing to the Disbursing Agent by the Holder of the relevant Allowed Claim within the 90-calendar-day period. After such date, the relevant Allowed Claim (and any Claim for reissuance of the original check) shall be automatically discharged and forever barred, and all title to and all beneficial interests in the Cash represented by any such non-negotiated check, including any dividends or interest attributable thereto, shall revert to the Liquidating Debtors and such Cash shall be deposited in the Wind-down Account for distribution in accordance with the Plan. The reversion of such Cash shall be free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary.

4. Prepayment

Except as otherwise provided in the Plan or in the Confirmation Order, the Liquidating Debtors and the Plan Administrator, as applicable, shall have the right to prepay, without penalty, all or any portion of an Allowed Administrative Claim or Allowed Priority Tax Claim at any time.

5. Interest on Claims

Other than as provided by section 506(b) of the Bankruptcy Code or as specifically provided for in the Plan or the Confirmation Order, postpetition interest shall not accrue or be paid on Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim or right. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Claim or Disputed Claim for the period from and after the Effective Date.

6. Compliance Matters

In connection with the Plan and all Distributions thereunder, the Disbursing Agent or the Plan Administrator, as applicable, on behalf of the Liquidating Debtors, is authorized to take any and all actions that may be necessary or appropriate to comply with all withholding, payment and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all Allowed Claims and Distributions hereunder shall be subject to any such withholding and reporting requirements. All Holders of Claims shall be required to provide any information necessary to allow the Plan Administrator to comply with all withholding, payment and reporting requirements with respect to such Taxes. The Disbursing Agent or the Plan Administrator, as applicable, reserves the right to withhold the full amount required by law on any Distribution on account of any Holder of an Allowed Claim that fails to timely provide to the Disbursing Agent or the Plan Administrator the required information.

7. Setoff and Recoupment

Subject to the terms and conditions of the Plan Administrator Agreement, the Liquidating Debtors and/or the Plan Administrator may, but shall not be required to, set off or recoup against any Claim and the payment or other Distribution to be made under the Plan on account of such Claim, any and all claims, rights and Causes of Action of any nature whatsoever that the Debtors may have against the Holder thereof pursuant to the Bankruptcy Code or applicable non-bankruptcy law, provided that any such right of setoff that is exercised shall be allocated, first, to the principal amount of the related Claim, and thereafter to any interest portion thereof, but neither the failure to setoff or recoup nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors, the Liquidating Debtors or the Plan Administrator of any such Claim, right or Cause of Action that the Debtors or the Liquidating Debtors may have against such Holder.

8. Claims Paid or Payable by Third Parties

(a) Claims Paid by Third Parties

To the extent a Holder receives a Distribution on account of an Allowed Claim and also receives payment from a party that is not a Debtor or a Liquidating Debtor on account of such Claim, such Holder shall, within thirty (30) calendar days of receipt thereof, repay and/or return the Distribution to the Liquidating Debtors or the Plan Administrator, as applicable, to the extent the Holder's total recovery on account of such Claim from the third party and under the Plan exceeds the amount of the Claim as of the date of any such Distribution under the Plan.

A Claim may be adjusted or expunged on the claims register without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court to the extent that a Holder receives payment in full or in part on account of such Claim; provided that, to the extent the non-Debtor party making the payment is subrogated to the Holder's Claim, the non-Debtor party shall have a 30-calendar-day grace period following payment in full to notify the Claims Agent of such subrogation rights.

(b) Claims Payable by Third Parties

To the extent that one or more of the Debtors' insurers agrees (or if and to the extent any such insurer is required by a court or other tribunal of competent jurisdiction) to satisfy any Claim, then immediately upon such court or other tribunal determination or insurers' agreement, such Claim may be expunged (to the extent of any agreed-upon or determined satisfaction) on the claims register without a claims objection having to be filed and without any further notice to or action, order or approval of the Bankruptcy Court.

E. Allowance and Payment of Certain Administrative Claims

1. Professional Fee Claims

(a) Final Fee Applications

All final requests for payment of Professional Fee Claims (the "Final Fee Applications") must be filed no later than forty-five (45) calendar days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Such Final Fee Applications shall be filed with the Bankruptcy Court and served as required by the Case Management Order. Objections, if any, to Final Fee Applications must be filed with the Bankruptcy Court and served as required by the Case Management Order no later than fifteen (15) calendar days after such Final Fee Applications are filed. If no objections are timely filed and properly served as to a given Final Fee Application, or all timely objections are subsequently resolved, such Professional shall submit to the Bankruptcy Court for consideration a proposed order approving the Final Fee Application in the amount requested (or otherwise agreed), and the order may be entered without a hearing or further notice to any party.

The Allowed amounts of any Professional Fee Claims subject to unresolved timely objections shall be determined by the Bankruptcy Court at a hearing to be held no later than thirty (30) calendar days after the objection deadline. Distributions on account of Allowed Professional Fee Claims shall be made as soon as reasonably practicable after such Claims become Allowed or in accordance with any other applicable Order. The Allowed amounts of any Professional Fee Claims subject to unresolved timely filed and properly served objections shall be determined by the Bankruptcy Court at a hearing to be held no later than forty-five (45) calendar days after such Final Fee Applications are filed. Distributions on account of Allowed Professional Fee Claims shall be made as soon as reasonably practicable after such Claims become Allowed or in accordance with any other applicable Order.

Professionals shall be entitled to reasonable compensation and reimbursement of actual, necessary expenses for post-Confirmation Date activities, including the preparation, filing and prosecution of Final Fee Applications.

(b) Payment of Interim Amounts

Professionals shall be paid pursuant to the "Procedures for Monthly Fee Statements" set forth in the Interim Compensation Order with respect to all calendar months ending before the Confirmation Date and, for the month in which the Confirmation Date occurred, the Confirmation Date and the days prior to the Confirmation Date.

(c) Retention and Compensation of Professionals after the Effective Date

From and after the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code or any order previously entered by the Bankruptcy Court in seeking retention or compensation for services rendered or expenses incurred after such date shall terminate, and the Liquidating Debtors and the Plan Administrator may employ and pay all Professionals and Plan Administrator Professionals without any further notice to, action by or order or approval of the Bankruptcy Court or any other party.

2. Other Administrative Claims

(a) A notice setting forth the Administrative Claim Bar Date will be (i) filed on the Bankruptcy Court's docket and (ii) posted on the Debtors' Case Information Website. No other notice of the Administrative Claim Bar Date will be provided.

(b) All requests for payment of an Administrative Claim arising after the Petition Date, other than Professional Fee Claims and fees and charges assessed against the Estates pursuant to section 1930 of title 28 of the United States Code and/or section 3717 of title 31 of the United States Code (which shall be paid pursuant to Section 2.1 of the Plan) must be filed with the Claims Agent and served on counsel to the Liquidating Debtors and the Plan Administrator no later than the Administrative Claims Bar Date. Any requests for payment of Administrative Claims pursuant to Section 7.2(b) of the Plan that are not properly filed and served by the Administrative Claim Bar Date shall be disallowed automatically without the need for any objection from the Liquidating Debtors or the Plan Administrator or any action by the Bankruptcy Court.

(c) Unless the Plan Administrator or any other party in interest objects to a timely filed and properly served Administrative Claim by the Claims Objection Deadline, such Administrative Claim shall be deemed Allowed in the amount requested.

(d) In the event that the Plan Administrator or any other party in interest objects to an Administrative Claim, the parties may confer to try to reach a settlement and, failing that, the Bankruptcy Court shall determine whether such Administrative Claim should be Allowed and, if so, in what amount.

(e) The Plan Administrator, in its sole discretion, shall have the exclusive authority to settle Administrative Claims without further Bankruptcy Court approval.

F. Disputed Claims

1. Objections to Claims

(a) After the Effective Date, the Plan Administrator shall have the exclusive authority to object to all Claims; provided, however, that the Plan Administrator shall not be entitled to object to any Claim that has been expressly allowed by Final Order or under the Plan. In the event that any objection filed by the Debtors remains pending as of the Effective Date, the Plan Administrator shall be deemed substituted for the Debtors as the objecting party.

(b) Objections to Claims (other than Professional Fee Claims) shall be filed, served and administered in accordance with the Claims Objection Procedures Order, which shall remain

in full force and effect on and before the Claims Objection Deadline; provided that, on and after the Effective Date, filings and notices related to the Claims Objection Procedures Order need only be served on the relevant claimants and otherwise as required by the Case Management Order.

(c) The Plan Administrator shall be entitled to assert all of the Debtors' and Liquidating Debtors' rights, claims, defenses, offsets, rights of recoupment, setoffs, rights of disallowance, subrogation, recharacterization and/or equitable subordination and counterclaims with respect to Claims.

2. Resolution of Disputed Claims

On and after the Effective Date, the Plan Administrator shall have the sole authority to litigate, compromise, settle, otherwise resolve or withdraw any objections to all Claims, to compromise and settle any Claims and administer and adjust the claims register to reflect any such settlements or compromises, in each case, without notice to or approval by the Bankruptcy Court or any other party.

3. Estimation of Claims and Interests

The Plan Administrator may, in its sole discretion, determine, resolve and/or otherwise adjudicate all Contingent Claims, Unliquidated Claims and Disputed Claims in the Bankruptcy Court or such other court of the Plan Administrator's choice having jurisdiction over the validity, nature or amount thereof. The Plan Administrator may at any time request that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code for any reason or purpose, regardless of whether any of the Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection. The Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. If the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim or Disputed Claim, that estimated amount shall constitute the maximum limitation on such Claim and the Plan Administrator may pursue supplementary proceedings to object to the ultimate allowance of such Claim; provided that such limitation shall not apply to Claims requested to be estimated for voting purposes only.

All of the aforementioned objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court. Notwithstanding section 502(j) of the Bankruptcy Code, in no event shall any Holder of a Claim that has been estimated pursuant to section 502(c) of the Bankruptcy Code or otherwise be entitled to seek reconsideration of such Claim unless the Holder of such Claim has filed a motion requesting the right to seek such reconsideration on or before twenty (20) calendar days after the date such Claim is estimated by the Bankruptcy Court.

4. Payments and Distributions for Disputed Claims

(a) No Distributions Pending Allowance

Notwithstanding any other provision in the Plan or the Plan Administrator Agreement, no payments or distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim. To the extent that a Claim is not a Disputed Claim but is held by a Holder that is or may be liable to the Debtors or the Liquidating Debtors on account of a Cause of Action, no payments or Distributions shall be made with respect to all or any portion of such Claim unless and until such Claim and liability have been settled or withdrawn or have been determined by Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter.

(b) Disputed Claims Reserve

(1) On the Initial Distribution Date or as soon thereafter as is reasonably practicable, the Plan Administrator shall hold in reserve (the "Disputed Claims Reserve") the amount of Total Distributable Cash that the Plan Administrator determines would likely have been distributed to the Holders of all Disputed Claims as if such Disputed Claims had been Allowed on the Effective Date, with the amount of such Allowed Claims to be determined, solely for the purposes of establishing reserves and for maximum distribution purposes, to be the lesser of (a) the asserted amount of the Disputed Claim filed with the Bankruptcy Court as set forth in the non-duplicative Proof of Claim, or (if no proof of such Claim was filed) listed in the Schedules, (b) the amount, if any, estimated by the Bankruptcy Court pursuant to section 502(c) of the Bankruptcy Code or ordered by other order of the Bankruptcy Court and (c) the amount otherwise agreed to by the Plan Administrator and the Holder of such Disputed Claim for distribution purposes. With respect to all Disputed Claims that are unliquidated or contingent and for which no dollar amount is asserted on a Proof of Claim, the Debtors will reserve Cash adjusted from time to time equal to the amount reasonably determined by the Plan Administrator.

(2) The Disbursing Agent may, at the direction of the Plan Administrator, adjust the Disputed Claims Reserve to reflect all earnings thereon (net of any expenses relating thereto, such expenses including any Taxes imposed thereon or otherwise payable by the reserve), to be distributed on the Periodic Distribution Dates, as required by the Plan. The Disbursing Agent shall hold in the Disputed Claims Reserve all dividends, payments and other distributions made on account of, as well as any obligations arising from, the property held in the Disputed Claims Reserve, to the extent that such property continues to be so held at the time such Distributions are made or such obligations arise. The Taxes imposed on the Disputed Claims Reserve (if any) shall be paid by the Disbursing Agent from the property held in the Disputed Claims Reserve, and the Debtors, the Liquidating Debtors and the Plan Administrator shall have no liability for such Taxes.

(3) After any reasonable determination by the Plan Administrator that the Disputed Claims Reserve should be adjusted downward in accordance with Section 8.4(b)(i) of the Plan, the Disbursing Agent shall, at the direction of the Plan Administrator, effect a distribution in the amount of such adjustment as required by the Plan (an "Adjustment Distribution"), and any date of such Distribution shall be a Periodic Distribution Date.

(4) After all Disputed Claims have become either Allowed Claims or Disallowed Claims and all Distributions required pursuant to Section 8.4(c) of the Plan have been made, the Disbursing Agent shall, at the direction of the Plan Administrator, effect a final Distribution of the Cash remaining in the Disputed Claims Reserve so that each Holder of an Allowed Unsecured Claim shall have received, after giving effect to all prior Distributions made to such Allowed Unsecured Claim under the Plan, its respective Ratable Share of Total Distributable Cash allocable to such Allowed Unsecured Claim on or as soon as reasonably practicable after such final Periodic Distribution Date.

(5) It is expected that the Disbursing Agent will (A) make an election pursuant to United States Treasury Regulations section 1.468B-9 to treat the Disputed Claims Reserve as a "disputed ownership fund" within the meaning of that section and (B) allocate taxable income or loss to the Disputed Claims Reserve with respect to any taxable year that would have been allocated to the Holders of Disputed Claims had such Claims been Allowed on the Effective Date (but only for the portion of the taxable year with respect to which such Claims are Disputed Claims). The affected Holders of the Disputed Claims shall be bound by such election, if made by the Disbursing Agent. For federal income tax purposes and, to the extent permitted by applicable law, state and local income tax purposes, absent definitive guidance from the IRS or a contrary determination by a court of competent jurisdiction, the Disbursing Agent shall report consistently with the foregoing characterization. All affected Holders of Disputed Claims shall report, for income tax purposes, consistently with the foregoing.

(c) Distributions after Allowance

To the extent that a Disputed Claim becomes an Allowed Claim after the Effective Date, the Disbursing Agent will, out of the Disputed Claims Reserve, distribute to the Holder thereof the Distribution, if any, to which such Holder is entitled under the Plan in accordance with Section 6.2(a) of the Plan. Subject to Section 6.5 of the Plan, all Distributions made under Section 8.4(c) of the Plan on account of Allowed Claims will be made together with any dividends, payments or other distributions made on account of, as well as any obligations arising from, the distributed property, then held in the Disputed Claims Reserve as if such Allowed Claim had been an Allowed Claim on the dates Distributions were previously made to Holders of Allowed Claims in the applicable class under the Plan.

5. No Amendments to Claims

The Holder of a Claim must obtain prior authorization from the Bankruptcy Court or the Plan Administrator to amend a Claim. Any amended Claim filed without such prior authorization will not appear on the claims register and will be deemed Disallowed in full and expunged without any action required of the Debtors, Liquidating Debtors or Plan Administrator and without the need for any court order.

G. Treatment of Executory Contracts and Unexpired Leases

1. Rejected Contracts and Leases

Except as otherwise provided in the Plan, any order of the Bankruptcy Court or in any contract, instrument, release or other agreement or document entered into in connection with the

Plan, each of the Executory Contracts and Unexpired Leases to which any Debtor is a party shall be deemed automatically rejected by the applicable Debtor as of the Effective Date, unless such contract or lease (i) previously has been assumed or rejected by the Debtors, (ii) expired or terminated pursuant to its own terms, (iii) is the subject of a motion to assume or reject pending before the Bankruptcy Court as of the Confirmation Date or (iv) is identified on Exhibit B to the Plan as a contract or lease to be assumed; provided that nothing contained in the Plan shall constitute an admission by any Debtor that any such contract or lease is an Executory Contract or Unexpired Lease or that any Debtor or its successors and assigns has any liability thereunder; and, provided, further, that the Debtors reserve their right, at any time before the Confirmation Date, to assume any Executory Contract or Unexpired Lease that was not already rejected prior to the Confirmation Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejections described in this Section 9.1, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date.

2. Rejection Damages Bar Date

If the rejection of an Executory Contract or Unexpired Lease pursuant to Section 9.1 above gives rise to a Claim by the other party or parties to such Executory Contract or Unexpired Lease, such Claim shall be forever barred and shall not be enforceable against the applicable Debtor or its Estate, the Liquidating Debtors or their respective successors or properties unless a Proof of Claim is filed with the Bankruptcy Court and served on counsel for the Plan Administrator within thirty (30) days after service of notice of entry of the Confirmation Order. The Liquidating Debtors or the Plan Administrator may contest any such Claim in accordance with Section 8.1 of the Plan.

3. Assumed Contracts and Leases

Except as otherwise provided in the Confirmation Order, the Plan, the Plan Administrator Agreement or any other document entered into after the Petition Date or in connection with the Plan, the Confirmation Order shall constitute an order under section 365 of the Bankruptcy Code assuming, as of the Effective Date, those contracts and leases listed on Exhibit B to the Plan; provided that the Debtors may amend such Exhibit at any time prior to the Confirmation Date; provided, further, that listing an agreement on such Exhibit shall not constitute an admission by a Debtor that such agreement is an Executory Contract or Unexpired Lease or that any Debtor has any liability thereunder.

Any monetary amounts by which each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan is in default, if any, shall be satisfied, under section 365(b)(1) of the Bankruptcy Code, by Cure, with such Cure being provided by, at the option of the Liquidating Debtors or the Plan Administrator, either (x) the applicable Debtor or (y) the assignee to whom such Executory Contract or Unexpired Lease is being assigned.

If there is a dispute regarding (a) the nature or amount of any Cure, (b) the ability of the Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract or Unexpired Lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur following the entry of a Final Order resolving the dispute and approving the assumption or

assumption and assignment, as the case may be; provided that if there is a dispute as to the amount of Cure that cannot be resolved consensually among the parties, the Liquidating Debtors or the Plan Administrator, as applicable, shall have the right to reject the Executory Contract or Unexpired Lease for a period of five (5) calendar days after entry of a Final Order establishing a Cure amount in excess of that proposed by the Debtors. The Confirmation Order, if applicable, shall contain provisions providing for notices of proposed assumptions and proposed Cure amounts to be sent to applicable third parties and for procedures for objecting thereto (which shall provide not less than twenty (20) calendar days' notice of such procedures and any deadlines pursuant thereto) and resolution of disputes by the Bankruptcy Court.

4. Indemnification Obligations

Any obligations of the Debtors pursuant to their corporate charters and bylaws or agreements, including amendments, entered into any time prior to the Effective Date, to indemnify, reimburse or limit the liability of any Person pursuant to the Debtors' certificates of incorporation, bylaws, policy of providing employee indemnification, applicable state law or specific agreement in respect of any claims, demands, suits, causes of action or proceedings against such Persons, in each case, based upon any act or omission related to such Persons' service with, for or on behalf of the Debtors prior to the Effective Date with respect to all present and future actions, suits and proceedings relating to the Debtors shall survive Confirmation and, except as set forth herein, remain unaffected thereby, and shall not be discharged, irrespective of whether such defense, indemnification, reimbursement or limitation of liability accrued or is owed in connection with an occurrence before or after the Petition Date; provided that all obligations under this Section 9.4 shall be limited solely to available insurance coverage and neither the Liquidating Debtors nor the Plan Administrator nor any of their assets shall be liable for any such obligations. Any Claim based on the Debtors' obligations set forth in this Section 9.4 shall not be a Disputed Claim or subject to any objection in either case by reason of section 502(e)(1)(B) of the Bankruptcy Code. This provision for indemnification obligations shall not apply to or cover any Claims or Causes of Action against a Person that result in a Final Order determining that such Person seeking indemnification is liable for fraud, willful misconduct, gross negligence, bad faith, self-dealing or breach of the duty of loyalty.

5. Modifications, Amendments, Supplements, Restatements or Other Agreements

Unless otherwise provided by the Plan or by separate order of the Bankruptcy Court, each Executory Contract and Unexpired Lease that is assumed, whether or not such Executory Contract or Unexpired Lease relates to the use, acquisition or occupancy of real property, shall include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such Executory Contract or Unexpired Lease and (ii) all contracts or leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been previously or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

Modifications, amendments, supplements and restatements to prepetition contracts and leases that have been executed by the Debtors during the Chapter 11 Cases and actions taken in accordance therewith (i) do not alter in any way the prepetition nature of the contracts and leases, or the validity, priority or amount of any Claims against the Debtors that may arise under the same, (ii) are not and do not create postpetition contracts or leases, (iii) do not elevate to administrative expense priority any Claims of the counterparties to the contracts and leases against any of the Debtors and (iv) do not entitle any Entity to a Claim under any section of the Bankruptcy Code on account of the difference between the terms of any prepetition contract or lease and subsequent modifications, amendments, supplements or restatements.

H. Conditions Precedent to Confirmation and Consummation of the Plan

1. Condition to Confirmation

The following is a condition precedent to confirmation of the Plan, which must be satisfied or waived in accordance with Section 10.3 of the Plan:

(a) the Confirmation Order shall be entered.

2. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Section 10.3 of the Plan:

(a) the Confirmation Order shall not then be stayed pending appeal, vacated or reversed and shall not have been amended without the agreement of the Debtors;

(b) the Professional Fee Reserve, the Disputed Claims Reserve and the Wind-down Account shall have been funded in Cash in full;

(c) the Plan Administrator Agreement shall have been executed by the parties thereto, and the Plan Administrator shall have been appointed and assumed its rights and responsibilities under the Plan and the Plan Administrator Agreement, as applicable; and

(d) all actions, documents and agreements necessary to implement the provisions of the Plan to be effectuated on or prior to the Effective Date shall have been effected or executed and delivered, and all conditions precedent contained in any of the foregoing shall have been satisfied or waived.

3. Waiver of Conditions to Effectiveness

The Debtors may waive any of the conditions set forth in Section 10.1 and 10.2 of the Plan at any time, with the consent of the Committee (which consent shall not be unreasonably withheld), without any notice to other parties in interest or the Bankruptcy Court and without any formal action other than proceeding to confirm and/or consummate the Plan. The failure to

satisfy any condition before the Confirmation Date or the Effective Date may be asserted by the Debtors as a reason not to seek Confirmation or declare an Effective Date, regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtors, in their sole discretion). The failure of the Debtors to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

I. Effects of Confirmation

1. Revesting of Assets

Except as expressly provided elsewhere in the Plan or the Confirmation Order, on the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property (including all interests, rights and privileges related thereto) of each of the Debtors shall vest in each of the respective Liquidating Debtors free and clear of all Claims, Liens, encumbrances, charges and other interests. All Liens, Claims, encumbrances, charges, Interests and other interests shall be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Plan or the Confirmation Order.

2. Compromise and Settlement of Claims and Controversies

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the classification, Distributions, releases and other benefits provided pursuant to the Plan, on the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Interests and controversies resolved pursuant to the Plan or relating to the contractual, legal and subordination rights that a Holder of a Claim or Interest may have with respect to any Claim or Interest, or any Distribution to be made on account of such Claim or Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and Holders of Claims and Interests and is fair, equitable and reasonable.

3. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors, all present and former Holders of Claims or Interests, whether or not such Holders shall receive or retain any property or interest in property under the Plan, and the respective successors and assigns of each of the foregoing, including, but not limited to, the Liquidating Debtors, the Plan Administrator and all other parties in interest in the Chapter 11 Cases.

4. Effects of Confirmation

No Holder may, on account of a Claim or Interest, seek or receive any payment or other distribution from, or seek recourse against, any Debtor or its respective successors, assigns and/or property, except as expressly provided in the Plan.

5. Release of Liens

Except as otherwise provided herein or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released, settled, discharged and compromised, and all rights, titles and interests of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall revert to the Liquidating Debtors and their successors and assigns. The Liquidating Debtors or the Plan Administrator, as applicable, shall be authorized to file any necessary or desirable documents to evidence such release in the name of the party secured by such pre-Effective Date mortgages, deeds of trust, Liens, pledges or other security interests.

6. Releases and Discharges

The releases and discharges of Claims and causes of action described in the Plan, including releases by the Debtors and by Holders of Claims, constitute good faith compromises and settlements of the matters covered thereby and are consensual. Such compromises and settlements are made in exchange for consideration, are in the best interests of Holders of Claims, are fair, equitable, reasonable and are integral elements of the resolution of the Chapter 11 Cases in accordance with the Plan. Each of the discharge, release, indemnification and exculpation provisions set forth in the Plan, (a) is within the jurisdiction of the Bankruptcy Court under sections 1334(a), 1334(b) and 1334(e) of title 28 of the United States Code, (b) is an essential means of implementing the Plan, (c) is an integral and non-severable element of the transactions incorporated into the Plan, (d) confers a material benefit on, and is in the best interests of, the Debtors and their Estates and Holders of Claims, (e) is important to the overall objectives of the Plan to finally resolve all Claims among or against the parties in interest in the Chapter 11 Cases with respect to the Debtors, (f) is fair, equitable and reasonable and in exchange for good and valuable consideration and (g) is consistent with sections 105, 1123, 1129 and other applicable provisions of the Bankruptcy Code.

7. **Discharge and Injunction**

(a) Except as otherwise specifically provided in the Plan or the Confirmation Order, the rights afforded in the Plan and the payments and Distributions to be made hereunder shall discharge all existing debts and Claims, and shall terminate all Interests of any kind, nature or description whatsoever against or in the Debtors or interests in any of their assets or properties to the fullest extent permitted by section 1141 of the Bankruptcy Code. Except as otherwise specifically provided in the Plan or the Confirmation Order, upon the Effective Date, all existing Claims against the Debtors and Interests in the Debtors shall be, and shall be deemed to be, discharged and terminated, and all Holders of Claims and/or Interests (and all representatives, trustees or agents on behalf of each such Holder) shall be precluded and enjoined from asserting against the Liquidating Debtors, their successors or assignees, or any of their assets or properties, any other or further Claim or Interest based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date, whether or not such Holder has filed a Proof of Claim and whether or not the facts or legal bases therefore were known or existed prior to the Effective Date. The Confirmation Order shall be a judicial determination of the discharge of all Claims against, liabilities of and Interests in the Debtors, subject to the occurrence of the Effective Date.

(b) Upon the Effective Date and in consideration of the Distributions to be made hereunder, except as otherwise specifically provided in the Plan or the Confirmation Order, each Holder (as well as any representatives, trustees or agents on behalf of each Holder) of a Claim or Interest and any Affiliate of such Holder shall be deemed to have forever waived, released and discharged the Debtors, to the fullest extent permitted by section 1141 of the Bankruptcy Code, of and from any and all Claims, Interests, rights and liabilities that arose prior to the Effective Date. Upon the Effective Date, all such Persons shall be forever precluded and enjoined, pursuant to section 524 of the Bankruptcy Code, from prosecuting or asserting any such discharged Claim against, or terminated Interest in, the Debtors.

(c) Except as otherwise specifically provided in the Plan or the Confirmation Order, all Persons or Entities who have held, hold or may hold Claims or Interests and all other parties in interest, along with their respective present or former employees, agents, officers, directors, principals, representatives and Affiliates, are permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any such Claim (including, without limitation, a Section 510(b) Claim) against or Interest in the Debtors, the Liquidating Debtors or property of any Debtors or Liquidating Debtors, other than to enforce any right to a Distribution pursuant to the Plan, (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors, the Liquidating Debtors or property of any Debtor or Liquidating Debtor, other than to enforce any right to a Distribution pursuant to the Plan, (iii) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Liquidating Debtors or against the property or interests in property of the Debtors or Liquidating Debtors other than to enforce any right to a Distribution pursuant to the Plan or (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from the Debtors or Liquidating Debtors or against the property or interests in property of the Debtors or Liquidating Debtors, with respect to any such Claim or Interest. Such injunction shall extend to any successors or assignees of the Debtors and Liquidating Debtors and their respective properties and interests in properties.

8. **Term of Injunction or Stays**

Unless otherwise provided herein, any injunction or stay arising under or entered during the Chapter 11 Cases under section 105 or 362 of the Bankruptcy Code or otherwise that is in existence on the Confirmation Date shall remain in full force and effect until the later of the Effective Date and the date indicated in the order providing for such injunction or stay.

9. **Releases by the Debtors**

Pursuant to section 1123(b) of the Bankruptcy Code, and except as otherwise specifically provided in the Plan (including Section 11.13 of the Plan) or the Confirmation Order, on and after the Effective Date, for good and valuable consideration, including their cooperation and contributions to these Chapter 11 Cases, the Released Parties shall be deemed released and discharged by the Debtors, the Liquidating Debtors, the Estates and

the Plan Administrator from any and all Claims, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws, or otherwise, including any Claims or Causes of Action with respect to Avoidance Actions, Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that the Debtors, the Liquidating Debtors, the Estates, the Plan Administrator or their Affiliates would have been legally entitled to assert in their own right (whether individually or collectively) or on behalf of a Holder or other Entity or that any Holder or other Entity would have been legally entitled to assert derivatively for or on behalf of the Debtors, the Liquidating Debtors, the Estates or the Plan Administrator based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Liquidating Debtors, the Plan Administrator, the Chapter 11 Cases, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed Executory Contract or Unexpired Lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the Plan Administrator Agreement, the marketing and/or sale of the Debtors' assets and/or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than Claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted bad faith, willful misconduct (including, without limitation, actual fraud) or gross negligence; provided that if any Released Party directly or indirectly brings or asserts any Claim or Cause of Action that has been released or is contemplated to be released pursuant to the Plan in any way arising out of or related to any document or transaction that was in existence prior to the Effective Date against any other Released Party, then the release set forth in Section 11.9 of the Plan shall automatically and retroactively be null and void ab initio with respect to the Released Party bringing or asserting such Claim or Cause of Action; provided, further, that the immediately preceding proviso shall not apply to (i) any action by a Released Party in the Bankruptcy Court (or any other court determined to have competent jurisdiction), including any appeal therefrom, to prosecute the amount, priority or secured status of any prepetition or ordinary course Administrative Claim against the Debtors or (ii) any release or indemnification provided for in any settlement or granted under any other court order, provided that, in the case of (i) and (ii), the Debtors shall retain all defenses related to any such action.

10. **Voluntary Releases by Holders of Claims and Interests**

Except as otherwise specifically provided in the Plan or the Confirmation Order, on and after the Effective Date, for good and valuable consideration, Holders that (i) are deemed to have accepted the Plan or (ii) vote to accept or reject the Plan and do not elect (as permitted on the Ballots) to opt out of the releases contained in this paragraph shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever, released and discharged the Released Parties from any and all Claims, interests, obligations, debts, rights, suits, damages, Causes of Action, remedies and liabilities whatsoever, whether

known or unknown, foreseen or unforeseen, asserted or unasserted, existing or hereinafter arising, in law, equity or otherwise, whether for tort, fraud, contract, violations of federal or state laws, or otherwise, including those Avoidance Actions, Causes of Action based on veil piercing or alter-ego theories of liability, contribution, indemnification, joint liability or otherwise that such entity would have been legally entitled to assert (whether individually or collectively), based on or relating to, or in any manner arising from, in whole or in part, the Debtors, the Liquidating Debtors, the Estates, the Plan Administrator, the liquidation, the Chapter 11 Cases, the subject matter of, or the transactions or events giving rise to, any Claim or Interest that is treated in the Plan, the business or contractual arrangements between any Debtor and any Released Party excluding any assumed Executory Contract or Unexpired Lease, the restructuring of Claims and Interests prior to or in the Chapter 11 Cases, the negotiation, formulation or preparation of the Plan, the Disclosure Statement, the Plan Supplement, the Plan Administrator Agreement, the marketing and/or sale of the Debtors' assets and/or, in each case, related agreements, instruments or other documents, or upon any other act or omission, transaction, agreement, event or other occurrence taking place on or before the Effective Date, other than claims or liabilities arising out of or relating to any act or omission of a Released Party that is determined in a Final Order to have constituted bad faith, willful misconduct (including, without limitation, actual fraud) or gross negligence; provided that any Released Party that is a holder of a Claim that elects to opt out of the releases contained in this paragraph shall not receive the benefit of the releases set forth in this paragraph (even if for any reason otherwise entitled).

11. **Exculpation**

Pursuant to the Plan, and except as otherwise specifically provided in the Plan or the Confirmation Order, none of the Released Parties shall have or incur any liability to any holder of a Claim, Interest or Cause of Action for any act or omission in connection with, related to or arising out of, the Chapter 11 Cases, the marketing and/or sale of the Debtors' assets, the negotiation of any settlement or, agreement, contract, instrument, release or document created or entered into in connection with the Plan or in the Chapter 11 Cases (including the Plan Supplement, the Plan Administrator Agreement, and, in each case, any documents related thereto), the pursuit of confirmation of the Plan, the consummation of the Plan, the preparation and distribution of the Disclosure Statement, any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the liquidation of the Debtors and/or the administration of the Plan or the property to be distributed under the Plan, except for any act or omission that is determined in a Final Order to have constituted bad faith, willful misconduct (including, without limitation, actual fraud) or gross negligence. Each Released Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan.

12. **Injunction**

Except as otherwise specifically provided in the Plan or the Confirmation Order, all Persons and Entities who have held, hold or may hold Claims, Interests, Causes of Action, equity interests or liabilities that: (1) are subject to compromise and settlement pursuant to the terms of the Plan; (2) have been released pursuant to Section 11.9 of the Plan; (3) have

been released pursuant to Section 11.10 of the Plan; (4) are subject to exculpation pursuant to Section 11.11 of the Plan, including exculpated claims (but only to the extent of the exculpation provided in Section 11.11 of the Plan); or (5) are otherwise stayed or terminated pursuant to the terms of the Plan, are permanently enjoined and precluded, from and after the Effective Date, from: (a) commencing or continuing in any manner any action or other proceeding of any kind, whether directly, derivatively or otherwise, including on account of any Claim, Interest, Cause of Action, equity interest or liability that has been compromised or settled against any Released Party (or the property or estate of any Released Party) on account of or in connection with or with respect to any released, settled, compromised, or exculpated Claim, Interest, Cause of Action, equity interest or liability; (b) enforcing, attaching, collecting or recovering by any manner or means any judgment, award, decree or order against any Released Party or its property on account of or in connection with or with respect to any such released, settled, compromised or exculpated Claim, Interest, Cause of Action, equity interest or liability; (c) creating, perfecting or enforcing any Lien, Claim or encumbrance of any kind against any Released Party or its property on account of or in connection with or with respect to any such released, settled, compromised or exculpated Claim, Interest, Cause of Action, equity interest or liability; (d) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due from any Released Party or its property on account of or in connection with or with respect to any such released, settled, compromised or exculpated Claims, interests, Causes of Action, Interests or liabilities (unless such holder has filed a timely Proof of Claim with the Bankruptcy Court preserving the right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise); and (e) commencing or continuing in any manner any action or other proceeding of any kind against any Released Party or its property on account of or in connection with or with respect to any such released, settled, compromised or exculpated Claim, Interest, Cause of Action, equity interest or liability released, settled or compromised pursuant to the Plan; provided that nothing contained herein shall preclude a Person or Entity from obtaining benefits directly and expressly provided to such Person or Entity pursuant to the terms of the Plan; provided, further, that nothing contained herein shall be construed to prevent any Person or Entity from defending against claims objections or collection actions whether by asserting a right of setoff or otherwise to the extent permitted by law.

13. Preservation of Causes of Action

(a) Except as expressly provided in this Article 11 or the Confirmation Order, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action, including Avoidance Actions, that the Debtors, the Liquidating Debtors, the Estates or the Plan Administrator may have or that the Liquidating Debtors or the Plan Administrator may choose to assert under any provision of the Bankruptcy Code or any applicable non-bankruptcy law, including, without limitation,(i) any and all Causes of Action, including Avoidance Actions, or Claims against any Person or Entity, to the extent such Person or Entity asserts a cross-claim, counterclaim and/or claim for setoff that seeks affirmative relief against the Debtors or the Liquidating Debtors or their officers, directors or representatives or (ii) the turnover of any property of the Estates.

(b) Except as expressly provided in this Article 11 or the Confirmation Order, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights or Causes of Action, including Avoidance Actions, that the Debtors had immediately prior to the Petition Date or the Effective Date against or regarding any Claim. The Liquidating Debtors and the Plan Administrator shall have, retain, reserve and be entitled to assert all such rights and Causes of Action as fully as if the Chapter 11 Cases had not been commenced, and all of the Liquidating Debtors' legal and equitable rights respecting any Claim may be asserted after the Confirmation Date to the same extent as if the Chapter 11 Cases had not been commenced.

(c) Except as expressly provided in this Article 11 or the Confirmation Order, nothing contained in the Plan or the Confirmation Order shall be deemed to release any post-Effective Date obligations of any party under the Plan, or any document, instrument or agreement (including those set forth in the Plan Supplement) executed to implement the Plan.

14. Compromise and Settlement of Claims and Controversies

Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute a good faith compromise of all Claims, Causes of Action and controversies relating to the contractual, legal and subordination rights that a Holder may have relating to any Allowed Claim, or any Distribution to be made on account of such an Allowed Claim. Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the benefits provided under the Plan and as a mechanism to effect a fair distribution of value to the Debtors' constituencies, except as set forth in the Plan, the provisions of the Plan shall also constitute a good faith compromise of all Claims, Causes of Action and controversies by any Debtor against any other Debtor. In each case, the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims or controversies and the Bankruptcy Court's finding that such compromise or settlement is in the best interests of the Debtors, their Estates and the holders of such Claims, Causes of Action and controversies and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice or action, order or approval of the Bankruptcy Court, the Debtors may compromise and settle Claims against them and Causes of Action against other Entities, in their sole discretion, and after the Effective Date, such right shall pass to the Liquidating Debtors.

J. Retention of Jurisdiction

Under sections 105(a) and 1142 of the Bankruptcy Code, and notwithstanding entry of the Confirmation Order, substantial consummation of the Plan and occurrence of the Effective Date, on and after the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases, the Plan and the Plan Administrator Agreement to the fullest extent permitted by law, including, among other things, jurisdiction to:

1. To the extent not otherwise determined by the Plan, determine (i) the allowance, classification or priority of Claims upon objection by any party in interest entitled to file an objection and (ii) the validity, extent, priority and nonavoidability of consensual and nonconsensual Liens and other encumbrances against assets or property of the Estates and/or the Liquidating Debtors;

2. Issue injunctions or take such other actions or make such other orders as may be necessary or appropriate to restrain interference with the Plan or its execution or implementation by any Entity or Person, construe and to take any other action to enforce and execute the Plan, the Confirmation Order or any other order of the Bankruptcy Court, issue such orders as may be necessary for the implementation, execution, performance and consummation of the Plan and all matters referred to herein, and determine all matters that may be pending before the Bankruptcy Court in the Chapter 11 Cases on or before the Effective Date with respect to any Entity or Person;

3. Recover and protect the assets or property of the Estates and/or the Liquidating Debtors, wherever located, including Causes of Action, from claims against, or interference with, such assets or property, including actions to quiet or otherwise clear title to such property or to resolve any dispute concerning Liens or other encumbrances on any such assets or property;

4. Determine any and all applications for allowance of Professional Fee Claims;

5. Resolve any dispute arising under or related to the implementation, execution, consummation or interpretation of the Plan and the making of Distributions hereunder;

6. Determine any and all motions related to the rejection, assumption or assignment of Executory Contracts or Unexpired Leases and the allowance of Cure amounts and Claims resulting therefrom and determine any issues arising from the deemed rejection of Executory Contracts and Unexpired Leases set forth in Article IX of the Plan;

7. Except as otherwise provided herein, determine all applications, motions, adversary proceedings, contested matters, actions and any other litigated matters instituted in and prior to the closing of the Chapter 11 Cases, including any remands;

8. Enter an order closing each of the Chapter 11 Cases;

9. Modify the Plan under section 1127 of the Bankruptcy Code, remedy any defect, cure any omission or reconcile any inconsistency in the Plan or the Confirmation Order so as to carry out their intent and purposes;

10. Issue such orders in aid of consummation of the Plan and the Confirmation Order notwithstanding any otherwise applicable non-bankruptcy law, with respect to any Entity or Person, to the full extent authorized by the Bankruptcy Code;

11. Determine any Tax liability pursuant to section 505 of the Bankruptcy Code;

12. Enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated;

13. Resolve any disputes concerning whether an Entity or Person had sufficient notice of the Chapter 11 Cases, the applicable Bar Date, the hearing to consider approval of the Disclosure Statement or the Confirmation Hearing or for any other purpose;

14. Resolve any dispute or matter arising under or in connection with any order of the Bankruptcy Court entered in the Chapter 11 Cases;

15. Authorize, as may be necessary or appropriate, sales of assets as necessary or desirable and resolve objections, if any, to such sales;

16. Resolve any disputes concerning any release, discharge, injunction, exculpation or other waiver or protection provided in the Plan;

17. Approve, if necessary, any Distributions, or objections thereto, under the Plan;

18. Approve, as may be necessary or appropriate, any Claim settlement entered into or offset exercised by the Plan Administrator;

19. Resolve any dispute or matter arising under or in connection with the Plan Administrator Agreement;

20. Order the production of documents, disclosures or information, or to appear for deposition demanded pursuant to Bankruptcy Rule 2004; and

21. Determine any other matters that may arise in connection with or are related to the Plan, the Disclosure Statement, the Confirmation Order or any other contract, instrument, release or other agreement or document related to the Plan, the Disclosure Statement or the Plan Supplement; and

22. Determine such other matters, and for such other purposes, as may be provided in the Confirmation Order or that are not inconsistent with the Bankruptcy Code.

Notwithstanding the foregoing, if the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising in, arising under or related to the Chapter 11 Cases, the provisions of Article XI of the Plan shall

have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having jurisdiction with respect to such matter.

K. Miscellaneous Provisions

1. Modifications and Amendments

(a) The Debtors may alter, amend or modify the Plan, including the Plan Supplement, under section 1127(a) of the Bankruptcy Code at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of the Plan as defined in section 1101(2) of the Bankruptcy Code, the Debtors may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order relating to such matters as may be necessary to carry out the purposes and effects of the Plan.

(b) Before the Effective Date, the Debtors may make appropriate adjustments and modifications to the Plan, including the Plan Supplement, without further order or approval of the Bankruptcy Court; provided that such adjustments and modifications do not materially and adversely affect the treatment of Holders of Claims or Interests.

2. Revocation or Withdrawal of the Plan and Effects of Non-occurrence of the Confirmation Date or the Effective Date

The Debtors reserve the right to revoke, withdraw or delay consideration of the Plan as to any or all of the Debtors prior to the Confirmation Date and to file subsequent plans. If the Plan is revoked, withdrawn or delayed as to fewer than all of the Debtors, such revocation, withdrawal or delay shall not affect the enforceability of the Plan as it relates to the Debtors for which the Plan is not revoked, withdrawn or delayed. If the Debtors revoke or withdraw the Plan as to any or all of the Debtors, or if Confirmation or consummation of the Plan as to any or all of the Debtors does not occur, then, with respect to such Debtors, (a) the Plan shall be null and void in all respects; (b) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by the Plan and any document or agreement executed pursuant to the Plan, shall be deemed null and void; and (c) nothing contained in the Plan, and no acts taken in preparation for consummation of the Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person or (iii) constitute an admission of any sort by such Debtors or any other Person.

If the Effective Date does not occur, the Bankruptcy Court shall retain jurisdiction over any request to extend the deadline for assuming or rejecting Executory Contracts and Unexpired Leases.

3. Severability of Plan Provisions

If any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, then the Bankruptcy Court, at the request of the Debtors, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent

practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

4. Successors and Assigns

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

5. Payment of Statutory Fees

All fees payable through the Effective Date pursuant to 28 U.S.C. § 1930 shall be paid on or as soon as practicable after the Effective Date. The Debtors, prior to the Effective Date, and the Plan Administrator, on behalf of the Liquidating Debtors, from and after the Effective Date, shall pay U.S. Trustee Fees in accordance with 28 U.S.C. § 1930 until the Chapter 11 Cases are closed or converted and/or the entry of final decrees.

6. Exemption from Transfer Taxes and Recording Fees

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of notes or equity securities under the Plan, the creation, the filing or recording of any mortgage, deed of trust or other security interest, the making, assignment, filing or recording of any lease or sublease, the transfer of title to or ownership of any of the Debtors' interests in any property, or 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 agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any document recording tax, stamp tax, sales and use tax, conveyance fee, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment in the United States. The Confirmation Order shall direct the appropriate federal, 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.

7. Expedited Tax Determination

The Liquidating Debtors or the Plan Administrator may request an expedited determination of taxes under section 505(b) of the Bankruptcy Code for all returns filed for or on behalf of such Debtors or Liquidating Debtors for all taxable periods ending on or before the Effective Date.

8. Claims Against Other Debtors

Nothing in the Plan or the Disclosure Statement or any document or pleading filed in connection therewith shall constitute or be deemed to constitute an admission that any of the Debtors are subject to or liable for any Claim against any other Debtor.

9. Substantial Consummation

On the Effective Date, the Plan shall be deemed to be substantially consummated under sections 1101 and 1127(b) of the Bankruptcy Code.

10. Section 1125 of the Bankruptcy Code

As of and subject to the occurrence of the Confirmation Date: (a) the Debtors shall be deemed to have solicited acceptances of the Plan in good faith and in compliance with the applicable provisions of the Bankruptcy Code, including, without limitation, sections 1125(a) and 1125(e) of the Bankruptcy Code, and any applicable non-bankruptcy law, rule or regulation governing the adequacy of disclosure in connection with such solicitation and (b) the Debtors and each of their respective Affiliates, agents, directors, officers, employees, advisors and attorneys shall be deemed to have participated in good faith and in compliance with the applicable provisions of the Bankruptcy Code and, therefore, are not, and on account of such solicitation will not be, liable at any time for any violation of any applicable law, rule or regulation governing the solicitation of acceptances or rejections of the Plan.

11. Service of Documents

Any notice, request or demand required or permitted to be made or provided to or upon a Debtor, a Liquidating Debtor or the Plan Administrator shall be (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service or (iv) facsimile transmission, (c) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed and (d) addressed as follows:

The Debtors and the Liquidating Debtors:

Davis Polk & Wardwell LLP
Attn: Marshall S. Huebner
Brian M. Resnick
Michelle M. McGreal
450 Lexington Avenue
New York, NY 10017
Facsimile: (212) 701-5800
Email: jrcc.service@davispolk.com

-and-

Hunton & Williams LLP
Attn: Tyler P. Brown
Henry P. Long III
Justin F. Paget
Riverfront Plaza, East Tower
951 East Byrd Street
Richmond, VA 23219
Facsimile: (804) 788-8218
Email: tpbrown@hunton.com
hlong@hunton.com
jpaget@hunton.com

Plan Administrator:

[Name]
[Address]
Telephone:
Facsimile:

12. Plan Supplement(s)

Exhibits to the Plan not attached to the Plan shall be filed in one or more Plan Supplements by the Plan Supplement Filing Date, which Plan Supplement(s) may be altered, modified or amended in accordance with Section 13.1 of the Plan. Any Plan Supplement (and amendments thereto) filed by the Debtors shall be deemed an integral part of the Plan and shall be incorporated by reference as if fully set forth herein. Substantially contemporaneously with their filing, the Plan Supplement(s) may be viewed at the Debtors' Case Information Website or the Bankruptcy Court's Website. Copies of case pleadings, including the Plan Supplement(s), also may be examined between the hours of 8:00 a.m. and 4:00 p.m., Monday through Friday, excluding federal holidays, at the Office of the Clerk of the Court, 701 East Broad Street, Suite 4000, Richmond, VA 23219.

13. Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless the Bankruptcy Court shall enter the Confirmation Order. Before the Effective Date, none of the filing of the Plan, any statement or provision contained herein or the taking of any action by the Debtors related to the Plan shall be or shall be deemed to be an admission or waiver of any rights of the Debtors of any kind, including as to the Holders of Claims against or Interests in the Debtors or as to any treatment or classification of any contract or lease.

14. Further Assurances

The Debtors, the Liquidating Debtors, the Plan Administrator and all Holders receiving Distributions hereunder and all other parties in interest may and shall, from time to time, prepare,

execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

15. Case Management Order

Except as otherwise provided herein, the Case Management Order shall remain in full force and effect, and all Court Papers (as defined in the Case Management Order) shall be filed and served in accordance with the procedures set forth in the Case Management Order; provided that, on and after the Effective Date, Court Papers need only be served on (i) Davis Polk & Wardwell LLP, 450 Lexington Avenue, New York, New York 10017, Attn: Marshall S. Huebner and Brian M. Resnick and (ii) Hunton & Williams LLP, Riverfront Plaza, East Tower, 951 East Byrd Street, Richmond, Virginia 23219, Attn: Tyler P. Brown; provided, further, that final requests for payment of Professional Fee Claims filed pursuant to Section 7.1 of the Plan (and all Court Papers related thereto) shall also be served on (a) the Office of the United States Trustee for the Eastern District of Virginia, 701 Broad Street, Suite 4304, Richmond, Virginia 23219, Attn: Robert B. Van Arsdale and (b) Akin Gump Strauss Hauer & Feld LLP, One Bryant Park, New York, New York 10036, Attn: Michael Stamer and Alexis Freeman.

ARTICLE V

VOTING REQUIREMENTS; ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. General

The following is a brief summary of the Plan Confirmation process. Holders of Claims and Interests are encouraged to review the relevant provisions of the Bankruptcy Code and/or consult their own attorneys.

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

THE BANKRUPTCY COURT HAS SCHEDULED THE CONFIRMATION HEARING FOR MARCH 10, 2016 AT 1:00 P.M. (PREVAILING EASTERN TIME) BEFORE THE HONORABLE KEVIN R. HUENNEKENS, UNITED STATES BANKRUPTCY JUDGE, IN THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF VIRGINIA, LOCATED AT 701 E. BROAD STREET, ROOM 5000, RICHMOND, VIRGINIA 23219. THE CONFIRMATION HEARING MAY BE ADJOURNED FROM TIME TO TIME BY THE BANKRUPTCY COURT (i) PRIOR TO THE CONFIRMATION HEARING BY POSTING NOTICE OF SAME ON THE DOCKET FOR THE CHAPTER 11 CASES AND (ii) AT THE CONFIRMATION HEARING WITHOUT FURTHER NOTICE EXCEPT FOR AN ANNOUNCEMENT OF THE ADJOURNED DATE MADE AT THE CONFIRMATION HEARING OR ANY ADJOURNMENT THEREOF.

OBJECTIONS TO CONFIRMATION OF THE PLAN MUST BE FILED AND SERVED ON OR BEFORE MARCH 3, 2016 AT 4:00 P.M. (PREVAILING EASTERN

TIME) IN ACCORDANCE WITH THE CONFIRMATION HEARING NOTICE. UNLESS OBJECTIONS TO CONFIRMATION ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT APPROVAL ORDER, THE CONFIRMATION HEARING NOTICE AND THE VOTING PROCEDURES, THEY WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

Section 1129 of the Bankruptcy Code requires that, in order to confirm the Plan, the Bankruptcy Court must make a series of findings concerning the Plan and the Debtors, including that (i) the Plan has classified Claims in a permissible manner; (ii) the Plan complies with applicable provisions of the Bankruptcy Code; (iii) the Plan has been proposed in good faith and not by any means forbidden by law; (iv) the disclosure required by section 1125 of the Bankruptcy Code has been made; (v) the Plan has been accepted by the requisite votes of Holders of Claims (except to the extent that cramdown is available under section 1129(b) of the Bankruptcy Code); (vi) the Plan is feasible and confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors unless such liquidation or reorganization is proposed in the Plan; (vii) the Plan is in the "best interests" of all Holders of Claims in an impaired Class by providing to such Holders on account of their Claims property of a value, as of the Effective Date, that is not less than the amount that such Holders would receive or retain in a chapter 7 liquidation, unless each Holder of a Claim in such Class has accepted the Plan; and (viii) all fees and expenses payable under 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, have been paid or the Plan provides for the payment of such fees on the Effective Date. The Debtors believe that section 1129 has been satisfied.

B. Parties in Interest Entitled to Vote

Pursuant to the Bankruptcy Code, only Classes of Claims that are "impaired" (as defined in section 1124 of the Bankruptcy Code) under the Plan are entitled to vote to accept or reject the Plan. A Class is impaired if the legal, equitable or contractual rights to which the Claims of that Class entitled the Holders of such Claims are modified, other than by curing defaults and reinstating the Claims. Classes that are not impaired are not entitled to vote on the Plan and are conclusively presumed to have accepted the Plan. In addition, Classes that receive no distributions under the Plan are not entitled to vote on the Plan and are deemed to have rejected the Plan.

C. Classes Impaired and Entitled to Vote under the Plan

The following Classes are impaired under the Plan and entitled to vote on the Plan:

Class	Claim	Status	Voting Right
1C; 2C-34C	7.875% Senior Notes Parent Claims; 7.875% Senior Notes Guarantee Claims	Impaired	Entitled to Vote
1D; 2D-	10.00% Convertible Senior Notes Parent Claims; 10.00%	Impaired	Entitled to Vote

34D	Convertible Senior Notes Guarantee Claims		
1E; 2E-34E	PBGC Parent Claims; PBGC Subsidiary Claims	Impaired	Entitled to Vote
1F-34F	General Unsecured Claims	Impaired	Entitled to Vote

In general, if a Claim or Interest is unimpaired under a plan, section 1126(f) of the Bankruptcy Code deems the holder of such Claim or Interest to have accepted the plan and thus the holders of Claims in such unimpaired Classes are not entitled to vote on the plan. Because Classes 1A-34A, 1B-34B and 1J; 2I-34I are unimpaired under the Plan, the Holders of Claims and Interests in these Classes are not entitled to vote.

In general, if the holder of an impaired Claim or impaired Interest will not receive any distribution under a plan in respect of such Claim or Interest, section 1126(g) of the Bankruptcy Code deems the holder of such Claim or Interest to have rejected the plan, and thus the holders of Claims in such Classes are not entitled to vote on the Plan. The Holders of Claims and Interests in the Classes 1G-34G, 1H-34H and 1I are conclusively presumed to have rejected the Plan and are therefore not entitled to vote.

For a more detailed discussion of the procedures with respect to the solicitation and tabulation of votes to accept or reject the Plan, please review the Disclosure Statement Approval Order.

D. Voting Procedures and Requirements

The Bankruptcy Court can confirm the Plan only if it determines that the Plan complies with the technical requirements of chapter 11 of the Bankruptcy Code. One of these technical requirements is that the Bankruptcy Court find, among other things, that the Plan has been accepted by the requisite votes of all Classes of impaired Claims and Interests unless approval will be sought under section 1129(b) of the Bankruptcy Code in spite of the nonacceptance by one or more such Classes. On [ ], the Bankruptcy Court entered its Disclosure Statement Approval Order that, among other things, approved this Disclosure Statement, approved procedures for soliciting votes on the Plan, approved the form of the solicitation documents and various other notices, set the Voting Record Date, the Voting Deadline and the date of the Confirmation Hearing, and established the relevant objection deadlines and procedures associated with Confirmation of the Plan.

A copy of the Disclosure Statement Approval Order is hereby incorporated by reference as though fully set forth herein. THE DISCLOSURE STATEMENT APPROVAL ORDER SHOULD BE READ IN CONJUNCTION WITH THIS ARTICLE V OF THE DISCLOSURE STATEMENT.

If you have any questions about (i) the procedures for voting your Claim or Interest or with respect to the packet of materials that you have received or (ii) the amount of your Claim or

Interest, please contact the Debtors' Solicitation Agent at (877) 283-6545 or, for international callers, (503) 597-7660. If you wish to obtain (at no charge) an additional copy of the Plan, this Disclosure Statement or other solicitation documents, you can obtain them from the Debtors' Case Information Website (located at *http://dm.epiq11.com/JamesRiverCoal*) or by requesting a copy from the Debtors' Solicitation Agent, which can be reached at (877) 283-6545 or, for international callers, (503) 597-7660.

1. Ballots

The Disclosure Statement Approval Order sets January 22, 2016 as the record date for voting on the Plan (the "**Record Date**"). Accordingly, only Holders of record as of the Record Date that are otherwise entitled to vote under the Plan will receive a Ballot and may vote on the Plan.

In voting for or against the Plan, please use only the Ballot sent to you with this Disclosure Statement. If you are a Holder of a Claim in Classes 1C; 2C-34C, 1D; 2D-34D, 1E; 2E-34E or 1F-34F and did not receive a Ballot, if your Ballot is damaged or lost or if you have any questions concerning voting procedures, please contact the Solicitation Agent at (877) 283-6545 or, for international callers, (503) 597-7660 or at Tabulation@EpiqSystems.com.

2. Returning Ballots

If you are entitled to vote to accept or reject the Plan, you should read carefully, complete, sign and return your Ballot, with original signature, in the enclosed envelope.

TO BE COUNTED, YOUR BALLOT WITH YOUR ORIGINAL SIGNATURE INDICATING YOUR ACCEPTANCE OR REJECTION OF THE PLAN MUST BE RECEIVED NO LATER THAN **4:00 P.M. (EASTERN TIME) ON MARCH 3, 2016** (THE "**VOTING DEADLINE**") AT THE FOLLOWING ADDRESSES:

If by U.S. mail:

James River Coal Company, et al.
Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
P.O. Box 4422
Beaverton, OR 97076-4422

If by courier/hand delivery:

James River Coal Company, et al.
Ballot Processing Center
c/o Epiq Bankruptcy Solutions, LLC
10300 SW Allen Blvd
Beaverton, OR 97005

IN THE CASE OF BENEFICIAL HOLDERS, IF YOU RECEIVED A RETURN ENVELOPE ADDRESSED TO YOUR NOMINEE, PLEASE RETURN YOUR BENEFICIAL BALLOT TO YOUR NOMINEE SO THAT IT WILL BE RECEIVED BY THE NOMINEE IN SUFFICIENT TIME SO AS TO ENABLE THE NOMINEE TO PROCESS THE BENEFICIAL BALLOT, INCORPORATE THE RESULTS IN A MASTER BALLOT AND RETURN SAME TO THE DEBTORS' SOLICITATION AGENT BY THE VOTING DEADLINE.

Ballots received after the Voting Deadline will not be counted by the Debtors in connection with the Debtors' request for Confirmation of the Plan. The method of delivery of Ballots to be sent to the Solicitation Agent is at the election and risk of each holder of a Claim or Interest. Except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot is actually received by the Solicitation Agent. In all cases, sufficient time should be allowed to assure timely delivery. Original executed Ballots are required. Delivery of a Ballot to the Solicitation Agent by facsimile, email or any other electronic means will not be accepted. No Ballot should be sent to the Debtors, their agents (other than the Solicitation Agent), any indenture trustee (unless specifically instructed to do so) or the Debtors' financial or legal advisors, or the Committee or their financial or legal advisors, and if so sent will not be counted. If no Holders of Claims in a particular Class that is entitled to vote on the Plan vote to accept or reject the Plan, then such Class shall be deemed to accept the Plan.

3. Voting

A Holder of a Claim entitled to vote on the Plan may vote to accept or reject the Plan only if no party in interest has objected to such Claim or Interest (or the Claim or Interest has been Allowed subsequent to any objection or estimated for voting purposes). In addition, pursuant to section 105(a) of the Bankruptcy Code, Bankruptcy Rules 2002(a)(7) and 3003(c)(2) and the Bar Date Order, any creditors whose claims are not the subject of a timely-filed proof of claim, or a proof of claim deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or other order of the Bankruptcy Court, or otherwise deemed timely filed under applicable law and (a) are scheduled in Debtors' Schedules as disputed, contingent or unliquidated; or (b) are not scheduled (the "**Non-Voting Claims**"), will be denied treatment as creditors with respect to such claims for purposes of voting on the Plan and receiving distributions under the Plan.

For purposes of voting, the amount of a Claim used to calculate acceptance or rejection of the Plan under section 1126 of the Bankruptcy Code will be determined in accordance with the following hierarchy:

a. if an order has been entered by the Bankruptcy Court determining the amount of such Claim, whether pursuant to Bankruptcy Rule 3018 or otherwise, then in the amount prescribed by the order;

b. if no such order has been entered, then in the liquidated amount contained in a timely-filed Proof of Claim that is not the subject of a timely-filed objection; and

c. if no such proof of claim has been timely filed, then in the liquidated, noncontingent and undisputed amount contained in the Debtors' Schedules.

For purposes of voting, the following conditions will apply to determine the amount and/or classification of a Claim:

a. if a Claim is partially liquidated and partially unliquidated, such Claim will be allowed for voting purposes only in the liquidated amount;

b. if a scheduled or filed Claim has been paid, such Claim will be disallowed for voting purposes;

c. the holder of a timely-filed Proof of Claim that is filed in a wholly unliquidated, contingent, disputed and/or unknown amount, and is not the subject of a timely-filed objection, is entitled to vote in the amount of $1.00; and

d. Claims filed for $0.00 are not entitled to vote.

4. Releases under the Plan

Each Ballot advises Holders in bold and capitalized print that Holders who (a) vote to accept or reject the Plan and (b) do not elect to opt out of the release provisions contained in Section 11.10 of the Plan shall be deemed to have conclusively, absolutely, unconditionally, irrevocably and forever released and discharged the Released Parties from any and all Causes of Action. Holders who do not grant the releases contained in Section 11.10 of the Plan will not receive the benefit of the releases set forth in Section 11.10 of the Plan.

E. Acceptance of Plan

As a condition to confirmation, the Bankruptcy Code requires that each class of impaired claims vote to accept a plan, except under certain circumstances. See "Confirmation Without Necessary Acceptances; Cramdown" below. A class of claims or interests that is unimpaired under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is impaired unless the plan (i) leaves unaltered the legal, equitable and contractual rights to which the claim or interest entitles the holder of such claim or interest or (ii) cures any default, reinstates the original terms of the obligation and does not otherwise alter the legal, equitable or contractual rights to which the claim or interest entitles the holder of such claim or interest.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by an impaired class as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class; only those holders that are eligible to vote and that actually vote to accept or reject the plan are counted for purposes of determining whether these dollar and number thresholds are met. Thus, a class of claims will have voted to accept a plan only if two-thirds in amount and a majority in number that actually vote cast their ballots in favor of acceptance. Under section 1126(d) of the Bankruptcy Code, a class of interests has accepted a plan if holders of such interests holding at least two-thirds in amount that actually vote have voted to accept the plan. Holders of claims or interests who fail to vote are not counted as either accepting or rejecting a plan.

In addition to this voting requirement, section 1129 of the Bankruptcy Code requires that a plan be accepted by each holder of a claim or interest in an impaired class or that the plan otherwise be found by a court to be in the best interests of each holder of a claim or interest in such class. *See* "Best Interests Test" below. Moreover, each impaired class must accept the plan for the plan to be confirmed without application of the "fair and equitable" and "unfair discrimination" tests set forth in section 1129(b) of the Bankruptcy Code discussed below. See "Confirmation Without Necessary Acceptances; Cramdown" below.

F. Confirmation Without Necessary Acceptances; Cramdown

In the event that any impaired class of claims or interests does not accept a plan, a debtor nevertheless may move for confirmation of the plan. A plan may be confirmed, even if it is not accepted by all impaired classes, if the plan has been accepted by at least one impaired class of claims, and the plan meets the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires that a court find that a plan (i) "does not discriminate unfairly" and (ii) is "fair and equitable," with respect to each non-accepting impaired class of claims or interests. Here, because Classes 1G-34G, 1H-34H and 1I are deemed to reject the Plan, the Debtors will seek confirmation of the Plan from the Bankruptcy Court by satisfying the "cramdown" requirements set forth in section 1129(b) of the Bankruptcy Code. The Debtors believe that such requirements are satisfied as no Holder of a Claim or Interest junior to those in Classes 1G-34G, 1H-34H and 1I will receive any property under the Plan.

A plan "does not discriminate unfairly" if (a) the legal rights of a nonaccepting class are treated in a manner that is consistent with the treatment of other classes whose legal rights are similar to those of the nonaccepting class, and (b) no class receives payments in excess of that which it is legally entitled to receive for its claims or interests. The Debtors believe that under the Plan all impaired Classes of Claims and Interests are treated in a manner that is consistent with the treatment of other Classes of Claims and Interests that are similarly situated, if any, and no class of Claims or Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims or Allowed Interests in such Class. Accordingly, the Debtors believe the Plan does not discriminate unfairly as to any impaired Class of Claims or Interests.

The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable." In order to determine whether a plan is "fair and equitable," the Bankruptcy Code establishes "cram down" tests for secured creditors, unsecured creditors and equity holders, as follows:

(a) Secured Creditors. Either (i) each impaired secured creditor retains its liens securing its secured claim and receives on account of its secured claim deferred Cash payments having a present value equal to the amount of its allowed secured claim, (ii) each impaired secured creditor realizes the "indubitable equivalent" of its allowed secured claim or (iii) the property securing the claim is sold free and clear of liens with such liens to attach to the proceeds of the sale and the treatment of such liens on proceeds to be as provided in clause (i) or (ii) above.

(b) Unsecured Creditors. Either (i) each impaired unsecured creditor receives or retains under the plan property of a value equal to the amount of its allowed claim or (ii) the holders of claims and interests that are junior to the claims of the dissenting class will not receive any property under the plan.

(c) Equity Interests. Either (i) each holder of an equity interest will receive or retain under the plan property of a value equal to the greatest of the fixed liquidation preference to which such holder is entitled, the fixed redemption price to which such holder is entitled or the value of the interest or (ii) the holder of an interest that is junior to the nonaccepting class will not receive or retain any property under the plan.

As discussed above, the Debtors believe that the distributions provided under the Plan satisfy the absolute priority rule.

ARTICLE VI

FEASIBILITY AND BEST INTERESTS OF CREDITORS

A. Best Interests Test

As noted above, even if a plan is accepted by the holders of each class of claims and interests, the Bankruptcy Code requires a court to determine that such plan is in the best interests of all holders of claims or interests that are impaired by that plan and that have not accepted the plan. The "best interests" test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a court to find either that all members of an impaired class of claims or interests have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor was liquidated under chapter 7, a court must first determine the aggregate dollar amount that would be generated from a debtor's assets if its chapter 11 cases were converted to chapter 7 cases under the Bankruptcy Code. To determine if a plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of a liquidation of the debtor's unencumbered assets and properties, after subtracting the amounts attributable to the costs, expenses and administrative claims associated with a chapter 7 liquidation, must be compared with the value offered to such impaired classes under the plan. If the hypothetical liquidation distribution to holders of claims or interests in any impaired class is greater than the distributions to be received by such parties under the plan, then such plan is not in the best interests of the holders of claims or interests in such impaired class.

Because the Plan is a liquidating plan, the "liquidation value" in the hypothetical chapter 7 liquidation analysis for purposes of the "best interests" test is substantially similar to the estimates of the results of the chapter 11 liquidation contemplated by the Plan. However, the Debtors believe that in a chapter 7 liquidation, there would be additional costs and expenses that the Estates would incur as a result of liquidating the Estates in a chapter 7 case.

Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee. The "learning curve" that the trustee and new professionals would be faced with would come at

significant cost to the Estates and with a significant delay compared to the time of distributions under the Plan.

B. Liquidation Analysis

If these Chapter 11 Cases were to be converted to chapter 7 cases, the Estates would incur the costs of payment of a statutorily allowed commission to the chapter 7 trustee, as well as the costs of counsel and other professionals retained by the trustee. The Debtors believe such amount would exceed the amount of expenses that would be incurred in implementing the Plan and winding up the affairs of the Debtors. Conversion also would likely delay the liquidation process and ultimately distribution to unsecured creditors. The Estates would also be obligated to pay all unpaid expenses incurred by the Debtors during these Chapter 11 Cases (such as compensation for professionals) that are allowed in the chapter 7 cases. Accordingly, the Debtors believe that Holders of Allowed Claims would receive less than anticipated under the Plan if the Chapter 11 Cases were converted to chapter 7 cases.

C. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of a plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successors to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan. Inasmuch as the Debtors have been liquidated and the Plan provides for the distribution of all of the proceeds of that liquidation to Holders of Claims that are Allowed as of the Effective Date, the Plan is effectively exempted from the feasibility requirements in accordance with the express terms of section 1129(a)(11) of the Bankruptcy Code.

ARTICLE VII

EFFECT OF CONFIRMATION

A. Binding Effect of Confirmation

Confirmation will bind the Debtors and all Holders of Claims and Interests to the provisions of the Plan, whether or not the Claim or Interest of any such Holder is impaired under the Plan and whether or not any such Holder of a Claim or Interest has accepted the Plan. Confirmation will have the effect of converting all Claims into rights to receive the treatment specified in Article IV.A hereof and cancelling all Interests in James River.

B. Good Faith

Confirmation of the Plan will constitute a finding that: (i) the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code; and (ii) all solicitations of acceptances or rejections of the Plan have been in good faith and in compliance with applicable provisions of the Bankruptcy Code.

ARTICLE VIII

CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING

THE PLAN AND ITS IMPLEMENTATION ARE SUBJECT TO CERTAIN RISKS, INCLUDING, BUT NOT LIMITED TO, THE RISK FACTORS SET FORTH BELOW. HOLDERS OF CLAIMS WHO ARE ENTITLED TO VOTE ON THE PLAN SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH REFERRED TO OR INCORPORATED BY REFERENCE HEREIN, BEFORE DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

A. Plan May Not Be Accepted

There can be no assurance that the requisite acceptances to confirm the Plan will be obtained. Thus, while the Debtors believe the Plan is confirmable under the standards set forth in section 1129 of the Bankruptcy Code, there is no guarantee that the Plan will be accepted by the requisite Classes entitled to vote on the Plan.

B. Certain Bankruptcy Law Considerations

Even if the Holders of Claims who are entitled to vote accept the Plan, the Bankruptcy Court, which may exercise substantial discretion as a court of equity, may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, that the value of distributions to dissenting Holders of Claims or Interests may not be less than the value such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Debtors believe the Plan meets such requirement, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

C. Distributions to Holders of Allowed Claims Under The Plan

Projected distributions are based upon good faith estimates of the total amount of Claims ultimately Allowed and the funds available for distribution. There can be no assurance that the estimated Claim amounts set forth in this Disclosure Statement are correct. These estimated amounts are based on certain assumptions with respect to a variety of factors. Both the actual amount of Allowed Claims in a particular Class and the funds available for distribution to such Class may differ from the Debtors' estimates. If the total amount of Allowed Claims in a Class is higher than the Debtors' estimates, or the funds available for distribution to such Class are lower than the Debtors' estimates, the percentage recovery to Holders of Allowed Claims in such Class will be less than projected.

D. Classification and Treatment of Claims and Equity Interests

Section 1122 of the Bankruptcy Code requires that the Plan classify Claims against, and Interests in, the Debtors. The Bankruptcy Code also provides that the Plan may place a Claim or

Interest in a particular Class only if such Claim or Interest is substantially similar to the other Claims or Interests of such Class. The Debtors believe that all Claims and Interests have been appropriately classified in the Plan.

To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, the Debtors would seek (i) to modify the Plan to provide for whatever classification might be required for confirmation and (ii) to use the acceptances received from any Holder pursuant to this solicitation for the purpose of obtaining the approval of the Class or Classes of which such Holder ultimately is deemed to be a member. Any such reclassification of Holders, although subject to the notice and hearing requirements of the Bankruptcy Code, could adversely affect the Class in 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 for approval of the Plan. There can be no assurance that the Bankruptcy Court, after finding that a classification was inappropriate and requiring a reclassification, would approve the Plan based upon such reclassification. Except to the extent that modification of classification in the Plan requires resolicitation, the Debtors will, in accordance with the Bankruptcy Code and the Bankruptcy Rules, seek a determination by the Bankruptcy Court that acceptance of the Plan by any Holder of Claims pursuant to this solicitation will constitute a consent to the Plan's treatment of such Holder regardless of the Class as to which such Holder is ultimately deemed to be a member. The Debtors believe that under the Bankruptcy Rules, they would be required to resolicit votes for or against the Plan only when a modification adversely affects the treatment of the Claim or Interest of any Holder.

The Bankruptcy Code also requires that the Plan provide the same treatment for each Claim or Interest of a particular Class unless the Holder of a particular Claim or Interest agrees to a less favorable treatment of its Claim or Interest. The Debtors believe that the Plan complies with the requirement of equal treatment. To the extent that the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court could deny confirmation of the Plan.

Issues or disputes relating to classification and/or treatment could result in a delay in the confirmation and consummation of the Plan and could increase the risk that the Plan will not be consummated.

E. Conditions Precedent to Consummation of the Plan

The Plan provides for certain conditions that must be satisfied (or waived) prior to Confirmation and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, there can be no assurance that the Plan will be confirmed by the Bankruptcy Court. Further, if the Plan is confirmed, there can be no assurance that the Plan will be consummated.

F. Certain Tax Considerations

There are a number of material income tax considerations, risks and uncertainties associated with consummation of the Plan. Holders of Claims and other interested parties should

read carefully the discussion of certain U.S. federal income tax consequences of the Plan set forth below.

ARTICLE IX

CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

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

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

The following summary does not address the U.S. federal income tax consequences to Holders whose Claims are unimpaired or otherwise entitled to payment in full in Cash under the Plan (e.g., Priority Tax Claims and Secured Claims), Holders of Interests or Subordinated Claims, or purchasers of Claims following the Effective Date. This discussion assumes that the Holder has not taken a bad debt deduction with respect to a Claim (or any portion thereof) in the current or any prior year and such Claim did not become completely or partially worthless in a prior taxable year. This discussion does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or the Holders of General Unsecured Claims and Guaranteed Notes Claims in light of their particular circumstances, nor does the discussion deal with tax issues with respect to taxpayers subject to special treatment under the U.S. federal income tax laws (including, for example, broker dealers, insurance companies, financial institutions, real estate investment trusts, tax-exempt organizations, small business investment companies, regulated investment companies, U.S. persons whose functional currency is not the U.S. dollar, persons subject to the alternative minimum tax or the unearned income Medicare contribution tax and persons holding Claims as part of a "straddle," "hedge," "constructive sale" or "conversion transaction" with other investments). No aspect of foreign, state, local or estate and gift taxation is addressed.

The Debtors believe, and the following discussion generally assumes, that the Plan implements the liquidation of the Debtors for U.S. federal income tax purposes and that all Distributions to Holders of Claims will be taxed accordingly (including as distributions pursuant to the Plan for U.S. federal income tax purposes).

THIS DISCUSSION IS LIMITED TO THE FEDERAL TAX ISSUES ADDRESSED HEREIN. ADDITIONAL ISSUES MAY EXIST THAT ARE NOT ADDRESSED IN THIS DISCUSSION AND THAT COULD AFFECT THE FEDERAL TAX TREATMENT OF CONSUMMATION OF THE PLAN. HOLDERS SHOULD SEEK THEIR OWN ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. Tax Consequences to Certain Creditors

The following generally discusses the U.S. federal income tax consequences of the Plan to Holders of Allowed Guaranteed Notes Claims, Allowed PBGC Claims and Allowed General Unsecured Claims.

1. Holders of Allowed Guaranteed Notes Claims, Allowed PBGC Claims and Allowed General Unsecured Claims

Pursuant to the Plan, the Holders of Allowed Guaranteed Notes Claims, Allowed PBGC Claims and Allowed General Unsecured Claims will receive, in respect of their Claims, solely their Ratable Share of Total Distributable Cash. Generally, a Holder of an Allowed Guaranteed Notes Claim, Allowed PBGC Claim or Allowed General Unsecured Claim should in most, but not all circumstances, recognize gain or loss equal to the difference between the amount of Cash (and, if a liquidating trust is established, the fair market value of their share of the assets of the liquidating trust, as described below) received by such Holder pursuant to the Plan in exchange for its Allowed Claim and such Holder's adjusted tax basis in the Claim.

2. Character of Gain or Loss

To the extent applicable, the character of any recognized gain or loss (e.g., ordinary income, or short-term or long-term capital gain or loss) will depend upon the status of the Holder, the nature of the Claim in the Holder's hands, the purpose and circumstances of its acquisition, the Holder's holding period of the Claim, whether payments are received in respect thereof in more than one taxable year, and the extent to which the Holder previously claimed a deduction for the worthlessness of all or a portion of the Claim. Generally, if the Claim is a capital asset in the Holder's hands, any gain or loss realized generally will be characterized as capital gain or loss, and will constitute long-term capital gain or loss if the holder has held such Claim for more than one year.

If a Holder acquired its Claim after its original issuance at a "market discount" (generally defined as the amount, if any, by which the debt obligation's adjusted issue price exceeds the Holder's tax basis in a debt obligation immediately after its acquisition, subject to a de minimis exception), the Holder generally will be required to treat any gain recognized pursuant to the Plan as ordinary income to the extent of the market discount accrued during the Holder's period of ownership, unless the Holder elected to include the market discount in income as it accrued.

3. Distributions with Respect to Accrued but Unpaid Interest.

In general, to the extent that any consideration received pursuant to the Plan by a holder of a Claim (whether in cash or other property) is received in satisfaction of interest accrued but

unpaid during its holding period, such amount will be taxable to the Holder as interest income (if not previously included in the Holder's gross income). Conversely, a Holder generally recognizes a deductible loss to the extent that any accrued interest was previously included in its gross income and is not paid in full.

Pursuant to the Plan, all distributions in respect of Allowed Claims will be allocated first to the principal amount of such Claims, as determined for U.S. federal income tax purposes, and thereafter to any remaining portion of such Claim (including accrued but unpaid interest). However, there is no assurance that such allocation would be respected by the IRS for U.S. federal income tax purposes. Each Holder of a Claim is urged to consult its tax advisor regarding the allocation of consideration to, and the deductibility of a loss with respect to, accrued but unpaid interest for U.S. federal income tax purposes.

4. Non-United States Persons

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

Payments to a Non-U.S. Holder that are attributable to accrued interest generally will not be subject to U.S. federal income or withholding tax, provided that the withholding agent has received or receives, prior to payment, appropriate documentation (generally, an IRS Form W-8BEN IRS Form W-8BEN-E, or a successor form) establishing that the Non-U.S. Holder is not a U.S. person, unless:

(i) the Non-U.S. Holder actually or constructively owns 10% or more of the total combined voting power of all classes of James River's stock that are entitled to vote,

(ii) the Non-U.S. Holder is a "controlled foreign corporation" that is a "related person" with respect to James River (each, within the meaning of the Tax Code), or

(iii) such interest is effectively connected with the conduct by the Non-U.S. Holder of a trade or business within the United States (in which case, provided the Non-U.S. Holder provides a properly-executed IRS Form W-8ECI (or successor form) to the withholding agent, the Non-U.S. Holder (x) generally will not be subject to withholding tax, but (y) will be subject to U.S. federal income tax in the same manner as a U.S. person (unless an applicable income tax treaty provides otherwise), and a Non-U.S. Holder that is a corporation for U.S. federal income tax purposes may also be subject to a branch profits tax with respect to such Non-U.S. Holder's effectively connected earnings and profits that are attributable to the interest at a rate of 30% (or at a reduced rate or exemption from tax under an applicable income tax treaty).

A Non-U.S. Holder that does not qualify for exemption from withholding tax with respect to interest that is not effectively connected income generally will be subject to withholding of U.S. federal income tax at a 30% rate (or at a reduced rate or exemption from tax under an applicable income tax treaty) on payments that are attributable to accrued interest. For purposes of providing a properly executed IRS Form W-8BEN or W-8BEN-E, special procedures are provided under applicable Treasury regulations for payments through qualified foreign intermediaries or certain financial institutions that hold customers' securities in the ordinary course of their trade or business. To claim the benefits of a treaty, a Non-U.S. Holder must provide a properly-executed IRS Form W-8BEN or W-8BEN-E (or a successor form) prior to the payment.

B. Tax Consequences to the Debtors

The Debtors expect to remain in existence following the Effective Date, but in no event will they remain in existence for U.S. federal income tax purposes beyond December 31, 2016; however, the sole purpose of their remaining in existence is the liquidation of any remaining assets and the winding-up of their affairs. Accordingly, the Debtors intend to treat the Plan as the implementation of the liquidation of the Debtors in furtherance of the Plan for U.S. federal income tax purposes and in furtherance of the treatment of the Plan as a reorganization pursuant to Section 368(a)(1)(G) of the Tax Code.

Because of the lack of direct authoritative guidance as to the survival and utilization of net operating losses ("**NOLs**") carryforwards and the timing of recognition of cancellation of indebtedness in the context of a bankruptcy liquidation, there is a risk that certain favorable tax attributes of the Debtors (including NOLs incurred through the end of the taxable year in which the Plan becomes effective) may be substantially reduced, eliminated, or subjected to significant limitations as the result of implementation of the Plan. The Debtors believe that, notwithstanding the potential for attribute reduction, elimination, or limitation, implementation of the Plan (including any distribution to a liquidating trust or other liquidating vehicle) should not cause them to incur a material amount of U.S. federal income tax.

C. Importance of Obtaining Professional Tax Assistance

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

ARTICLE X

RECOMMENDATION

The Debtors believe that confirmation and consummation of the Plan is in the best interests of the Debtors, their Estates and their creditors. The Committee also supports the Plan. The Plan provides for an equitable distribution to Holders of Claims. The Debtors believe that any alternative to confirmation of the Plan, such as liquidation under chapter 7 of the Bankruptcy Code, could result in significant delay, litigation and additional costs, as well as a reduction in the distributions to Holders of Claims in certain Classes. **Consequently, the Debtors urge all eligible Holders of impaired Claims to vote to ACCEPT the Plan, and to complete and return their Ballots so that they will be RECEIVED by the Solicitation Agent on or before the Voting Deadline.**

Dated: December 22, 2015

JAMES RIVER COAL COMPANY, et al.,
Debtors and Debtors-in-Possession

By: _____
Name: William B. Murphy
Title: Chief Restructuring Officer

/s/ Henry P. (Toby) Long, III

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