

**DISCLOSURE STATEMENT IN CONNECTION WITH THE JOINT PREPACKAGED PLAN OF REORGANIZATION FOR LDK SOLAR SYSTEMS, INC, LDK SOLAR USA, INC. AND LDK SOLAR TECH USA, INC.**

**September 17, 2014**

**LDK SOLAR SYSTEMS, INC., LDK SOLAR USA, INC. AND LDK SOLAR TECH USA, INC. HAVE NOT FILED FOR RELIEF UNDER CHAPTER 11, OR ANY OTHER CHAPTER, OF THE UNITED STATES BANKRUPTCY CODE, AND THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH OR APPROVED BY THE UNITED STATES BANKRUPTCY COURT, THE SECURITIES AND EXCHANGE COMMISSION OR ANY OTHER GOVERNMENTAL OR REGULATORY AGENCY. IF THESE COMPANIES FILE PETITIONS FOR RELIEF UNDER CHAPTER 11 OF THE UNITED STATES BANKRUPTCY CODE AND SEEK CONFIRMATION OF THE PREPACKAGED PLAN OF REORGANIZATION DESCRIBED HEREIN, THIS DISCLOSURE STATEMENT WILL BE SUBMITTED TO THE UNITED STATES BANKRUPTCY COURT FOR APPROVAL.**

**Solicitation of Votes with Respect to the:**

**JOINT PREPACKAGED PLAN OF REORGANIZATION FOR LDK SOLAR SYSTEMS, INC., LDK SOLAR USA, INC. AND LDK SOLAR TECH USA, INC.**

**From the Holders of:**

**Senior Notes Guarantee Claims**

**THE DEADLINE TO ACCEPT OR REJECT THE PLAN IS 12:00 P.M., PREVAILING EASTERN TIME, ON OCTOBER 15, 2014, UNLESS EXTENDED AS PROVIDED HEREIN (THE “VOTING INSTRUCTION DEADLINE”)**

The Prospective Debtors<sup>1</sup> hereby transmit this solicitation and disclosure statement for holders of Senior Notes (this “Disclosure Statement”) in order to solicit votes from Holders of Senior Notes Guarantee Claims to accept or reject the Joint Prepackaged Plan of Reorganization for LDK Solar Systems, Inc., LDK Solar USA, Inc. and LDK Solar Tech USA, Inc. (the “Plan”). A copy of the Plan is attached hereto as Exhibit A. Unless otherwise defined herein, all capitalized terms shall have the meanings ascribed to them by the Plan.

At its core, the Plan provides for the release of Senior Notes Guarantee Claims against the Debtors in exchange for consideration to be provided by LDK Solar CO., Ltd. (in provisional liquidation) (“LDK Parent”) pursuant to the terms of a scheme of arrangement between (among others) LDK Parent and the holders of Senior Notes under section 86 of the

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<sup>1</sup> The Prospective Debtors in the chapter 11 cases, which shall be referred to herein collectively as the “Debtors” or the “Prospective Debtors”, along with the last four digits of each Prospective Debtor’s federal tax identification number are: LDK Solar Systems, Inc. (2944); LDK Solar USA, Inc. (0488); and LDK Solar Tech USA, Inc. (3978). The mailing address for each Prospective Debtor is 1290 Oakmead Parkway, Suite 306, Sunnyvale, California 94805.

Companies Law (2013 Revision) (as may be amended, supplemented or modified from time to time, the “Scheme”). A copy of the Scheme is attached hereto as Exhibit B. All other Claims against and Interests in the Prospective Debtors will be left unimpaired by the Plan.

The Prospective Debtors’ ultimate parent company, LDK Parent, is subject to a provisional liquidation under sections 104(1) and (3) of the Companies Law (2013 Revision) (the “Cayman Proceeding”) in the Grand Court of the Cayman Islands (the “Cayman Court”). On August 29, 2014, Eleanor Fisher and Tammy Fu of Zolfo Cooper (Cayman) Limited, in their capacity as joint provisional liquidators (the “JPLs”) of LDK Parent in the Cayman Proceeding, petitioned the Cayman Court to sanction the Scheme as a proposed scheme of arrangement under section 86 of the Cayman Islands Company Law (2013 Revision). In connection with solicitation of the Scheme, the Prospective Debtors are also soliciting votes from the Holders of Senior Notes Guarantee Claims to accept or reject the Plan for the Prospective Debtors under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”). The purpose of this Disclosure Statement is to describe the Plan and its provisions and to provide the Holders of Senior Notes Guarantee Claims with certain information as required of the Prospective Debtors under Sections 1125 and 1126 of the Bankruptcy Code so that they can make an informed decision to accept or reject the Plan as it relates to the Prospective Debtors. The vote on the Scheme and the Plan are inextricably linked, as further described below.

**THE PLAN IS BEING PROPOSED TO RESTRUCTURE THE PROSPECTIVE DEBTORS’ INDEBTEDNESS CONSISTENT WITH THE TERMS OF THAT CERTAIN RESTRUCTURING SUPPORT AGREEMENT DATED AS OF MARCH 28, 2014 AND SANCTIONED BY THE CAYMAN COURT ON APRIL 2, 2014 (AS AMENDED ON JULY 30, 2014 AND SANCTIONED BY THE CAYMAN COURT ON AUGUST 11, 2014), AMONG LDK PARENT AND CERTAIN OF ITS SUBSIDIARIES (INCLUDING TWO OF THE PROSPECTIVE DEBTORS), THE JPLs, AND THE “CONSENTING NOTEHOLDERS” OF THE SENIOR NOTES (INCLUDING ALL EXHIBITS AND ATTACHMENTS THERETO, AS MAY BE FURTHER AMENDED OR MODIFIED FROM TIME TO TIME IN ACCORDANCE WITH THE TERMS THEREOF, THE “RSA”). A COPY OF THE RSA IS ATTACHED HERETO AS EXHIBIT D. ONLY HOLDERS OF SENIOR NOTES GUARANTEE CLAIMS AS OF THE APPLICABLE VOTING RECORD DATE ARE ENTITLED TO VOTE ON THE PLAN.**

**AS DESCRIBED BELOW, THE PROSPECTIVE DEBTORS ARE TRANSMITTING VOTING DOCUMENTS TOGETHER WITH THIS DISCLOSURE STATEMENT AND THE PLAN TO HOLDERS OF SENIOR NOTES GUARANTEE CLAIMS AS OF SEPTEMBER 17, 2014. ADMINISTRATIVE EXPENSE CLAIMS, PRIORITY TAX CLAIMS, PRIORITY NON-TAX CLAIMS, SECURED CLAIMS, GENERAL UNSECURED CLAIMS, AND INTERCOMPANY CLAIMS AGAINST, AS WELL AS INTERESTS IN, ALL OF THE PROSPECTIVE DEBTORS WILL NOT BE IMPAIRED BY THE PLAN, AND AS A RESULT VOTES ON THE PLAN ARE NOT BEING SOLICITED FROM HOLDERS OF SUCH CLAIMS AND INTERESTS. DURING THE CHAPTER 11 CASES, THE PROSPECTIVE DEBTORS INTEND TO OPERATE THEIR BUSINESSES IN THE ORDINARY COURSE AND WILL SEEK AUTHORIZATION FROM THE BANKRUPTCY COURT TO PAY ALL OBLIGATIONS OWED TO THEIR EMPLOYEES, AMONG OTHERS.**

**THE PROSPECTIVE DEBTORS RECOMMEND THAT ALL HOLDERS OF SENIOR NOTES GUARANTEE CLAIMS SUBMIT VOTES TO ACCEPT THE PLAN.**

THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH OR REVIEWED BY, AND THE SECURITIES TO BE ISSUED ON THE EFFECTIVE DATE WILL NOT HAVE BEEN THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH, THE U.S. SECURITIES AND EXCHANGE COMMISSION (THE “SEC”) OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER THE SECURITIES ACT OF 1933 (THE “SECURITIES ACT”) OR UNDER ANY STATE SECURITIES OR “BLUE SKY” LAW. THE PLAN HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED HEREIN. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE AN OFFER OR SOLICITATION IN ANY STATE OR OTHER JURISDICTION IN WHICH SUCH OFFER OR SOLICITATION IS NOT AUTHORIZED.

**THE COMPANY ANTICIPATES THAT THE ISSUANCE OF SHARES AND CONVERTIBLE BONDS AS PART OF THE SCHEME SENIOR NOTES CONSIDERATION TO BE PROVIDED TO HOLDERS OF SENIOR NOTES GUARANTEE CLAIMS WILL BE EXEMPTED FROM REGISTRATION UNDER THE SECURITIES ACT AND RELATED STATE STATUTES BY REASON OF THE EXEMPTIONS PROVIDED BY SECTION 3(a)(10) OF THE SECURITIES ACT, OR OTHER APPLICABLE EXEMPTIONS.**

THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. ANY PARTY DESIRING ANY SUCH ADVICE SHOULD CONSULT WITH ITS OWN ADVISORS.

EACH HOLDER OF A SENIOR NOTES GUARANTEE CLAIM SHOULD REVIEW THIS DISCLOSURE STATEMENT AND THE PLAN, THE SCHEME AND THE EXPLANATORY STATEMENT, AND ALL EXHIBITS HERETO AND THERETO BEFORE VOTING ON THE PLAN. THIS DISCLOSURE STATEMENT CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN AND CERTAIN OTHER DOCUMENTS AND FINANCIAL INFORMATION. THE PROSPECTIVE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE AS OF THE DATE HEREOF AND PROVIDE ADEQUATE INFORMATION WITH RESPECT TO THE DOCUMENTS SUMMARIZED; HOWEVER, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THOSE DOCUMENTS AND AS OTHERWISE PROVIDED HEREIN.

THIS DISCLOSURE STATEMENT CONTAINS CERTAIN FORWARD-LOOKING STATEMENTS REGARDING THE PROSPECTIVE DEBTORS, ALL OF WHICH ARE BASED ON VARIOUS ESTIMATES AND ASSUMPTIONS. SUCH STATEMENTS ARE SUBJECT TO INHERENT UNCERTAINTIES AND TO A WIDE VARIETY OF SIGNIFICANT BUSINESS, ECONOMIC AND COMPETITIVE RISKS, INCLUDING THOSE SUMMARIZED HEREIN.

ACTUAL EVENTS, CIRCUMSTANCES, EFFECTS AND RESULTS MAY VARY SIGNIFICANTLY FROM THOSE INCLUDED IN, OR CONTEMPLATED BY, ANY PROJECTED FINANCIAL INFORMATION AND FORWARD-LOOKING STATEMENTS

CONTAINED HEREIN. ANY SUCH PROJECTIONS AND STATEMENTS ARE NOT NECESSARILY INDICATIVE OF THE FUTURE FINANCIAL CONDITION OR RESULTS OF OPERATIONS OF THE REORGANIZED DEBTORS AND SHOULD NOT BE REGARDED AS REPRESENTATIONS BY THE PROSPECTIVE DEBTORS, THEIR ADVISORS OR ANY OTHER PERSONS THAT ANY PROJECTED FINANCIAL CONDITION OR RESULTS CAN OR WILL BE ACHIEVED.

NEITHER THE PROSPECTIVE DEBTORS' INDEPENDENT AUDITORS NOR ANY OTHER INDEPENDENT ACCOUNTANTS HAVE COMPILED, EXAMINED OR PERFORMED ANY PROCEDURES WITH RESPECT TO THE LIQUIDATION ANALYSIS DESCRIBED IN THIS DISCLOSURE STATEMENT, NOR HAVE THEY EXPRESSED ANY OPINION OR ANY OTHER FORM OF ASSURANCE AS TO SUCH INFORMATION OR THE ACHIEVABILITY OF ANY PROJECTED FINANCIAL INFORMATION, NOR DO THEY ASSUME ANY RESPONSIBILITY FOR OR CLAIM ANY ASSOCIATION WITH ANY PROJECTED FINANCIAL INFORMATION OR THE LIQUIDATION ANALYSIS.

ANY FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE PROVIDED PURSUANT TO THE SAFE HARBOR ESTABLISHED UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT AND SHOULD BE EVALUATED IN THE CONTEXT OF THE ESTIMATES, ASSUMPTIONS, UNCERTAINTIES AND RISKS DESCRIBED HEREIN.

SEE THE SECTION ENTITLED "RISK FACTORS" OF THIS DISCLOSURE STATEMENT FOR A DISCUSSION OF CERTAIN RISK FACTORS THAT SHOULD BE CONSIDERED IN CONNECTION WITH THE PLAN.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE. THIS DISCLOSURE STATEMENT AND ANY ACCOMPANYING DOCUMENTS ARE THE ONLY DOCUMENTS TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO SOLICITATION OF VOTES ON THE PLAN MAY BE MADE EXCEPT AFTER DISTRIBUTION OF THIS DISCLOSURE STATEMENT.

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Exhibit B - Scheme

Exhibit C - Explanatory Statement

Exhibit D - Restructuring Support Agreement

Exhibit E - Corporate Structure Chart

Exhibit F - Liquidation Analysis

## I. INTRODUCTION

### A. PURPOSE OF THE PLAN AND NEGOTIATIONS RELATING THERETO

The Plan attached hereto as Exhibit A has been proposed by the Prospective Debtors as part of a global restructuring. Concurrently with the solicitation of votes on the Plan, the Prospective Debtors' ultimate parent, LDK Parent, is soliciting votes on a Scheme in connection with LDK Parent's provisional liquidation proceedings in the Cayman Islands. LDK Parent also intends to commence proceedings in Hong Kong and solicit a substantially identical scheme of arrangement to the Scheme under the laws of Hong Kong. A key feature of the global restructuring is the compromise of Claims arising under and related to the Senior Notes and Senior Note Documents. Certain of the Prospective Debtors have guaranteed LDK Parent's obligations on the Senior Notes. In connection with the global restructuring, the Prospective Debtors' Senior Note guarantee obligations will be released pursuant to the terms of the Plan and in consideration of the distributions to be afforded Holders of Senior Notes Guarantee Claims under the Scheme. As further described below, Holders of such Claims will receive either a combination of shares of LDK Parent and convertible bonds issued by LDK Parent or, solely if available under the terms and conditions of the Scheme, a percentage recovery of such Claims in Cash. The distributions to be provided to Holders of Senior Notes Guarantee Claims are discussed in much greater detail below.

The Prospective Debtors' current capital structure and the elements of their proposed new indebtedness to be entered into pursuant to the Plan are discussed in detail in this Disclosure Statement, as well as in the Plan itself, and/or in the Explanatory Statement in Relation to a Scheme of Arrangement (the "Explanatory Statement"), which has been simultaneously distributed to recipients of this Disclosure Statement. A copy of the Explanatory Statement is attached hereto as Exhibit C.

The Plan is the product of extensive negotiations among the Prospective Debtors, their principal stakeholders, LDK Parent and the JPLs. During the months leading up to the solicitation, the Company (as defined below) and its legal and financial advisors engaged in extensive negotiations with certain holders of the Senior Notes (the "Consenting Noteholders") and certain of the Company's shareholders. As a result of those negotiations, on March 28, 2014, LDK Parent, two of the Prospective Debtors (LDK Solar USA, Inc. and LDK Solar Tech USA, Inc.), certain other subsidiaries of LDK Parent, the JPLs and Consenting Noteholders holding at least 60% in aggregate principal amount of the Senior Notes entered into the RSA. The same parties entered into an amendment to the RSA on July 30, 2014, which amendment was sanctioned by the Cayman Court on August 11, 2014. The cumulative RSA, as amended, is attached to this Disclosure Statement as Exhibit D. The RSA, among other things, commits the parties thereto to support a restructuring of the Company's debt structure subject to the terms set forth in the term sheet attached to the RSA. Those terms are embodied in the Scheme and the Plan.<sup>2</sup>

The RSA provides, among other things, that the Company parties to the RSA will take all steps as are reasonably necessary to (i) seek sanction of the Scheme in the Cayman Proceeding, (ii) obtain a confirmation order from a United States Bankruptcy Court approving an Acceptable Plan (as defined in the RSA), (iii) obtain recognition of LDK Parent's Cayman

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<sup>2</sup> In addition to reaching an agreement with the Consenting Noteholders, the Company engaged in negotiations with certain holders of preferred shares of LDK Parent's Cayman Islands subsidiary. A restructuring support agreement was entered into on March 28, 2014 with such preferred shareholders. The Prospective Debtors have no obligations in connection with such preferred shares. Further information concerning the agreement with the preferred shareholders can be found in section 6.4 of the Explanatory Statement.

Proceeding in a case under chapter 15 of the Bankruptcy Code, and (iv) obtain any and all required regulatory and/or third-party approvals for the Restructuring Transactions (as defined in the RSA), and to complete each of (i) through (iv) by no later than September 30, 2014, unless automatically or permissively extended as provided in the RSA. This date was automatically extended under the RSA to November 14, 2014 as a result of LDK Parent having sought sanction of the Scheme prior to August 31, 2014.

As noted above, the Prospective Debtors are soliciting votes on the Plan concurrently with LDK Parent's solicitation of votes on the Scheme. In general, the holders of Senior Notes have Claims against LDK Parent, the issuer of the Senior Notes, and each guarantor of the Senior Notes. As such, the identity of each Holder of a "Senior Note Scheme Claim" under the Scheme is the same as the identity of each Holder of a Senior Notes Guarantee Claim under the Plan. Accordingly, the Prospective Debtors and LDK Parent have determined that a single unified solicitation and voting process for the Scheme and the Plan is the most straightforward and efficient mechanism to solicit votes from Holders of Claims related to the Senior Notes, and therefore is in the best interests of creditors.

The Holders of Senior Notes Guarantee Claims will receive solicitation materials that have been customized for both solicitation of votes on the Plan and for the Scheme.<sup>3</sup> The solicitation packet sent to Holders of Senior Notes and Senior Notes Guarantee Claims is called a "Senior Solicitation Packet" and contains certain documents such as (i) an "Account Holder Letter and Ballot" used for voting on the Scheme and Plan, (ii) instructions and guidance for voting on the Scheme and the Plan, and (iii) a "Capitalisation Request Form" for making distribution elections under the Scheme. As set out below, the Capitalisation Request Form also annexes a copy of (a) a Designated Recipient Form, which is to be completed by Holders of Senior Notes Guarantee Claims to appoint a designated recipient for such distributions and (b) a Distribution Confirmation Deed, which must be completed by Holders of Senior Notes Guarantee Claims in order receive their distributions under the Scheme.

Importantly, votes cast using the mechanics set forth in the Account Holder Letter and Ballot will be votes cast on the Plan as well as proxy elections with respect to the Scheme. Accordingly, by the relevant voting deadlines (i.e., the "Voting Instruction Deadline"), the Prospective Debtors will have received certified written documents from Holders of Senior Notes Guarantee Claims which evidence such Holders' votes on the Plan.

The Prospective Debtors request that all Holders of Senior Notes Guarantee Claims timely return the Account Holder Letter and Ballot that has been sent with this Disclosure Statement and vote to ACCEPT the Plan. The materials sent with this Disclosure Statement, including a copy of the Plan attached as Exhibit A, the Scheme and the Explanatory Statement provide detailed information concerning the Plan, the Prospective Debtors, the Company's history and businesses, and the Company's existing capital structure and proposed capital structure following the restructuring contemplated by the Plan.

The Prospective Debtors have not commenced a filing under the Bankruptcy Code as of the date of this Disclosure Statement. Following the commencement of the solicitation period, the Prospective Debtors intend, among other things, to commence the Chapter 11 Cases and pursue Confirmation of the Plan, all in accordance with the RSA. Confirmation of the Plan is subject to,

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<sup>3</sup> Votes on the Scheme are ultimately cast by proxy or in person at the Senior Notes Scheme Meeting (as defined in the Scheme).

among other things, Bankruptcy Court approval of this Disclosure Statement and the Plan. If the Plan is confirmed by the Bankruptcy Court and the Effective Date occurs, all Holders of Senior Notes Guarantee Claims (including, in each case, those who do not cast a vote to accept or reject the Plan, those who vote to reject the Plan and those whose Account Holder Letter and Ballot are rejected because it is illegible, incomplete or unsigned), as well as all other Holders of Claims against and Interests in the Prospective Debtors, will be bound by the Plan and the transactions contemplated thereby.

CONSISTENT WITH THE TERMS OF THE RSA AND THE COMMITMENTS OF THE PARTIES THERETO, THE PROSPECTIVE DEBTORS RECOMMEND THAT YOU VOTE IN FAVOR OF THE PLAN.

**B. SUMMARY OF THE TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN**

1. Summary Description.

The following summary is a general overview only, which is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information, and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the Plan. For a more detailed description of the terms and provisions of the Plan, see Article IV, “The Plan of Reorganization.” The Prospective Debtors reserve the right to modify the Plan consistent with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019.

(a) Unimpaired Claims and Interests

If the Plan is confirmed and becomes effective, with the exception of Senior Notes Guarantee Claims, all other Allowed Claims against and Interests in the Debtors will be Reinstated or will receive other treatment as agreed to by the applicable Debtor and the applicable Claim Holder and are therefore Unimpaired under the Plan.

(b) Senior Notes Guarantee Claims

Senior Notes Guarantee Claims will receive the Scheme Senior Notes Consideration discussed in the Plan, by reference to the Scheme. This consideration is in satisfaction of the primary obligations of LDK Parent under the Senior Notes, and the guarantee obligations of LDK Solar USA, Inc. and LDK Solar Tech USA, Inc. under the Senior Notes.

In summary, the Claims of Holders of Senior Notes Guarantee Claims shall be released in full and each Holder of a Senior Notes Guarantee Claim will receive the Scheme Senior Notes Consideration. In general, the Scheme affords the Holders of such Claims two alternative treatment elections:

- the “Senior Note Non-Cash Scheme Consideration” comprised of (a) equity interests in LDK Parent in an amount equal to, at the election of the Holder, 8.736% to 15% of such Holder’s Claim, calculated at a price of \$1.586 per

equity unit,<sup>4</sup> and (b) 2018 Convertible Bonds equal to the remainder of such Holder's Claim amount;<sup>5</sup> or

- if there is sufficient cash for such distribution, up to 10% of such Holder's Claim in Cash, subject to a cap.<sup>6</sup>

***For a fulsome description and key terms of the 2018 Convertible Bonds, please refer to Schedule 3 of the Scheme, entitled "Summary of the 2018 Convertible Bonds".***

## 2. Summary Chart.

A chart summarizing the projected distributions to Holders of Allowed Claims against and Interests in each of the Prospective Debtors under the Plan is set forth below. Although every reasonable effort has been made to be accurate, projections of estimated recoveries are only an estimate. Any estimates of Claims or Interests in this Disclosure Statement may vary from the final amounts Allowed by the Bankruptcy Court. As a result of the foregoing and other uncertainties which are inherent in the estimates, the estimated recoveries in this Disclosure Statement may vary from the actual recoveries received. In addition, the ability to receive distributions under the Plan depends upon the ability of the Debtors to obtain Confirmation of the Plan and meet the conditions to effectiveness of the Plan, as discussed in this Disclosure Statement. Reference should be made to the entire Disclosure Statement and the Plan for a complete description of the classification and treatment of Allowed Claims against and Interests in each of the Debtors.

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<sup>4</sup> As further described in the Explanatory Statement, public shares in LDK Parent are held in the form of American Depository Shares, with each American Depository Share equivalent to one share of common stock. Furthermore, clause 37.3 of the Scheme provides that "The issuance and allotment of Scheme Shares in accordance with the terms of the [Scheme], including the conversion rate, shall take into consideration, on a fair and equitable basis, and reclassification of the Shares or Scheme Shares or any change in the Shares or Scheme Shares (in each case, other than a change in only par value), any stock split, reverse stock split, cancellation of Scheme Shares or ADSs, any consolidation, merger, reconstruction, amalgamation or other similar arrangement."

<sup>5</sup> The terms of the 2018 Convertible Bonds are described in Section 13.6 of the Explanatory Statement and, further, in Schedule 3 to the Scheme.

<sup>6</sup> Under the Scheme, LDK Parent is not obligated to make funds available for cash distributions to Holders of Senior Notes and Senior Notes Guarantee Claims.

| <b>SUMMARY OF CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS</b>  |   |
|---|---|
| <b><u>Class &amp; Description</u></b>   | <b><u>Treatment Under the Plan</u></b>  |
| <p><b>Administrative Expense Claims:<sup>7</sup></b></p> <p>Any Claim for costs and expenses of administration of the Chapter 11 Cases arising on or after the Petition Date and prior to the Effective Date under sections 328, 330, 363, 364(c)(1), 365, 503(b), or 507(a)(2) of the Bankruptcy Code.</p> | <p>Subject to the provisions of sections 328, 330, 331 and 503(b) of the Bankruptcy Code, on either: (i) the latest to occur of (x) the Effective Date, (y) the date upon which such Administrative Expense Claim becomes an Allowed Claim and (z) such other date as agreed upon by the Debtors and the Holder of such Administrative Expense Claim, or (ii) such other date as the Bankruptcy Court may order, each Holder of an Allowed Administrative Expense Claim shall receive, on account of and in full and complete settlement, release and discharge of, and in exchange for, such Allowed Administrative Expense Claim, (a) Cash equal to the full unpaid amount of such Allowed Administrative Expense Claim, or (b) such other less favorable treatment as the applicable Debtor and such Holder shall have agreed; <u>provided, however</u>, that Allowed Administrative Expense Claims not yet due or that represent obligations incurred by the Debtors in the ordinary course of their business during the Chapter 11 Cases, or assumed by the Debtors during the Chapter 11 Cases, shall be paid or performed when due in the ordinary course of business and in accordance with the terms and conditions of the particular agreements governing such obligations.</p> <p><b>Estimated Percentage Recovery: 100%</b></p> |
| <p><b>Priority Tax Claims:</b></p> <p>Any Claim of a governmental unit of the kind entitled to priority in payment as specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.</p>  | <p>Except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive either, at the sole option of the Reorganized Debtors, (a) payment in full in Cash after such Priority Tax Claim becomes an Allowed Claim, or as soon as practicable thereafter, (b) except as otherwise determined by the Bankruptcy Court at the Confirmation Hearing, regular installment payments in Cash equal to the Allowed amount of such Claim over a period ending not later than the fifth anniversary of the Petition Date, which installment payments shall commence after such Priority Tax Claim becomes an Allowed Claim, or (c) such other treatment as agreed to by the Holder of an Allowed Priority Tax Claim and the Reorganized Debtors.</p> <p><b>Estimated Percentage Recovery: 100%</b></p>  |
| <p><b>Priority Non-Tax Claims:</b></p> <p>Class A consists of all Claims entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code, other than Administrative Expense Claims or Priority Tax Claims.</p>  | <p>On the Effective Date, each Holder of an Allowed Priority Non-Tax Claim against any of the Debtors shall have such Claim Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.</p> <p><b>Estimated Percentage Recovery: 100%</b></p>   |
| <p><b>Secured Claims:</b></p> <p>Class B consists of all claims secured by a Lien on collateral, to the extent of the value of such collateral.</p>   | <p>On the Effective Date, each Holder of an Allowed Secured Claim against any of the Debtors shall have its Claim Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.</p> <p><b>Estimated Percentage Recovery: 100%</b></p>   |

<sup>7</sup> Although treatment of Administrative Expense Claims and Priority Tax Claims are included in this chart for informational purposes, neither of these categories of Claims are classified for purposes of the Plan.

|  |   |
|--|---|
| <p><b>Senior Notes Guarantee Claims:</b></p> <p>Class C consists of all Claims against LDK Solar USA, Inc. and/or LDK Solar Tech USA, Inc. arising under or evidenced by the Senior Notes Documents, including, without limitation, any obligation of LDK Solar USA, Inc. and/or LDK Solar Tech USA, Inc. to guaranty any obligations under, or with respect to, the Senior Notes.</p> | <p>On or as soon as reasonably practicable after the Scheme Distribution Date, each Holder of a Senior Notes Guarantee Claim will receive the Scheme Senior Notes Consideration. For a summary of the Senior Notes Scheme Consideration, please see Article I.B.1, immediately above.</p> <p><b>Estimated Percentage Recovery: 12.4% to 87.9%</b></p> |
| <p><b>General Unsecured Claims:</b></p> <p>Class D consists of all Claims against any Debtor that are not an Administrative Expense Claim, a Priority Tax Claim, a Priority Non-Tax Claim, a Secured Claim, a Senior Notes Guarantee Claim or an Intercompany Claim.</p>   | <p>On the Effective Date, each Holder of an Allowed General Unsecured Claim against any of the Debtors shall have its Claim Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.</p> <p><b>Estimated Percentage Recovery: 100%</b></p>   |
| <p><b>Intercompany Claims:</b></p> <p>Class E consists of all Claims against a Debtor that are held by another Debtor or a non-Debtor Affiliate of any Debtor.</p>   | <p>On the Effective Date, each Holder of an Allowed Intercompany Claim against any of the Debtors shall have such Claim Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.</p> <p><b>Estimated Percentage Recovery: 100%</b></p>   |
| <p><b>Interests in the Debtors:</b></p> <p>Class F consists of all Interests of any holder of equity securities of any Debtor.</p>   | <p>On the Effective Date, each Holder of an Interest in the Debtors shall have such Interest Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.</p> <p><b>Estimated Percentage Recovery: 100%</b></p>  |

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

### C. ADDITIONAL INFORMATION

This Disclosure Statement, the Plan, the accompanying forms of Account Holder Letter and Ballot, the Explanatory Statement, the Scheme, and the related materials delivered together herewith and subsequently as part of this solicitation are being furnished to Holders of Senior Notes Guarantee Claims pursuant to section 3(a)(10) of the Securities Act and sections 1125(g) and 1126(b) of the Bankruptcy Code, in connection with the solicitation of votes to accept or reject the Plan (and the transactions contemplated thereby, as described herein). The shares and convertible bonds issued as Scheme Senior Notes Consideration to certain Holders of Senior Notes Claims in accordance with the Plan will be issued pursuant to section 3(a)(10) of the Securities Act.



The voting agent for the Plan (the “U.S. Voting Agent”) is Epiq Bankruptcy Solutions, LLC (“Epiq”):

LDK Solar  
c/o Epiq Bankruptcy Solutions, LLC  
757 Third Avenue, 3<sup>rd</sup> Floor  
New York, NY 10017  
Telephone: +1 646-282-2500  
Email: [tabulation@epiqsystems.com](mailto:tabulation@epiqsystems.com) (please include “LDK Solar” in the subject line)

***As discussed in detail below, although Epiq is the U.S. Voting Agent, Account Holder Letters and Ballots should not be sent to Epiq. Account Holder Letters and Ballots should be sent to Lucid Issuer Services Limited pursuant to the procedures discussed in section I.F below, and in the Scheme.***

The solicitation and information agent for the Scheme (the “Information Agent”) is Lucid Issuer Services Limited:

Lucid Issuer Services Limited  
436 Essex Road  
London  
N1 3QP  
United Kingdom  
Fax: +44(0)20 7067 9098  
Email: [ldk@lucid-is.com](mailto:ldk@lucid-is.com)  
Attn: David Shilson/Sunjeev Patel

The Company’s U.S. legal advisors are:

SIDLEY AUSTIN LLP  
One South Dearborn Street  
Chicago, Illinois 60603  
312-853-7000  
Attn: Larry J. Nyhan, Jessica C.K. Boelter, Matthew G. Martinez

and

YOUNG CONAWAY STARGATT & TAYLOR, LLP  
Rodney Square  
1000 North King Street  
Wilmington, DE 19801  
302-571-6600  
Attn: Robert S. Brady, Edmon L. Morton

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

No person has been authorized to give any information or make any representation on behalf of the Prospective Debtors not contained, or incorporated by reference, in this Disclosure Statement, the Plan, the Explanatory Statement or the Scheme, and, if given or made, such information or representation must not be relied upon as having been authorized.

The delivery of this Disclosure Statement will not, under any circumstances, create any implication that the information contained herein (or incorporated by reference from other documents or reports) is correct as of any time subsequent to the date hereof (or the date of a document or report incorporated by reference), or that there has been no change in the information set forth herein (or in a document or report incorporated by reference) or in the Prospective Debtors' or Debtors' affairs since the date hereof (or thereof). All statements contained in this Disclosure Statement are made as of the date hereof unless otherwise specified.

**D. SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS**

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. THE WORDS "BELIEVE," "MAY," "WILL," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. THESE FORWARD-LOOKING STATEMENTS ARE SUBJECT TO A NUMBER OF RISKS, UNCERTAINTIES AND ASSUMPTIONS, INCLUDING THOSE DESCRIBED IN ARTICLE VI, "RISK FACTORS." IN LIGHT OF THESE RISKS AND UNCERTAINTIES, THE FORWARD-LOOKING EVENTS AND CIRCUMSTANCES DISCUSSED IN THIS DISCLOSURE STATEMENT MAY NOT OCCUR, AND ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE ANTICIPATED IN THE FORWARD-LOOKING STATEMENTS. NONE OF THE PROSPECTIVE DEBTORS, NOR THE DEBTORS, NOR THE REORGANIZED DEBTORS UNDERTAKES ANY OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

**E. OVERVIEW OF THE CONCURRENT PLAN AND SCHEME**

*This summary does not contain all of the information that is important to Holders of Senior Notes Guarantee Claims and is qualified in its entirety by the more detailed information included elsewhere in this Disclosure Statement, the accompanying Plan, the Explanatory Statement, the Scheme, and any additional solicitation materials distributed by the Prospective Debtors.*

**VOTES CAST ON THE ACCOUNT HOLDER LETTER AND BALLOT DISCUSSED BELOW CONSTITUTE VOTES CAST ON THE PLAN AND PROXY ELECTIONS IN RESPECT OF THE SCHEME.**

The RSA contemplates a global resolution of the Company's obligations in connection with the Senior Notes. As previously discussed, the Plan has been proposed by the Prospective Debtors as part of a coordinated global restructuring across multiple international jurisdictions. Confirmation of the Plan is one component of the compromise of the Senior Notes and related guarantee obligations. Accordingly, the Prospective Debtors and the JPLs believe that the most efficient approach to soliciting votes from the Holders of Senior Notes Guarantee Claims on the Plan is the concurrent solicitation with the Scheme utilizing combined voting materials as

described herein. These combined voting materials are in the form that is customarily used for soliciting votes from holders of notes traded on Euroclear and Clearstream and on schemes of arrangement more generally, while at the same time satisfying U.S. process and procedural concerns.

**F. SOLICITATION MATERIALS AND SOLICITATION PROCEDURES**

1. Solicitation Materials.

The following chart lists each of the solicitation materials included in the Senior Solicitation Packet which will be sent to Holders of Senior Notes Guarantee Claims, and provides an overview of their function.

|  |  |
|--|--|
| <p><b>Senior Solicitation Packet</b></p>       | <p>The complete set of solicitation materials that will be sent to Holders of Senior Notes Guarantee Claims is called the Senior Solicitation Packet. Each of the documents discussed below is a schedule or appendix to the Senior Solicitation Packet or to another document scheduled on, or appended to, the Senior Solicitation Packet, each as indicated below.</p> <p>The Senior Solicitation Packet has two sections:</p> <ul style="list-style-type: none"> <li>• <i>Section 1 – General Guidance:</i> This section provides general instructions regarding the voting procedures and a description of each of the solicitation documents. This section also describes the required voting thresholds for approving the Scheme and the Plan under applicable law. This section then provides an overview of the processes and relevant deadlines for voting on the Plan and the Scheme, the assessment of Claim amounts for voting purposes and the transfer/assignment of Claims.</li> <li>• <i>Section 2 – Senior Note Scheme Creditors and Holders of Senior Notes Guarantee Claims:</i> This section provides more specific instructions to Holders of Senior Notes Guarantee Claims regarding voting steps, the blocking of notes held at the Euroclear or Clearstream clearing systems, steps to completing and delivering the Account Holder Letter and Ballot (discussed below) and, for purposes of the Scheme, attending the Senior Note Meetings.</li> </ul> |
| <p><b>Account Holder Letter and Ballot</b></p> | <p>The Account Holder Letter and Ballot is provided as Schedule 1 to the Senior Solicitation Packet. The Account Holder Letter and Ballot is the key document used by Holders of Senior Notes Guarantee Claims to vote on the Scheme and the Plan. The Information Agent will receive a completed Account Holder Letter and Ballot only from Account Holders (for example, a bank or a brokerage house) who have interests in Senior Notes either for their own account or on behalf of a Holder of Senior Notes Guarantee Claims. Holders of Senior Notes Guarantee Claims who are not Account Holders submit their voting and election instructions to their Account Holders, <i>not</i> to the Information Agent. This must be done with sufficient time for the Account Holders to transmit completed Account Holder Letters and Ballots to the Information Agent by the Voting Instruction Deadline.</p>  |

*Clause 4.3 of the Scheme defines “Account Holders” as “persons who are participants in Senior Clearing Systems with their interests in the Senior Global Note being recorded directly in the books or other records maintained by the Senior Clearing Systems. Each Account Holder may be holding its recorded interest in the Senior Global Note on behalf of one or more Senior Note Scheme Creditors.”*

The Account Holder Letter and Ballot begins with relevant voting deadlines and instructions, then has two parts and an appendix, each as discussed below.

- *Part 1 – Senior Note Scheme Creditor/Senior Notes Guarantee Creditor, Account Holder and Holding Details:*
  - *Section 1 – Details of the Senior Note Scheme Creditor/Holder of the Senior Notes Guarantee Claims:* In this section, Account Holders will need to provide general contact information of each of their Holders of Senior Notes Guarantee Claims.
  - *Section 2 – Account Holder Details:* In this section, Account Holders will need to provide information regarding the relevant clearing system (Euroclear or Clearstream), including relevant account numbers and other related information concerning the claims of the Holders of Senior Notes Guarantee Claims.
  - *Section 3 – Details of Holdings:* In this section, Account Holders will need to provide details of the blocked Senior Notes Holdings, including the blocked amounts, the clearing system, the clearing system account number and the custody instruction reference number.
- *Part 2 – Voting:*
  - *Section 1 – Account Holder Confirmations:* In this section, Account Holders make numerous certifications and confirmations regarding, among other things, authority to complete the Account Holder Letter and Ballot, the requirement to instruct the clearing systems to block the Senior Notes, the authority to cast votes and make elections, receipt of all relevant solicitation materials, the Scheme, the Plan, the Explanatory Statement and the Disclosure Statement, and certain other confirmations. The Account Holders make confirmations not only on their own behalf, but also make confirmations which are deemed to be those of Holders of Senior Notes Guarantee Claims on whose behalf the Account Holders submit Account Holder Letters and Ballots. This is necessary because, as discussed above, Holders of Senior Notes Guarantee Claims who are not Account Holders do not submit an Account Holder Letter and Ballot to the Information Agent.
  - *Section 2 – Voting:* This is the key section that Holders of Senior

|                                    |   |
|------------------------------------|---|
|                                    | Notes Guarantee Claims will use to cast a vote on the Scheme and the Plan.  |
| <b>Capitalisation Request Form</b> | <p>The Capitalisation Request Form is provided as Appendix 1, Section 1, to the Account Holder Letter and Ballot. The Capitalisation Request Form is the document used by Holders of Senior Notes Guarantee claims to elect their distribution/consideration options in accordance with the Scheme and the Plan.</p> <ul style="list-style-type: none"> <li>• <i>Section 1 – Capitalisation Request Form:</i> In this section, Holders of Senior Notes Guarantee Claims instruct the Information Agent regarding their election as to whether they would like to receive the “Cash Out Amount” or the “Note Non-Cash Scheme Consideration”, i.e., a combination of shares and convertible bonds. This form is also used to appoint, if a creditor so chooses, a designated recipient to receive such creditor’s distribution. Instructions for completing the Capitalisation Request Form, and an explanation of the creditors’ options, are provided in this section as well. Notably, this section allows Holders of Senior Notes Guarantee Claims to make different elections with respect to distributions on portions of their Senior Notes.</li> <li>• <i>Annex 1 – Appointment of Designated Recipient:</i> This form is used by Holders of Senior Notes Guarantee Claims to indicate designated recipients to receive some or all of a Holder’s distribution. More than one designated recipient can be appointed.</li> <li>• <i>Annex 2 – Distribution Confirmation Deed:</i> This form is used by Holders of Senior Notes Guarantee Claims to make certain confirmations, warranties and undertakings in connection with the receipt of distributions. Notably, this form is also used to indicate that the signatories explicitly agree to the numerous releases provided in the Scheme and the Plan. <ul style="list-style-type: none"> <li>○ <i>Annex A – General Confirmations, Acknowledgements, Warranties and Undertakings:</i> This annex lists general confirmations, acknowledgements, warranties and undertakings to be provided by Holders of Senior Notes Guarantee Claims.</li> <li>○ <i>Annex B – Securities Law Confirmations and Undertakings:</i> This annex lists securities-law-specific confirmations, acknowledgements, warranties and undertakings to be provided by Holders of Senior Notes Guarantee Claims.</li> <li>○ <i>Annex C – Details of Scheme Creditor/Holders of Senior Notes Guarantee Claims:</i> This annex is used by Holders of Senior Notes Guarantee Claims to provide (among other things) certain relevant contact information regarding themselves and any designated recipients.</li> </ul> </li> </ul> |

2. Voting Procedures.(a) *Which Holders of Senior Notes Guarantee Claims can vote?*

Votes can only be cast by Holders of Senior Notes Guarantee Claims who hold Senior Notes as of October 15, 2014 at 11:00 a.m. (Cayman Islands Time)/12:00 p.m. (Eastern Time) (the “Record Time”). The Prospective Debtors have no obligation to recognize assignments or transfers of Senior Notes Guarantee Claims after the Record Time, but they have the absolute discretion to do so.

(b) *What are the voting steps?*

The following steps should be taken by Holders of Senior Notes Guarantee Claims and their Account Holders for purposes of voting on the Plan. The procedures provided in this Disclosure Statement are summary in nature, and are superseded by the specific procedures and instructions provided in the Senior Solicitation Packet. If you are a Holder of Senior Notes Guarantee Claims that is not an Account Holder, please note step 4, below. Holders of Senior Notes Guarantee Claims who are not Account Holders must submit their voting and election instructions to their Account Holders, *not* to the Information Agent. This must be done with sufficient time for the Account Holders to transmit completed Account Holder Letters and Ballots to the Information Agent by the Voting Instruction Deadline.

1. By 11:00 a.m. (Cayman Islands Time)/12:00 p.m. (Eastern Time) on October 14, 2014 (the “Custody Instruction Deadline”), instruct the relevant clearing system in which the Senior Notes subject of the Account Holder Letter and Ballot are held to block those interests in such Senior Notes, and obtain a Custody Instruction Reference Number for use on the Account Holder Letter and Ballot.
2. Complete the Account Holder Letter and Ballot.
  - a. The Account Holder must (i) provide the contact information in Part 1, Section 1, (ii) provide the Account Holder details in Part 1, Section 2., and (iii) provide the holdings details in Part 1, Section 3.
  - b. The Account Holder must check the boxes for each of the confirmations in Part 2, Section 1.
  - c. The Account Holder must vote whether to accept or reject the Plan in Part 2, Section 2, subsection A.
3. Submit the Account Holder Letter and Ballot to the Information Agent by October 15, 2014 at 11:00 a.m. (Cayman Islands Time)/12:00 p.m. (Eastern Time) (the “Voting Instruction Deadline”).
4. If a Holder of Senior Notes Guarantee Claims is not an Account Holder, it must provide its votes and elections to its Account Holder (not to the Information Agent) in time for the Account Holder to submit an Account Holder Letter and Ballot, on such Holder’s behalf, by the Voting Instruction Deadline.

5. Complete the Capitalisation Request Form and submit it to the Information Agent by the Voting Instruction Deadline.
  - a. Check the box in Section 1, number 14 and complete the corresponding Scheme Consideration Election Box.
  - b. If choosing to appoint a designated recipient to receive distributions on an Account Holder's behalf, complete Annex 1 to the Capitalisation Request Form, being the Designated Recipient Form.
  - c. Arrange for the Distribution Confirmation Deed located at Annex 2 to the Capitalisation Request Form to be executed by the Holders of the Senior Notes Guarantee Claims.
6. If electronic materials are sent to the Information Agent by the Voting Instruction Deadline, then original copies of the Account Holder Letter and Ballot must be received by the Information Agent within seven (7) days after the Voting Instruction Deadline.

(c) *Can a vote on the Plan be changed, after the Voting Instruction Deadline, at the Scheme meeting?*

For purposes of the *Plan*, no Account Holder Letter and Ballot may be withdrawn, modified or submitted after the Voting Instruction Deadline without the consent of the Prospective Debtors, which consent shall be given in the Prospective Debtors' sole discretion. However, for purposes of the *Scheme*, a Holder of Senior Notes may attend the Senior Note Meetings (as defined in the Explanatory Statement), in person or by appointing a proxy, and change the vote provided in its Account Holder Letter and Ballot.

3. Withdrawal or Change of Votes on the Plan.

With respect to the Plan, no Account Holder Letter and Ballot may be withdrawn, modified or submitted after the Voting Instruction Deadline without the consent of the Prospective Debtors, which consent shall be given in the Prospective Debtors' sole discretion.

4. Summary of Deadlines and Additional Information.

The following chart summarizes the relevant solicitation and voting deadlines discussed above:

| <b>Event</b>                 | <b>Date</b>  |
|------------------------------|--|
| Custody Instruction Deadline | October 14, 2014 at 11:00 a.m. (Cayman Islands Time)/12:00 p.m. (Eastern Time) |
| Record Time                  | October 15, 2014 at 11:00 a.m. (Cayman Islands Time)/12:00 p.m. (Eastern Time) |
| Voting Instruction Deadline  | October 15, 2014 at 11:00 a.m. (Cayman Islands Time)/12:00 p.m. (Eastern Time) |

**ACCOUNT HOLDER LETTERS AND BALLOTS WILL NOT BE COUNTED IF THEY ARE RECEIVED BY THE INFORMATION AGENT AFTER THE VOTING INSTRUCTION DEADLINE (EXCEPT IN THE SOLE DISCRETION OF THE PROSPECTIVE DEBTORS) OR ARE ILLEGIBLE, INCOMPLETE OR IMPROPERLY COMPLETED.**

**Any executed Account Holder Letter and Ballot that does not indicate either an acceptance or rejection of the Plan or indicates both an acceptance and rejection of the Plan, in whole or in part, will not be counted as a vote either to accept or reject the Plan.**

The Prospective Debtors reserve the right to terminate the solicitation at any time prior to the Voting Instruction Deadline. Additionally, upon notice to the Holders of Senior Notes Guarantee Claims, the Prospective Debtors reserve the right to amend the solicitation at any time prior to the Voting Instruction Deadline. The Prospective Debtors also reserve the right to extend the Voting Instruction Deadline. Any such extension will be followed as promptly as practicable by notice thereof. If the Prospective Debtors extend the Voting Instruction Deadline, the Prospective Debtors reserve the right to establish a later Record Time.

**G. CLASSES ENTITLED TO VOTE ON THE PLAN AND REQUIREMENTS FOR ACCEPTANCE**

1. Classes of Claims Entitled to Vote.

Senior Notes Guarantee Claims in Class C are the only Claims that are Impaired by the Plan. As a result, only Holders of Senior Notes Guarantee Claims are entitled to vote to accept or reject the Plan.

Under section 1124 of the Bankruptcy Code, a class of claims or equity interests is deemed to be “impaired” under a plan unless (1) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or equity interest entitles the holder thereof or (2) notwithstanding any legal right to an accelerated payment of such claim or equity interest, the plan (a) cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy or defaults of a kind that do not require cure), (b) reinstates the maturity of such claim or equity interest as it existed before the default, (c) compensates the holder of such claim or equity interest for any damages from such holder’s reasonable reliance on such legal right to an accelerated payment, (d) if such claim or such interest arises from a failure to perform nonmonetary obligations, other than a default arising from a failure to operate a nonresidential real property lease, compensates the holder of such claim or such interest (other than the debtor or an insider) for any actual pecuniary loss incurred by such holder as a result of such failure and (e) does not otherwise alter the legal, equitable or contractual rights to which such claim or equity interest entitles the holder of such claim or equity interest.

Class A (Priority Non-Tax Claims), Class B (Secured Claims), Class D (General Unsecured Claims), Class E (Intercompany Claims) and Class F (Interests) are either Reinstated or otherwise Unimpaired under the Plan, and the Holders of Claims and Interests in each of these Classes are conclusively presumed to have accepted the Plan and are not entitled to vote on the Plan.

In accordance with sections 1126 and 1129 of the Bankruptcy Code, Class C (Senior Notes Guarantee Claims) are Impaired under the Plan and the Holders of such Claims will receive



distributions under the Plan as described in Section 3.2.3 therein. As a result, the Holders of Claims in that Class are entitled to vote to accept or reject the Plan.

2. Vote Required for Acceptance by a Class of Claims.

A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds ( $\frac{2}{3}$ ) in amount and more than one-half ( $\frac{1}{2}$ ) in number of the Claims in such Class that have voted on the Plan.

**H. CONFIRMATION HEARING**

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

If the Prospective Debtors commence the Chapter 11 Cases and seek Confirmation of the Plan, the Bankruptcy Court will schedule the Confirmation Hearing to consider whether the Plan satisfies the various requirements of the Bankruptcy Code. In connection therewith, the Debtors will submit a report to the Bankruptcy Court concerning the votes for acceptance or rejection of the Plan by the parties entitled to vote thereon. The Prospective Debtors intend to request that the Bankruptcy Court schedule the Confirmation Hearing shortly after the Chapter 11 Cases are commenced. At the Confirmation Hearing, the Prospective Debtors intend to seek approval of this Disclosure Statement and Confirmation of the Plan pursuant to sections 1125, 1128 and 1129 of the Bankruptcy Code. The notice of the Confirmation Hearing (the “Confirmation Hearing Notice”) will be provided to all Holders of Claims and Interests or their representatives as required by Bankruptcy Rule 2002. Objections to Confirmation must be filed with the Bankruptcy Court and served on the parties specified in the Confirmation Hearing Notice by the date designated in the Confirmation Hearing Notice, and are otherwise governed by Bankruptcy Rules 3020(b) and 9014 and the local rules of the Bankruptcy Court.

**II. GENERAL INFORMATION**

**A. OVERVIEW OF CHAPTER 11**

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors and its equity security holders. In addition to permitting the rehabilitation of a debtor, another goal of chapter 11 is to promote the equality of treatment of similarly situated creditors and equity interest holders with respect to the distribution of a debtor’s assets.

The commencement of a chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the commencement 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.”

The consummation of a plan of reorganization is the principal objective of a chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and equity interests in the debtor. The “prepackaged” plan of reorganization that has been proposed by the Prospective Debtors is described in detail in Article IV below and is attached hereto as Exhibit A.

In “prepackaged” chapter 11 cases, such as the chapter 11 cases contemplated by the Plan and this Disclosure Statement, agreement is reached among prospective debtors and one or more classes of their creditors on the terms of a restructuring before the bankruptcy filing occurs, and the bankruptcy cases are used to implement the agreed-upon plan and to address the claims of creditors with whom there is no agreement. The votes of creditors with whom the prospective debtors have agreed are solicited before the bankruptcy filing, and the plan confirmation process starts immediately upon filing the chapter 11 cases. Prepackaged chapter 11 cases often take less time to complete than more conventional bankruptcy cases and usually have little, if any, effect on debtors’ business operations. Greater certainty of results and reduced costs are other benefits generally associated with prepackaged bankruptcy cases.

## **B. THE PROSPECTIVE DEBTORS’ BUSINESSES, OPERATIONS AND PROPERTIES**

### 1. Company Structure and Overview.

As discussed above, the Prospective Debtors are LDK Solar Systems, Inc., LDK Solar USA, Inc. and LDK Solar Tech USA, Inc. It is not intended that any of the Prospective Debtors’ other parents, subsidiaries or affiliates will be Debtors in the Chapter 11 Cases. In addition to the Chapter 11 Cases, it is currently contemplated that LDK Parent will seek relief in the Bankruptcy Court for recognition and enforcement of the provisions of the Scheme pursuant to Chapter 15 of the Bankruptcy Code. Attached hereto as Exhibit E and incorporated herein by reference is a corporate structure chart showing each of the Prospective Debtors and each of their non-debtor affiliated entities, with each of the Prospective Debtors being identified for ease of reference.

LDK Parent is the ultimate parent of each of the Prospective Debtors and of each of the Prospective Debtors’ affiliates and subsidiaries (collectively, the “Company”), both in the United States and overseas. LDK Solar USA, Inc. is the direct parent of LDK Solar Tech USA, Inc., and holds an 80% ownership stake in LDK Solar Systems, Inc.<sup>8</sup> The Company is a leading vertically integrated manufacturer of photovoltaic (“PV”) products. Almost the entirety of the Company’s production and operations are through affiliates or subsidiaries of the Prospective Debtors. As a holding company, LDK Solar USA, Inc.’s business activities have included supervision, administration, finance and human resources functions for the Prospective Debtors and certain non-debtor affiliates. Historically, LDK Solar Tech USA, Inc. was the only operating Prospective Debtor. As an operating company, LDK Solar Tech USA, Inc. historically performed a solar panel, module business in the U.S., with its operating activities including sales, marketing, logistics, service, and more. However, the last employee of LDK Solar Tech USA, Inc. left the company in March 2014, and LDK Solar Tech USA, Inc. is not currently operating.

LDK Solar USA, Inc. is also the parent of two non-Prospective Debtor subsidiaries. Specifically, LDK Solar USA, Inc. has (a) a 100% interest in North Palm Springs Investments, LLC, a California limited liability company and (b) an approximately 39.41% interest in Solar Power, Inc., a California Corporation.

North Palm Springs Investments, LLC (“NPSLLC”) is a wholly-owned subsidiary of LDK Solar USA, Inc. It filed as a California domestic limited-liability company on December 7, 2010. NPSLLC holds interests in two PV systems located in Palm Springs, California, which consist

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<sup>8</sup> LDK Parent and LDK Silicon & Chemical Technology Co., Ltd., own the remaining 20% of LDK Solar Systems, Inc (each of these entities own 10%).

of (1) a 2.83 MW DC single axis tracker, utility-scale PV system located on approximately 14 acres of land and (2) a 4.96 MW DC single axis tracker, utility scale PV system located on approximately 23 acres of land. Both PV systems were commissioned in 2012 and have long-term Power Purchase Agreements with Southern California Edison for a term of 20 years.

Solar Power, Inc. (“SPI”) is publicly traded on the Over-the-Counter Markets (Symbol: SOPW) and files reports with the Securities and Exchange Commission as required by certain sections of the Securities Exchange Act of 1934. SPI is a vertically-integrated PV solar developer. Primarily, SPI partners with developers around the world who hold large portfolios of solar energy facility projects for whom it serves as co-developer and engineering, procurement and construction contractor. For further information, please refer to SPI’s publicly-available filings with the Securities and Exchange Commission.

A more detailed description of the Company’s global operations is provided in Part 1 and Part 9 of the Explanatory Statement.

2. U.S. Properties.

LDK Solar USA, Inc. leases its U.S. offices at 1290 Oakmead Parkway, Suite 306, Sunnyvale, California 94085. The lease term on the headquarters expires on August 15, 2015.

3. Corporate History of LDK Parent.<sup>9</sup>

LDK Parent, the ultimate parent of the LDK-related subsidiaries, including the Prospective Debtors, was incorporated in the Cayman Islands on May 1, 2006 by LDK New Energy Holding Limited (“LDK New Energy”), a British Virgin Islands company wholly owned by Mr. Xiaofeng Peng (“Mr. Peng”), the founder of the Company. Jiangxi LDK Solar Hi-Tech Co., Ltd., the Company’s principal operating subsidiary and a non-Debtor, is incorporated in China.

In June 2007, LDK Parent completed an initial public offering, which was initiated on May 31, 2006, of 13,392,100 American depository shares (“ADSs”), with certain selling shareholders offering an additional 3,991,900 ADSs. The ADSs were listed on the New York Stock Exchange (the “NYSE”), and traded under the symbol “LDK” until February 21, 2014.<sup>10</sup>

The Company’s main operating subsidiaries are Jiangxi LDK Solar Hi-Tech Co., Ltd. (“Jiangxi LDK Solar”), Jiangxi LDK PV Silicon Technology Co., Ltd. (“Jiangxi LDK Silicon”), Jiangxi LDK Solar Polysilicon Co., Ltd. (“Jiangxi LDK Polysilicon”), LDK Solar Hi-Tech (Nanchang) Co., Ltd. (“LDK Nanchang”), LDK Solar Hi-Tech (Suzhou) Co., Ltd. (“LDK Suzhou”) and LDK Solar Hi-Tech (Xinyu) Co., Ltd. (“LDK Xinyu”). None of these entities are Prospective Debtors.

As has been widely reported in the mainstream press, the solar power industry encountered significant financial challenges in the years 2011 to 2013 primarily as a result of (amongst other things) reduction in the price of solar panels and the declining price of polysilicon, a key raw material used to manufacture polycrystalline panels. Since 2011, the Company has been significantly impacted by over-capacity and reduced demand in the global PV market. The Company

<sup>9</sup> For additional information on the Company’s corporate history, please see the Explanatory Statement.

<sup>10</sup> Please see Article VI.C.I of this Disclosure Statement, and section 14.4 of the Explanatory Statement, for information regarding the delisting of the ADSs.

has encountered financial difficulties as a result of decreased market demand and depressed market prices for polysilicon. In 2012, the Company suspended its polysilicon production due to significant operating losses as the Company's cash cost for polysilicon production was (and remains) well above the market pricing while its PV products were facing decreased market demand and depressed prices. In an effort to lower the Company's production cost for polysilicon, the Company commenced the installation of hydrochlorination systems to two of its three production lines at its Mahong plant in order to make them fully closed-loop production lines and to reduce production costs. The decreased market demand and depressed pricing for PV Products resulted in continuous pricing pressure throughout the value chain and culminated in a substantial market price reduction for solar power components.

Due to the ongoing deteriorating PV market condition and overall global economic slowdown, the Company also encountered challenges in manufacturing and selling solar wafers. Additionally, the Company had initially intended to (i) develop a LED sapphire wafer manufacturing facility in Nanchang City, Jiangxi Province; (ii) add units to its existing polysilicon production facilities at the Mahong plant; and (iii) to establish a new manufacturing line to produce silane gas at its Mahong polysilicon production plant. These plans were halted due to the deteriorating PV market conditions.

The impact of the reduced demand for PV products and the scaling back of subsidies in various European markets has had a material adverse impact on the Company's operational performance and resulted in the deterioration of the Company's financial performance. In response to these adverse market conditions, the Company was forced to reduce production and in some instances suspend the operations of certain plants. Further information on the steps taken by the Company to manage its financial difficulties is set out at paragraphs 6.3 and 6.4 of Part 1 of the Explanatory Statement, and also in Part 9 of the Explanatory Statement.

Currently, LDK Parent is 26.5% beneficially owned by Mr. Peng (without taking into account any securities that any shareholder has the right to acquire through the exercise of any option, warrant or right) through LDK New Energy. Additionally, Fulai Investments owns approximately 21.6% of the Company's outstanding share capital, while Heng Rui Xin Energy (HK) Co., Limited ("HRX") owns approximately 13%, and the remaining 38.9% is owned by the public.

The Board of Directors (the "Board") of LDK Parent currently consists of eight members. Four members are independent. The directors of LDK Parent as of the date of this Disclosure Statement are: (i) Mr. Xingxue Tong, (ii) Mr. Zhibin Liu, (iii) Mr. Xuezhi Liu, (iv) Mr. Maurice Wai-fung Ngai, (v) Mr. Junwu Liang, (vi) Mr. Ceng Wang, (vii) Mr. Shi-an Wu and (viii) Mr. Shi Chen.

LDK Parent is currently in provisional liquidation under the laws of the Cayman Islands. On February 27, 2014, the Cayman Court appointed Eleanor Fisher and Tammy Fu, both partners of Zolfo Cooper (Cayman) Limited as JPLs of LDK Parent. The order appointing the JPLs provided that the JPLs are jointly and severally authorized to exercise substantial authority and control over LDK Parent's operations, as more fully described in the Preliminary Section of the Explanatory Statement, which is prior to Part 1. Pursuant to the order, the powers of the Board have been displaced by the JPLs.

4. U.S. Employees.

The Prospective Debtors currently have four employees. LDK Solar USA, Inc. has employment contracts with two employees, a Financial Controller – North America and a Senior Research & Development Engineer. LDK Parent, which is not a Prospective Debtor, has employment contracts with two employees, the CFO of LDK Solar USA, Inc. and the Administrative Assistant. LDK Solar USA, Inc. directly pays the salaries and wages of all four employees. The other Prospective Debtors, LDK Solar Systems, Inc. and LDK Solar Tech USA, Inc., do not have any employees.

**C. MANAGEMENT OF THE COMPANY AND THE PROSPECTIVE DEBTORS**1. Board of Directors.

The following chart lists the directors for each of the Prospective Debtors:

| <b>Prospective Debtor</b> | <b>Directors</b>                          |
|---------------------------|---|
| LDK Solar Systems, Inc.   | Mr. Jack Kun-Shen Lai                     |
| LDK Solar USA, Inc.       | Mr. Xingxue Tong<br>Mr. Jack Kun-Shen Lai |
| LDK Solar Tech USA, Inc.  | Mr. Jack Kun-Shen Lai                     |

If the Plan is confirmed, the Prospective Debtors expect that each of the existing directors of the Prospective Debtors will continue as directors of the Reorganized Debtors.

2. Executive Officers and Management Team Members.

Set forth below are the Prospective Debtors' executive officers as of the date of this Disclosure Statement and each officer's position within the Prospective Debtors.

| <b>LDK SOLAR SYSTEMS, INC.</b> |                                    |
|--------------------------------|------------------------------------|
| <b>Executive Officer</b>       | <b>Title</b>                       |
| Mr. Jack Kun-Shen Lai          | President, Treasurer and Secretary |

| <b>LDK SOLAR USA, INC.</b> |                                       |
|----------------------------|---------------------------------------|
| <b>Executive Officer</b>   | <b>Title</b>                          |
| Mr. Xingxue Tong           | Chief Executive Officer               |
| Mr. Jack Kun-Shen Lai      | Chief Financial Officer and Secretary |

| <b>LDK SOLAR TECH USA, INC.</b> |  |
|---------------------------------|--|
| <b>Executive Officer</b>        | <b>Title</b>   |
| Mr. Jack Kun-Shen Lai           | Chief Executive Officer, Chief Financial Officer and Secretary |

## **D. COMPENSATION AND BENEFITS PROGRAMS**

In the ordinary course of business, the Prospective Debtors have implemented certain compensation and benefits programs, which are designed to reward the Prospective Debtors' employees for excellent service, incentivize future performance, and provide employees with a competitive compensation and benefits package.

Certain of these employee compensation and benefits programs are generally described below, with the blanket exception of insured and self-insured programs (*e.g.*, health plans), customary fringe benefit policies (*e.g.*, vacation, sick leave) and individual employment or similar agreements or arrangements. The list of programs and descriptions set forth below is not, and is not intended to be, exhaustive or comprehensive. All such plans and other programs are governed by applicable plan and program terms and conditions, as in effect or amended from time to time. In addition, the Prospective Debtors reserve the right to modify, amend or terminate any or all of their employee benefit and compensation programs in the ordinary course of business in their sole discretion, subject to applicable modification, amendment or termination provisions and/or applicable law.

### 1. Bonus Programs.

The Employees are eligible for an Annual Variable Incentive Bonus Compensation ("Incentive Bonus"). The Incentive Bonus is based on two elements (1) the Prospective Debtors' financial performance during the year and (2) the employee's individual performance goals during the year. Both elements must be satisfied in order to earn an Incentive Bonus. Incentive Bonuses are paid in the next regularly scheduled payroll following the end of the year for which the Incentive Bonus is awarded.

### 2. 401(k) Plan.

The Prospective Debtors maintain one 401(k) plan for the benefit of their employees (the "401(k) Plan"), which is administered by an affiliate of ADP, LLC. Under the terms of the 401(k) Plan, employees with at least six (6) months of employment are eligible to participate. The 401(k) Plan generally provides for pre-tax salary deductions of eligible compensation, which amounts are generally deducted automatically from each the employee's paycheck. Three of the Prospective Debtors' employees currently participate in the 401(k) Plan. The Debtors provide a matching policy, whereby the Debtors will match 100% of the first 4% of an Employee's contribution to the 401(k) Plan.

### 3. 2006 Stock Incentive Plan and 2013 Stock Incentive Plan.

The two employees of the Prospective Debtors who have employment contracts with LDK Parent are eligible to participate in LDK Parent's Stock Incentive Plans adopted in 2006 and 2013 (the "SIPs"). The purpose of the SIPs is to recognize and acknowledge the contributions the eligible participants made to the Company and to promote the success of its business. Although LDK Parent can offer participation in the SIPs to employees of any of its subsidiaries, the Prospective Debtors are not parties to these agreements, do not issue stock or stock options under these agreements, and have no obligations under these agreements. A further description of the SIPs can be found in Part 9 of the Explanatory Statement.

4. Executive Agreements.

The Prospective Debtors do not currently have any Executive Agreements in place. As stated above, the CFO and Secretary of LDK Solar USA, Inc., Mr. Jack Ken-Shun Lai, has an employment agreement with LDK Parent, which is not a Prospective Debtor, which includes the ability to participate in the Company's executive bonus and profit-sharing programs.

5. Indemnification of Directors and Officers.

The Prospective Debtors' directors and officers are indemnified and held harmless from and against all actions, costs, charges, losses, damages and expenses that any of them or any of their heirs, executors or administrators may incur or sustain by reason of any act done, concurred in or omitted in or about the execution of their duties in their respective offices or trusts. Section 10.6 of the Plan provides that the Reorganized Debtors will continue to honor these indemnification obligations after the Effective Date.

**E. DEBT AND CAPITAL STRUCTURE OF THE PROSPECTIVE DEBTORS**

For a detailed description of the Company's debt and capital structure, please see sections 14.9-14.11 of the Explanatory Statement.

1. Senior Notes.

On February 28, 2011, LDK Parent announced the closing of the offering of its US\$-settled 10% senior notes due 2014 in the aggregate principal amount of RMB 1.2 billion (the "Senior Notes"). The Senior Notes were issued pursuant to that certain Indenture dated as of February 28, 2011 (as amended, supplemented or otherwise modified from time to time) by and among LDK Parent and certain of its subsidiaries as guarantors, The Bank of New York Mellon, London Branch, as trustee and paying and transfer agent, and The Bank of New York Mellon (Luxembourg) S.A., as registrar. The Senior Notes were guaranteed on a joint and several basis by certain of LDK Parent's subsidiaries, including, without limitation, two of the Prospective Debtors, LDK Solar USA, Inc. and LDK Solar Tech USA, Inc. The guarantee is unsecured.

As of February 21, 2014, the amount of principal and interest outstanding on the Senior Notes was approximately \$284.7 million.<sup>11</sup>

The Senior Notes are discussed at length in section 14.9(c)-(l) of the Explanatory Statement.

2. SPI Acquisition Financing.

On March 28, 2011, LDK Parent, the parent of Prospective Debtor LDK Solar USA, Inc., entered into a \$23 million Facility Agreement (the "SPI Facility Agreement") with China Development Bank Corporation. The proceeds of the SPI Facility Agreement were further lent by LDK Parent to LDK Solar USA, Inc. via an intercompany note for LDK Solar USA, Inc.'s acquisition of SPI.

<sup>11</sup> This amount includes principal, interest accrued at the contractual rate through June 3, 2013, and interest accrued at a rate of 5.345% from June 3, 2013 through February 21, 2014, as agreed to in the RSA. Interest continues to accrue on the Senior Notes at a rate of 5.345%.

In connection with the SPI Facility Agreement, on March 28, 2011, LDK Solar USA, Inc. and China Development Bank Corporation entered into a Share Pledge Agreement pursuant to which LDK Solar USA, Inc. pledged, among other things, its shares of SPI, which pledge was a condition precedent to the making of the loan to LDK Parent, and was in consideration for LDK Parent being authorized to loan the proceeds to LDK Solar USA, Inc. The Share Pledge Agreement provides that the pledge is non-recourse and that China Development Bank Corporation's sole recourse to LDK Solar USA, Inc. in the event that an obligor defaults on its obligations under the SPI Facility Agreement is the collateral pledged under the Share Pledge Agreement.

3. North Palm Springs Share Pledge.

On December 30, 2011, LDK Parent, the parent of Prospective Debtor LDK Solar USA, Inc., entered into (a) a \$7,000,000 facility agreement in connection with the financing for an electricity grid-connected PV, solar power generation plant with installed capacity of 2.83MW, and (b) a \$6,800,000 and RMB35,000,000 facility agreement for an electricity grid-connected PV, solar power generation plant with installed capacity of 4.96MW (together, the "NPS Facility Agreements"), both with China Development Bank Corporation.

In connection with the NPS Facility Agreements, on December 30, 2011, LDK Solar USA, Inc. and China Development Bank Corporation entered into a Share Pledge Agreement pursuant to which LDK Solar USA, Inc. pledged, among other things, its 100 % LLC membership interests in NPSLLC, which pledge was a condition precedent to the making of the loan to LDK Parent. The Share Pledge Agreement provides that the pledge is non-recourse and that China Development Bank Corporation's sole recourse to LDK Solar USA, Inc. in the event that an obligor defaults on its obligations in connection with the NPS Facility Agreements is the collateral pledged under the Share Pledge Agreement.

4. Munich Re Action.

On May 1, 2012, Great Lakes Reinsurance (UK) plc and Munich Reinsurance Company (together, the "Munich Re Companies") commenced an action entitled *Great Lakes Reinsurance (UK) plc and Munich Reinsurance Company, Plaintiffs, v. LDK Solar CO., Ltd.; LDK Solar Europe Holding, S.A. and LDK Solar USA, Inc., Defendants* in the Santa Clara County Superior Court (Case No. 112-CV-223439) to, among other things, recover alleged damages for an adjusted annual premium that LDK Solar Europe Holding, S.A. was purportedly required to pay Great Lakes Reinsurance (UK) plc under an Warranty and Indemnity Insurance Against Excessive Loss of Output of Photovoltaic Modules Policy (the "Munich Re Claim").

On July 31, 2012, the parties entered into a Stipulated Judgment which required the defendants to pay a stipulated amount pursuant to an agreed-upon payment schedule. On March 26, 2014, in the Cayman Proceeding, the Munich Re Companies filed a proof of debt with the JPLs for an amount of \$13,096,748, and subsequently revised the proof of debt to be for \$14.4 million. Following negotiations between the JPLs and the Munich Re Companies, the commercial terms of a settlement between the Munich Re Companies and the defendants was agreed, subject to definitive documentation. The parties intend to enter into an agreement containing ordinary and customary compromise and settlement provisions in respect of the Munich Re Companies' claims, such agreement to be effective upon execution (subject to sanction by the Cayman Court) and conditional only upon the occurrence of the Effective Date of the Scheme.



The Munich Re Claim is discussed at length in section 6.3(kk)-(nn) of the Explanatory Statement.

5. The Prospective Debtors' Current Outstanding Indebtedness.

(a) LDK Solar Systems, Inc.

| Description of Obligation                       | Approximate Amount Outstanding |
|---|--------------------------------|
| Intercompany payable due to LDK Solar USA, Inc. | \$9,000                        |
| <b>TOTAL</b>                                    | <b>\$9,000</b>                 |

(b) LDK Solar USA, Inc.

| Description of Obligation  | Approximate Amount Outstanding |
|--|--------------------------------|
| Outstanding principal and interest in connection with the Senior Notes (includes principal and interest accrued until February 21, 2014) | \$285 million                  |
| Intercompany payables due to non-Debtor affiliates   | \$26.5 million                 |
| Contingent, non-recourse obligations under the SPI Facility Agreement  | \$11 million                   |
| Contingent, non-recourse obligations under the NPS Facility Agreements   | \$17.9 million                 |
| Outstanding Munich Re judgment amount (does not reflect agreed reduction)  | \$14.4 million                 |
| Other miscellaneous liabilities (deferred rent and automobile financing)   | \$31,000                       |
| <b>TOTAL</b>   | <b>\$354.83 million</b>        |

(c) LDK Solar Tech USA, Inc.

| Description of Obligation  | Approximate Amount Outstanding |
|--|--------------------------------|
| Outstanding principal and interest in connection with the Senior Notes (includes principal and interest accrued until February 21, 2014) | \$285 million                  |
| Intercompany payables due to non-Debtor and Debtor affiliates  | \$2.5 million                  |
| <b>TOTAL</b>   | <b>\$287.50 million</b>        |

**F. PENDING LITIGATION AGAINST THE PROSPECTIVE DEBTORS**

The Prospective Debtors are involved from time to time in a variety of litigation that is incidental to their businesses. Upon commencement of the Chapter 11 Cases, all pending claims and litigation currently pending against the Prospective Debtors will be automatically stayed pursuant to section 362 of the Bankruptcy Code.

On August 25, 2014, Kjeungskjaier Ventures, LLC, Longball Holdings, LLC and Jiangsu Liquidators, LLC (the "Plaintiffs") filed a motion for summary judgment in lieu of complaint (the "Motion") in the New York County Supreme Court Commercial Division, naming, among others, LDK Parent and LDK Solar USA, Inc. as defendants. Each of the Plaintiffs hold

interests in the Senior Notes, and the Complaint seeks the recovery of alleged principal and interest due on the Notes since the maturity date of the Senior Notes. The Motion seeks summary judgment in favor of the Plaintiffs in the amount of \$1,600,000, consisting of the alleged face amount of original principal due under the Senior Notes plus additional fees and expenses. The return date of the Motion is October 1, 2014 (with responsive papers due ten days prior), on which date the Plaintiffs will move the court for an order granting summary judgment in lieu of a complaint.

This section does not, and does not intend to, comprehensively list all claims and actions involving the Prospective Debtors. The Prospective Debtors anticipate that, to the extent any litigation is not resolved prior to the Effective Date of the Plan and/or removed by the Debtors to federal court consistent with their powers under applicable law, such litigation will continue after the Effective Date in the forum(s) in which it was initiated. Any adverse judgment in any of these actions would constitute a Claim that would be treated in accordance with the provisions of the Plan, so long as such Claim was otherwise allowable because it complied with the applicable requirements of the Chapter 11 Cases and the Bankruptcy Code.

Furthermore, the Prospective Debtors are named as litigation parties from time-to-time, including, without limitation, in connection with the Motion described immediately above. The Prospective Debtors, the Debtors and the Reorganized Debtors expressly preserve any claims, counterclaims, cross-claims or any other causes of action they might have, whether already asserted or unasserted, in connection any such pending or yet-to-be commenced litigation, and no such claims, counterclaims, cross-claims or any other causes of action are intended to be released by the Plan.

#### **G. EVENTS LEADING UP TO CHAPTER 11**

As discussed above, the Company has experienced a deterioration in its financial performance related to adverse market conditions and resultant operational difficulties. As a result, the Company identified that it had insufficient liquidity to service its financial obligations as and when they came due. In response to the Group's deteriorating financial condition, LDK Parent engaged Jefferies LLC to act as its financial adviser, Sidley Austin LLP as its global legal adviser, and Campbells as Cayman Islands legal adviser, to review its options (including as to process and any sources of financing) with respect to the restructuring of the Company's off-shore debt obligations. On August 28, 2013, the Company postponed payment of an interest coupon due to the holders of Senior Notes so that the directors of LDK Parent could evaluate and determine the most appropriate course of action. As a result, LDK Parent and its advisors approached a number of holders of Senior Notes with a view to discussing its options with respect to the repayment of the Senior Notes. An ad-hoc committee of noteholders was formed in order to facilitate further discussions.

On or about September 28, 2013, LDK Parent entered into a standstill agreement with holders holding a majority in aggregate principal amount of the Senior Notes whereby those holders agreed to, among other things, withhold from commencing enforcement action under the indenture governing the Senior Notes. This standstill agreement was extended on a rolling basis until the final maturity date of February 28, 2014, which was the catalyst for the appointment of the JPLs by the Cayman Court on February 27, 2014. Following their appointment, the JPLs, from their offices in the Cayman Islands and with the assistance of LDK Parent's management and advisers, took control of the negotiations with the holders of the Senior Notes. The JPLs and the Consenting Noteholders' advisers agreed the terms of the RSA and, as discussed above, LDK Parent and certain other parties, including two of the Prospective Debtors, then entered into, and received Cayman Court approval

for, the RSA. On the same date, LDK Parent and certain of the Prospective Debtors' affiliates (but not the Prospective Debtors) entered into a Restructuring Support Agreement with certain holders of preferred shares of LDK Silicon & Chemical Technology Co., Ltd. The commencement of the Chapter 11 Cases is intended to be the next step in the restructuring contemplated in those Restructuring Support Agreements, as two (2) of the Prospective Debtors are guarantors under the Senior Notes.

For an additional description of the events leading up to the Chapter 11 Cases, please see the Preliminary Section and Part 1 of the Explanatory Statement.

### **III. ANTICIPATED CHAPTER 11 CASES OF THE DEBTORS**

#### **A. FIRST DAY MOTIONS AND ORDERS**

On the first day of the Chapter 11 Cases or as soon as practicable thereafter, the Prospective Debtors intend to seek relief in the form of various "first day orders" from the Bankruptcy Court as to a number of matters, including the following:

- A first day order (a) scheduling a combined hearing to (i) approve the adequacy of this Disclosure Statement, (ii) approve the prepetition solicitation procedures, and (c) confirm the Plan, (b) set deadlines and procedures for filing objections to this Disclosure Statement, the solicitation procedures and the Plan; and (iii) approve the form and manner of the notices regarding the relevant objection deadline and the date and time of the Confirmation Hearing.
- A first day order authorizing the Debtors, in accordance with their stated policies, to continue to pay all prepetition employee wages and other compensation and reimburse any prepetition employee expenses in order to continue to pay all employee obligations on account of wages, salaries and employee benefits on an uninterrupted basis in order to further facilitate the continued, stable operation of the Prospective Debtors' businesses and their transition into and out of the Chapter 11 Cases.
- A first day order authorizing and approving the Debtors' continued use of their existing cash management system and prepetition bank accounts and business forms.
- A first day interim order, and request for a final order, prohibiting the Debtors' utility providers from altering, refusing, or discontinuing service to the Debtors on account of prepetition invoices. The Prospective Debtors intend to pay their obligations to utility providers in the ordinary course of business as they come due.
- An order seeking court authority to jointly administer and consolidate the Debtors' Chapter 11 cases for procedural purposes.
- An order authorizing the Debtors to retain Epiq as U.S. Voting Agent.

- An order granting (i) the Debtors an additional forty-five (45) days to file their schedules and statements of financial affairs, and, assuming the Debtors confirm the Plan prior to the expiration of such extended period, waiving the requirement that such schedules and statements of financial affairs be filed, and (ii) directing the U.S. Trustee not to convene a 341 meeting if the Plan is confirmed within ninety (90) days after the Petition Date.

The Prospective Debtors believe that each of the requests, if granted, will facilitate smooth administration of the Chapter 11 Cases and will enable the Prospective Debtors to transition in and out of the Chapter 11 Cases with minimal disruption to their businesses. There can be no assurance, however, that the Bankruptcy Court will grant any such relief.

The aforementioned list of prospective first-day motions and first-day orders is not necessarily definitive, and simply represents a currently contemplated list. The Prospective Debtors and Debtors reserve the right to add or remove motions from such list, or to modify the relief requested in any such motion, despite the substance of the descriptions above.

#### **B. THE CHAPTER 15 PETITION OF LDK SOLAR CO., LTD.**

The JPLs, acting on behalf of LDK Parent, intend to file a petition pursuant to chapter 15 of the Bankruptcy Code seeking recognition of the Scheme as a foreign main proceeding or foreign non-main proceeding in furtherance of the Company's global restructuring. It is a condition to the effectiveness of the Scheme that the Bankruptcy Court grant an order recognizing and giving effect to certain aspects of the Scheme, which condition may be waived by the JPLs acting on behalf of LDK Parent. For further information on LDK Parent's prospective chapter 15 petition, please see Part 2 of the Explanatory Statement.

### **IV. THE PLAN OF REORGANIZATION**

#### **A. GENERAL**

The consummation of a plan of reorganization is the principal objective of a chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the bankruptcy court makes the plan binding upon the debtor, any issuer of securities under the plan, any person or entity acquiring property under the plan and any creditor of or equity interest holder in the debtor, whether or not such creditor or equity interest 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, the 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, and terminates all rights and interests of prepetition equity security holders.

**THE FOLLOWING SECTIONS SUMMARIZE CERTAIN KEY INFORMATION CONTAINED IN THE PLAN. THIS SUMMARY REFERS TO, AND IS QUALIFIED IN ITS ENTIRETY BY, THE PLAN, A COPY OF WHICH IS ATTACHED HERETO AS EXHIBIT A. THE TERMS OF THE PLAN WILL GOVERN IN THE EVENT ANY INCONSISTENCY ARISES BETWEEN THIS SUMMARY AND THE PLAN. THE BANKRUPTCY COURT HAS NOT YET CONFIRMED THE PLAN DESCRIBED IN THIS DISCLOSURE STATEMENT. IN OTHER WORDS, THE TERMS OF THE PLAN DO NOT**

**YET BIND ANY PERSON OR ENTITY. IF THE BANKRUPTCY COURT DOES CONFIRM THE PLAN, HOWEVER, THEN IT WILL BIND ALL CLAIM AND INTEREST HOLDERS.**

**CAPITALIZED TERMS USED IN THIS ARTICLE IV THAT ARE NOT OTHERWISE DEFINED IN THIS ARTICLE IV SHALL HAVE THE MEANINGS ASCRIBED TO THEM IN THE PLAN.**

**B. CLASSIFICATION AND ALLOWANCE OF CLAIMS & EQUITY INTERESTS GENERALLY**

Section 1123 of the Bankruptcy Code provides that, except for certain types of claims, such as administrative expense claims and priority tax claims, a plan of reorganization must categorize claims against and equity interests in a debtor into individual classes. Although the Bankruptcy Code gives a debtor significant flexibility in classifying claims and interests, section 1122 of the Bankruptcy Code dictates that a plan of reorganization may only place a claim or an equity interest into a class containing claims or equity interests that are substantially similar.

The Plan creates several “Classes” of Claims and Interests. These Classes take into account the differing nature and priority of Claims against and Interests in the Prospective Debtors. Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting or receiving distributions under the Plan, but are treated separately as unclassified Claims.

The Plan provides specific treatment for each Class of Claims and Interests. Only Holders of Allowed Claims and Interests are entitled to receive distributions under the Plan.

Unless otherwise provided in the Plan or the Confirmation Order (including, without limitation, where a Claim or Interest is Reinstated under the Plan), the treatment of any Claim or Interest under the Plan will be in full satisfaction, settlement, release and discharge of, and in exchange for, such Claim or Interest.

**C. PROVISIONS FOR PAYMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY TAX CLAIMS**

1. Administrative Expense Claims.

Administrative Expense Claims are Claims for costs and expenses of administration of the Chapter 11 Cases arising on or after the Petition Date and prior to the Effective Date under sections 328, 330, 363, 365, 503(b), or 507(a)(2) of the Bankruptcy Code, including, without limitation, (a) any actual and necessary costs and expenses of preserving the Estates and operating the businesses of the Debtors from and after the Petition Date (such as wages, salaries and commissions for services and payments for inventory, leased equipment and premises) and Claims of governmental units for taxes (including tax audit Claims) related to tax years commencing after the Petition Date, but excluding Claims related to tax periods, or portions thereof, ending on or before the Petition Date; (b) all compensation for actual and necessary legal, financial, advisory, accounting and other services provided by the Professionals and the reimbursement of actual and necessary expenses incurred by the Professionals pursuant to sections 328 or 330 of the Bankruptcy Code; (c) with the exception of Section 507(b) Claims, any indebtedness or obligations incurred or assumed by the Debtors during the Chapter 11 Cases; (d) any payment to be made under the Plan or otherwise to cure a default under an executory contract or unexpired lease that has been or will be

assumed by any of the Debtors; or (e) any fees and charges assessed against the Estates under section 1930, Chapter 123, of Title 28 of the United States Code.

The Bankruptcy Code does not require that administrative expense claims be classified under a plan. It does, however, require that allowed administrative expense claims be paid in full in cash in order for a plan to be confirmed, unless the holder of such claim consents to different treatment.

Pursuant to the Plan and subject to the provisions of sections 328, 330, 331 and 503(b) of the Bankruptcy Code, on either: (i) the latest to occur of (x) the Effective Date, (y) the date upon which such Administrative Expense Claim becomes an Allowed Claim and (z) such other date as agreed upon by the Debtors and the Holder of such Administrative Expense Claim, or (ii) such other date as the Bankruptcy Court may order, each Holder of an Allowed Administrative Expense Claim shall receive, on account of and in full and complete settlement, release and discharge of, and in exchange for, such Allowed Administrative Expense Claim, (a) Cash equal to the full unpaid amount of such Allowed Administrative Expense Claim, or (b) such other less favorable treatment as the applicable Debtor and such Holder shall have agreed; provided, however, that Allowed Administrative Expense Claims not yet due or that represent obligations incurred by the Debtors in the ordinary course of their business during the Chapter 11 Cases, or assumed by the Debtors during the Chapter 11 Cases, shall be paid or performed when due in the ordinary course of business and in accordance with the terms and conditions of the particular agreements governing such obligations.

Each Allowed Administrative Expense Claim will be paid from, and to the extent of available assets of, the respective Debtor's Estate to which such Claim applies or has been allocated. To the extent that an Administrative Expense Claim is Allowed against the Estate of more than one Debtor, there shall be only a single recovery on account of such Allowed Claim.

## 2. Priority Tax Claims.

Priority Tax Claims are Claims of governmental units for taxes owed by the Debtors that are entitled to priority in payment pursuant to sections 502(i) and 507(a)(8) of the Bankruptcy Code. These taxes include (a) taxes on income or gross receipts that meet the requirements of section 507(a)(8)(A), (b) property taxes meeting the requirements of section 507(a)(8)(B), (c) taxes that were required to be collected or withheld by the Debtors and for which the Debtors are liable in any capacity as described in section 507(a)(8)(C), (d) employment taxes on wages, salaries, or commissions that are entitled to priority pursuant to section 507(a)(4), to the extent such taxes also meet the requirements of section 507(a)(8)(D), (e) excise taxes of the kind specified in section 507(a)(8)(E), (f) customs duties arising out of the importation of merchandise that meet the requirements of section 507(a)(8)(F), and (g) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in section 507(a)(8)(G).

The Bankruptcy Code does not require that priority tax claims be classified under a plan. It does, however, require that such claims receive the treatment described below in order for a plan to be confirmed unless the holder of such claims consents to different treatment.

Pursuant to the Plan, except to the extent that a Holder of an Allowed Priority Tax Claim agrees to a less favorable treatment, in full and final satisfaction, settlement, release and discharge of and in exchange for each Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim shall receive either, at the sole option of the Reorganized Debtors, (a) payment in

full in Cash after such Priority Tax Claim becomes an Allowed Claim, or as soon as practicable thereafter, (b) except as otherwise determined by the Bankruptcy Court at the Confirmation Hearing, regular installment payments in Cash equal to the Allowed amount of such Claim over a period ending not later than the fifth anniversary of the Petition Date, which installment payments shall commence after such Priority Tax Claim becomes an Allowed Claim, or (c) such other treatment as agreed to by the Holder of an Allowed Priority Tax Claim and the Reorganized Debtors.

**D. NON-SUBSTANTIVE CONSOLIDATION AND CLASSIFICATION OF CLAIMS**

The Plan serves as a motion by the Debtors seeking entry of an order substantively consolidating each of the estates of the Debtors into a single consolidated estate *solely* for the limited purposes of voting and Confirmation. For the avoidance of doubt, the Plan shall not serve as a motion by the Debtors seeking entry of an order substantively consolidating the Debtors estates for any other purposes. Notwithstanding anything in Article V of the Plan, all distributions under the Plan shall be made in accordance with the Scheme and Article VII of the Plan.

The limited substantive consolidation described herein shall not affect the legal and organizational structure of the Debtors, the Reorganized Debtors, or their separate corporate existences or any prepetition or postpetition guarantees, liens, or security interests that are required to be maintained under the Bankruptcy Code, under the Plan, or, with respect to executory contracts or unexpired leases that are assumed or entered into during the Chapter 11 Cases. Moreover, any alleged defaults under any applicable agreement with the Debtors, the Reorganized Debtors, or their respective Affiliates arising from substantive consolidation under the Plan shall be deemed cured as of the Effective Date.

If the Debtors estates are not substantively consolidated in accordance with the Plan, then (1) the Plan shall be deemed to constitute a separate Plan for each of the Debtors, and each Class of Claims against or Interests in the Debtors shall be deemed to constitute separate Classes of Claims against and Interests in each of the Debtors, (2) the confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied separately with respect to each Plan, (3) any Claim against any of the Debtors shall be treated as a Claim only against the applicable Debtor for purposes of voting and Confirmation, (4) such Claims shall be administered as provided in the Plan, and (5) the Debtors shall not, nor shall they be required to, resolicit votes with respect to the Plan, nor will the failure of the Bankruptcy Court to approve limited substantive consolidation of the Debtors alter the distributions set forth in the Plan.

The categories of Claims and Interests listed below, which exclude Administrative Expense Claims and Priority Tax Claims in accordance with section 1123(a)(1) of the Bankruptcy Code, are classified for all purposes, including, without limitation, voting, Confirmation, and distribution pursuant to the Plan, as follows:

| <b>Class</b> | <b>Designation</b>            | <b>Impairment</b> | <b>Entitled to Vote?</b> |
|--------------|-------------------------------|-------------------|--------------------------|
| Class A      | Priority Non-Tax Claims       | Unimpaired        | No                       |
| Class B      | Secured Claims                | Unimpaired        | No                       |
| Class C      | Senior Notes Guarantee Claims | Impaired          | Yes                      |
| Class D      | General Unsecured Claims      | Unimpaired        | No                       |
| Class E      | Intercompany Claims           | Unimpaired        | No                       |
| Class F      | Interests                     | Unimpaired        | No                       |

**E. PROVISIONS FOR TREATMENT OF CLAIMS AND INTERESTS**

The classification and treatment of Claims against and Interests in the Debtors are set forth in detail in the Plan. A summary of that treatment is provided below.

1. Priority Non-Tax Claims (Class A).

Priority Non-Tax Claims are Claims entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code, other than Administrative Expense Claims or Priority Tax Claims.

On the Effective Date, each Holder of an Allowed Priority Non-Tax Claim against any of the Debtors shall have such Claim Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.

Such Claims are Unimpaired under the Plan, and the Holders of such Claims are not entitled to vote on the Plan.

2. Secured Claims (Class B).

Secured Claims are Claims that are secured by a Lien on collateral to the extent of the value of such collateral (i) as set forth in the Plan, (ii) as agreed to by the Holder of such Claim and the relevant Debtor(s) or (iii) as determined pursuant to a Final Order of the Bankruptcy Court in accordance with section 506(a) of the Bankruptcy Code or, in the event that such Claim is subject to setoff under section 553 of the Bankruptcy Code, to the extent of such setoff.

On the Effective Date, each Holder of an Allowed Secured Claim against any of the Debtors shall have its Claim Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.

Such Claims are Unimpaired under the Plan, and the Holders of such Claims are not entitled to vote on the Plan.

3. Senior Notes Guarantee Claims (Class C).

Senior Notes Guarantee Claims are all Claims against LDK Solar USA, Inc. and/or LDK Solar Tech USA, Inc. arising under or evidenced by the Senior Notes Documents, including, without limitation, any obligation of LDK Solar USA, Inc. and/or LDK Solar Tech USA, Inc. to guaranty any obligations under, or with respect to, the Senior Notes.

The Plan provides that the Senior Notes Guarantee Claims shall be Allowed thereunder in the aggregate principal amount of the Senior Notes Guarantee Claims as of the Record Time, plus (i) any accrued but unpaid interest thereon at the rate of 10% per annum through and including June 3, 2013, and (ii) accrued but unpaid interest at 5.535% per annum since June 4, 2013 until the Scheme Distribution Date.

On the Scheme Distribution Date, each Holder of an Allowed Senior Notes Guarantee Claim shall receive on account of, in full and complete satisfaction, settlement, release and discharge of, and in exchange for, such Claim, the Scheme Senior Notes Consideration. In exchange for such Scheme Senior Notes Consideration, each Senior Notes Guarantee Claim against the Debtors shall be released and discharged as more fully set forth in the Plan.



Senior Notes Guarantee Claims are Impaired under the Plan, and the Holders of such Claims are entitled to vote on the Plan.

4. General Unsecured Claims (Class D).

General Unsecured Claims are Claims against any Debtor that are not Administrative Expense Claims, Priority Tax Claims, Priority Non-Tax Claims, Secured Claims, Senior Notes Guarantee Claims or Intercompany Claims.

On the Effective Date, each Holder of an Allowed General Unsecured Claim against any of the Debtors shall have its Claim Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.

Such Claims are Unimpaired under the Plan, and the Holders of such Claims are not entitled to vote on the Plan.

5. Intercompany Claims (Class E).

Intercompany Claims are all Claims against any one Debtor held by another Debtor or a non-Debtor Affiliate of any Debtor.

On the Effective Date, each Holder of an Allowed Intercompany Claim against any of the Debtors shall have such Claim Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.

Such Claims are Unimpaired under the Plan, and the Holders of such Claims are not entitled to vote on the Plan.

6. Interests in the Debtors (Class F).

Interests in the Debtors means any share of common stock, preferred stock or other instrument evidencing an ownership interest in any of the Debtors, whether or not transferable, and any option, warrant or right, contractual or otherwise, to acquire any such interest in a Debtor that existed immediately prior to the Effective Date (including prior to the Petition Date).

On the Effective Date, each Holder of an Interest in the Debtors shall have such Interest Reinstated or shall receive such other treatment as agreed to by the applicable Debtor and such Holder.

Such Interests are Unimpaired under the Plan, and the Holders of such Interests are not entitled to vote on the Plan.

**F. IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS THAT ARE IMPAIRED; ACCEPTANCE OR REJECTION OF THE PLAN**

1. Impaired Classes of Claims Entitled to Vote.

Class C (Senior Notes Guarantee Claims) is Impaired, and the Holders of Claims in such Class are entitled to vote to accept or reject the Plan. Senior Notes Guarantee Claims comprise the only Class of Claims that are Impaired under the Plan.

All other Classes of Claims are Unimpaired under the Plan and the Holders of Claims in such Classes are accordingly not entitled to vote to accept or reject the Plan. Specifically, each of Class A (Priority Non-Tax Claims), Class B (Secured Claims), Class D (General Unsecured Claims), Classes 1 E (Intercompany Claims), and Class F (Interests) is Unimpaired by the Plan, and the Holders of Claims and Interests in each of such Classes are conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

2. Acceptance by an Impaired Class.

In accordance with section 1126(c) of the Bankruptcy Code and except as provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds ( $\frac{2}{3}$ ) in dollar amount and more than one-half ( $\frac{1}{2}$ ) in number of the Allowed Claims in such Class that have timely and properly voted to accept or reject the Plan. As a result, if at least two-thirds ( $\frac{2}{3}$ ) in dollar amount and more than one-half ( $\frac{1}{2}$ ) in number of the Senior Notes Guarantee Claims vote to accept the Plan, the Plan shall be accepted by the only Impaired Classes of Claims.

Holders of more than 60% in dollar amount of the Senior Notes Guarantee Claims executed and delivered the RSA. As a result of execution and delivery of the RSA, those Holders of Senior Notes Guarantee Claims signatory thereto committed to, among other things, support and vote in favor of the Plan. The Prospective Debtors expect that the Class of Senior Notes Guarantee Claims will vote to accept the Plan by more than one-half ( $\frac{1}{2}$ ) in number and two-thirds ( $\frac{2}{3}$ ) in dollar amount of their Class.

**G. MEANS FOR IMPLEMENTATION OF THE PLAN**

1. Corporate Governance, Directors, Officers and Corporate Action.

(a) Certificates of Incorporation; By-Laws

Consistent with, but only to the extent required by, section 1123(a)(6) of the Bankruptcy Code, on the Effective Date, the Debtors' certificates or articles of incorporation shall be deemed to prohibit the issuance of non-voting equity securities. The certificates or articles of incorporation, by-laws, certificates of formation, limited liability company agreements, or similar governing documents, as applicable, of the Debtors or Reorganized Debtors shall also be deemed amended as necessary to satisfy the provisions of the Plan and the Bankruptcy Code. After the Effective Date, the Reorganized Debtors may amend and restate their certificates or articles of incorporation, by-laws, certificates of formation, limited liability company agreements, partnership agreements or similar governing documents, as applicable, as permitted by applicable law.

(b) Directors and Officers of the Reorganized Debtors

Subject to any requirement of Bankruptcy Court approval pursuant to section 1129(a)(5) of the Bankruptcy Code, on the Effective Date, the initial directors and officers of each of the Reorganized Debtors shall be the persons identified in Exhibit 1 to the Plan. After the Effective Date, the Reorganized Debtors' certificates of incorporation and by-laws, as each may be amended thereafter from time to time, shall govern the designation and election of directors.

As stated in Article II, above, the Prospective Debtors intend that each of the existing directors and officers of each of the Prospective Debtors will continue as a director and/or officer of the Reorganized Debtors from and after the Effective Date.

(c) Corporate Action

On the Effective Date, the amendment of the certificates or articles of incorporation, by-laws, certificates of formation, limited liability company agreements, or similar governing documents, the selection of directors and officers for the Reorganized Debtors, and all other actions contemplated by the Plan shall be deemed authorized and approved in all respects (subject to the provisions of the Plan). All matters provided for in the Plan involving the corporate structure of the Debtors or the Reorganized Debtors, and any corporate action required by the Debtors or the Reorganized Debtors in connection with the Plan, shall be deemed to have timely occurred in accordance with applicable law and shall be in effect, without any requirement of further action by the security holders or directors of the Debtors or the Reorganized Debtors. On and after the Effective Date, the appropriate officers of the Reorganized Debtors and members of the boards of directors of the Reorganized Debtors will be authorized and directed to issue, execute and deliver the agreements, documents, securities and instruments contemplated by the Plan in the name of and on behalf of the Reorganized Debtors.

2. Binding Effect.

On the Effective Date, except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code, all provisions of the Plan, including all agreements, instruments and other documents filed in connection with the Plan and executed by the Debtors or the Reorganized Debtors in connection with the Plan, shall be binding upon the Debtors, the Reorganized Debtors, all Holders of Claims against and Interests in each of the Debtors, and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan, and all other parties that are affected in any manner by the Plan. All agreements, instruments and other documents filed in connection with the Plan shall be given full force and effect, and shall bind all parties referred to therein as of the Effective Date, whether or not such agreements are actually issued, delivered or recorded on the Effective Date or thereafter and whether or not a party has actually executed such agreement.

3. Continued Corporate Existence and Vesting of Assets in the Reorganized Debtors.

On and after the Effective Date each of the Reorganized Debtors shall continue to exist as separate entities in accordance with the applicable law in the respective jurisdiction in which they are formed and pursuant to their respective certificates or articles of incorporation (or similar organizational documents) and by-laws in effect prior to the Effective Date, except to the extent such certificates or articles of incorporation (or similar organizational documents) and by-laws are to be amended and/or restated pursuant to the terms of the Plan. Notwithstanding anything to the contrary in the Plan, the Reinstated Claims against and Interests in a particular Debtor or Reorganized Debtor shall remain the obligations solely of such Debtor or Reorganized Debtor following the Effective Date and shall not become obligations of any other Debtor or Reorganized Debtor by virtue of the Plan, the Chapter 11 Cases, or otherwise. Pursuant to section 1141(b) of the Bankruptcy Code, except as otherwise provided under the Plan, all property of the respective Estate of each Debtor, including all claims, rights and causes of action and any property acquired by the Debtors or the Reorganized Debtors under or in connection with the Plan, together with any property of each Debtor that is not property of its Estate and that is not specifically disposed of pursuant to the Plan,

shall revert in the applicable Reorganized Debtor on the Effective Date free and clear of all Claims, Liens, charges, other encumbrances and Interests. Thereafter, the Reorganized Debtors may operate their businesses and may use, acquire and dispose of property free of any restrictions of the Bankruptcy Code and the Bankruptcy Rules. As of the Effective Date, all property of each Reorganized Debtor shall be free and clear of all Liens and non-Reinstated Claims and Interests, except as specifically provided in the Plan or the Confirmation Order.

4. Cancellation of Debt Documents.

On the Effective Date, in consideration for the distributions to be made on the Effective Date pursuant to the Plan and the Scheme and except as otherwise provided therein, the obligations of any of the Debtors under any Senior Notes, any Senior Notes Documents, or any other agreements evidencing or creating any indebtedness or obligations of a Debtor related to Senior Notes Guarantee Claims shall be cancelled discharged pursuant to Section 10.1 of the Plan.

5. Cancellation of Liens.

Except as otherwise provided in the Plan, on the Effective Date, in consideration for the distributions to be made on the Effective Date pursuant to the Plan, all Liens, charges, encumbrances and rights related to any Claim or Interest, but excluding any Lien securing a Secured Claim that is Reinstated pursuant to the Plan, shall be terminated, null and void and of no effect, and the Holders thereof shall be authorized and directed to release any collateral or other property of any Debtor (including any Cash collateral) held by such Holder and to take such actions as may be requested by the Debtors (or the Reorganized Debtors, as the case may be) to evidence the release of any Liens, including the execution, delivery, and filing or recording of such release documents as may be requested by the Debtors (or the Reorganized Debtors, as the case may be).

6. Additional Transactions Authorized Under the Plan.

On or prior to the Effective Date, the Debtors shall be authorized to take any such actions as may be necessary or appropriate to Reinstate Claims or Interests or render Claims or Interests Unimpaired, as provided for under the Plan.

**H. PROVISIONS GOVERNING DISTRIBUTIONS**

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS GOVERNING DISTRIBUTIONS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

1. General Matters.

Pursuant to Article VII of the Plan, unless the Holder of an Allowed Claim and the Debtors or the Reorganized Debtors agree to a different distribution date and except as otherwise provided in the Plan (including with respect to Senior Notes Guarantee Claims), in the Scheme, or as ordered by the Bankruptcy Court or the Cayman Court, distributions to be made on account of Claims that are Allowed as of the Effective Date shall be made on the Scheme Distribution Date. Any payment or distribution required to be made under the Plan on a day other than a Business Day shall be made on the next succeeding Business Day. Distributions on account of Claims that first become Allowed Claims after the Scheme Distribution Date shall be made as soon as practicable after the date that such Claim becomes Allowed. Distributions to be made on the Scheme

Distribution Date shall be deemed actually made on the Scheme Distribution Date if made either (a) on the Scheme Distribution Date or (b) as soon as practicable thereafter, but in no event later than ten (10) Business Days after the Scheme Distribution Date, except as otherwise provided for in the Plan or in the Scheme.

Other than as specifically set forth in the Plan, the Disbursing Agent(s) shall make all distributions required to be made under the Plan. The Reorganized Debtors may act as Disbursing Agent or may employ or contract with other Entities to assist in or make the distributions required by the Plan.

In connection with the Plan and all distributions thereunder, the Reorganized Debtors shall comply with all withholding and reporting requirements imposed by any federal, state, local or foreign taxing authority, and all distributions under the Plan shall be subject to any such withholding and reporting requirements. The Reorganized Debtors shall be authorized under the Plan to take any and all actions that may be necessary or appropriate to comply with such withholding and reporting requirements. All persons holding Claims or Interests shall be required to provide any information necessary to effect information reporting and the withholding of such taxes. Each Holder of an Allowed Claim that is to receive a distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such distribution. No distribution shall be made to or on behalf of such Holder pursuant to the Plan unless and until such Holder has made arrangements satisfactory to the Reorganized Debtors for the payment and satisfaction of such tax obligations.

2. Interest on Claims.

As provided for in Section 7.4 of the Plan, except as otherwise specifically provided for in the Plan (including, for the avoidance of doubt, with respect to General Unsecured Claims), the Confirmation Order or other order of the Bankruptcy Court, or required by applicable bankruptcy or non-bankruptcy law, post-petition interest shall not accrue or be paid on any Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim.

3. Undeliverable and Unclaimed Distributions.

Pursuant to Section 7.6.2 of the Plan, if the distribution to any Holder of an Allowed Claim is returned to the Reorganized Debtors or the Disbursing Agent(s) as undeliverable or is otherwise unclaimed, no further distributions shall be made to such Holder unless and until the Reorganized Debtors or the Disbursing Agent(s) are notified in writing of such Holder's then-current address. Any Holder of an Allowed Claim that does not assert a claim pursuant to the Plan for an undeliverable or unclaimed distribution within one (1) year after the Effective Date 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 or their Estates or the Reorganized Debtors or their property. In such cases, any Cash for distribution on account of such claims for undeliverable or unclaimed distributions shall become the property of the Estates and the Reorganized Debtors free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary. Nothing contained in the Plan or the Scheme shall require any Disbursing Agent, including, but not limited to, any of the Reorganized Debtors, to attempt to locate any Holder of an Allowed Claim.

4. Allocation of Plan Distributions Between Principal and Interest.

As provided for in Section 7.8 of the Plan, to the extent that any Allowed Claim entitled to a distribution under the Plan comprises indebtedness and accrued but unpaid interest thereon, such distribution shall, for all income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent that the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

5. Means of Cash Payment.

Except for payments of Cash, if any, made to Holders of Senior Notes Guarantee Claims that shall be paid in accordance with the terms of the Scheme, payments of Cash 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 Reorganized Debtors, by (a) checks drawn on or (b) wire transfers from a bank selected by the Reorganized Debtors. Cash payments to foreign creditors may be made, at the option of the Reorganized Debtors, in such funds and by such means as are necessary or customary in a particular foreign jurisdiction.

6. Setoff and Recoupment.

As provided by Section 7.11 of the Plan, the Reorganized Debtors may, pursuant to sections 553 and/or 558 of the Bankruptcy Code or applicable non-bankruptcy laws, but shall not be required to, set off and/or recoup against any Claim the payments or other distributions to be made pursuant to the Plan in respect of such Claim, or claims of any nature whatsoever that any of the Debtors or the Reorganized Debtors may have against the Holder of such Claim; provided, however, that neither the failure to assert such rights of setoff and/or recoupment nor the allowance of any Claim under the Plan shall constitute a waiver or release by any of the Reorganized Debtors of any claim that any of the Debtors or the Reorganized Debtors may assert against any Holder of an Allowed Claim.

7. Distributions on Senior Notes Governed by Scheme.

Notwithstanding anything to the contrary in the Plan, distributions to the holders of the Senior Notes (including the Holders of the Senior Notes Guarantee Claims) shall be made in accordance with the Scheme by the Debtors' Affiliates subject to the Scheme and shall be exempt from the distribution provisions of the Plan.

**I. TREATMENT OF EXECUTORY CONTRACTS, UNEXPIRED LEASES, INSURANCE POLICIES AND EMPLOYEE BENEFIT PLANS**

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS GOVERNING THE TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

On the Effective Date, all executory contracts or unexpired leases of the Debtors will be deemed assumed in accordance with, and subject to, the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code, unless such executory contract or unexpired lease (i) was previously assumed or rejected by the relevant Debtor(s) or (ii) previously expired or terminated pursuant to its own terms. Entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such assumptions pursuant to sections 365(a) and 1123 of the

Bankruptcy Code. Each executory contract and unexpired lease assumed pursuant to Article VI of the Plan shall revert in and be fully enforceable by the respective Reorganized Debtor in accordance with its terms, except as modified by the provisions of the Plan, or any order of the Bankruptcy Court authorizing and providing for its assumption.

Furthermore, insurance policies issued to, or insurance agreements entered into by, the Prospective Debtors prior to the Petition Date (including, without limitation, any policies covering directors' or officers' conduct) shall continue in effect after the Effective Date. To the extent that such insurance policies or agreements are considered to be executory contracts, the Plan shall constitute a motion to assume or ratify such insurance policies and agreements, and, subject to the occurrence of the Effective Date, the entry of the Confirmation Order shall constitute approval of such assumption pursuant to section 365(a) of the Bankruptcy Code and a finding by the Bankruptcy Court that each such assumption is in the best interest of each Debtor and its Estate. Unless otherwise determined by the Bankruptcy Court pursuant to a Final Order or agreed to by the parties thereto prior to the Effective Date, no payments shall be required to cure any defaults of the Debtors existing as of the Confirmation Date with respect to each such insurance policy.

Any monetary amounts by which each executory contract and unexpired lease to be assumed is in default shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to each such executory contract or unexpired lease may otherwise agree. In the event of a dispute regarding (a) the amount of any cure payments, (b) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order resolving the dispute and approving the assumption. Pending the Bankruptcy Court's ruling on such motion, the executory contract or unexpired lease at issue shall be deemed assumed by the relevant Debtor unless otherwise ordered by the Bankruptcy Court.

From and after the Effective Date, each of the Reorganized Debtors shall continue to perform its obligations (whether statutory or contractual) under all employment and severance contracts and all Employee Benefit Plans applicable to its employees, retirees and non-employee directors, including, without limitation, the payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, that such Reorganized Debtor had the obligation to pay and was paying prior to the Petition Date, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114 of the Bankruptcy Code at any time prior to the Confirmation Date, for the duration of the period (if any) that the applicable Reorganized Debtor(s) are obligated to provide such benefits.

All contracts, agreements and leases that were entered into by the Debtors or assumed by the Debtors after the Petition Date shall be deemed assigned by the Debtors to the Reorganized Debtors on the Effective Date.

## **J. PROCEDURES FOR RESOLVING DISPUTED CLAIMS**

THE FOLLOWING IS A SUMMARY OF THE PROVISIONS FOR TREATMENT OF DISPUTED CLAIMS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

As set forth in Article VIII of the Plan, after the Effective Date, only the Reorganized Debtors may object to the allowance of any Claim or Administrative Expense Claim. After the Effective Date, the Reorganized Debtors will have the power and authority under the Plan to allow or settle and compromise any Claim without notice to any other party, or approval of, or notice to the Bankruptcy Court. In addition, the Debtors or the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate any contingent or unliquidated Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether the Debtors or the Reorganized Debtors have previously objected to such Claim. Unless otherwise ordered by the Bankruptcy Court, the Reorganized Debtors shall serve and file any objections to Claims or Interests no later than (a) one hundred eighty (180) days after the Effective Date or (b) such later date as may be determined by the Bankruptcy Court upon a motion which may be made without further notice or hearing.

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 Final Order and the Disputed Claim, or some portion thereof, has become an Allowed Claim. To the extent that a Disputed Claim ultimately becomes an Allowed Claim, distributions (if any) shall be made to the Holder of such Allowed Claim in accordance with the provisions of the Plan. As soon as practicable after the date that the order or judgment of the Bankruptcy Court allowing any Disputed Claim becomes a Final Order, the Disbursing Agent(s) shall provide to the Holder of such Claim the distribution (if any) to which such Holder is entitled under the Plan as of the Effective Date, without any post-Effective Date interest to be paid on account of such Claim.

Notwithstanding anything contained herein to the contrary, nothing shall affect, diminish or impair the Debtors' or the Reorganized Debtors' rights and defenses, both legal and equitable, with respect to any Reinstated Claim or Interest, including, but not limited to, legal and equitable rights of setoff and/or recoupment against the Holders of any Reinstated Claims.

## **K. CONFIRMATION AND CONSUMMATION OF THE PLAN**

### **1. Conditions to Effective Date.**

The Plan shall not become effective and the Effective Date shall not occur unless and until the following conditions shall have been satisfied or waived in accordance with Section 9.2 of the Plan:

(a) The Confirmation Order confirming the Plan shall have been entered by the Bankruptcy Court and there shall not be a stay or injunction (or similar prohibition) in effect with respect thereto.

(b) Any documentation in connection with the convertible bonds issued as Scheme Senior Notes Consideration shall have become effective in accordance with their respective terms on the Effective Date or shall be deemed to become effective on the Effective Date as a result of the coming into effect of the Plan.

(c) The Scheme shall have become effective in accordance with the terms of the Scheme or such effectiveness shall occur simultaneously with the Effective Date of the Plan.

(d) All authorizations, consents, certifications, approvals, rulings, no-action letters, opinions or other documents or actions required by any law, regulation or order to be



received or to occur in order to implement the Plan on the Effective Date shall have been obtained or shall have occurred unless failure to do so will not have a material adverse effect on the Reorganized Debtors.

The Effective Date will occur on the Business Day on which each of the above conditions precedent to the Effective Date is satisfied and the Debtors file with the Bankruptcy Court a notice indicating that such conditions have been satisfied.

2. Waiver of Conditions.

Each of the conditions set forth in Section 9.1 of the Plan may be waived in whole or in part by the Debtors after notice to the Bankruptcy Court and parties in interest but without the need for a hearing.

3. Consequences of Non-Occurrence of Effective Date.

If the Confirmation Order is vacated, (a) the Plan shall be null and void in all respects; (b) any settlement of Claims or Interests provided for in the Plan shall be null and void without further order of the Bankruptcy Court; and (c) the time within which the Debtors may assume and assign or reject all executory contracts and unexpired leases shall be extended for a period of one hundred twenty (120) days after the date the Confirmation Order is vacated.

**L. EFFECT OF PLAN CONFIRMATION**

1. Binding Effect.

Except as otherwise provided in section 1141(d)(3) of the Bankruptcy Code and subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Plan shall bind any Holder of a Claim against, or Interest in, the Debtors and such Holder's respective successors and assigns, whether or not the Claim or Interest of such Holder is Impaired under the Plan and whether or not such Holder has accepted the Plan, and all other parties that are affected in any manner by the Plan.

2. Discharge, Releases and Exculpation.

(a) Discharge of Non-Reinstated Claims; Non-Discharge of Interests

The Plan provides for the discharge of Claims against the Debtors other than those Claims that are being Reinstated under the Plan. Specifically, on the Effective Date, pursuant to Section 10.1 of the Plan, the Debtors will be deemed discharged and released under section 1141(d)(1)(A) of the Bankruptcy Code from any and all Claims not Reinstated under the Plan, including, but not limited to, Senior Notes Guarantee Claims, demands and liabilities that arose before the Effective Date, and all debts of the kind specified in sections 502(g), 502(h), or 502(i) of the Bankruptcy Code. Except as otherwise provided in the Plan (including with respect to all Claims that are Reinstated under the Plan) or in the Confirmation Order, all consideration distributed in accordance with the Plan shall be in exchange for, and in complete satisfaction, settlement, discharge and release of, all Claims of any nature whatsoever against the Debtors or any of their Estates, assets, properties or interests in property.

All Interests in the Debtors are Reinstated under the Plan. Accordingly, Interests will not be discharged by the Plan.

The Plan further provides that the Bankruptcy Court will issue an injunction supporting the discharge of Claims against the Debtors (other than those Claims that are being Reinstated under the Plan). Specifically, as of the Effective Date, except as otherwise expressly provided in the Plan or the Confirmation Order, all Entities shall be precluded from asserting against the Debtors or the Reorganized Debtors and their respective assets, property and Estates, any other or further Claims (other than those Reinstated under the Plan), or any other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities of any nature whatsoever, relating to any of the Debtors or Reorganized Debtors or any of their respective assets, property and Estates, based upon any act, omission, transaction or other activity of any nature that occurred prior to the Effective Date. In accordance with the foregoing, except as expressly provided in the Plan or the Confirmation Order, the Confirmation Order shall constitute a judicial determination, as of the Effective Date, of the discharge of all non-Reinstated Claims or other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities, pursuant to sections 524 and 1141 of the Bankruptcy Code, and such discharge shall void and extinguish any judgment obtained against the Debtors, the Reorganized Debtors, or any of their respective assets, property and Estates at any time, to the extent such judgment is related to a discharged Claim, debt or liability.

(b) Releases by Debtors

The Plan provides, at Section 10.2, that the Debtors and the Reorganized Debtors will grant certain releases in favor of the Released Parties. The Released Parties, as defined in the Plan, are comprised of (i) the Debtors, the Reorganized Debtors, and their financial advisors, attorneys, accountants, investment bankers, and consultants, (ii) the Consenting Noteholders, (iii) the JPLs, and (iv) the Related Persons of the Persons listed in subparts (ii) and (iii). The Related Persons of each of the Released Parties are defined in the Plan as each Released Party's predecessors, successors and assigns (whether by operation of law or otherwise) and their respective present and former affiliates and each of their respective current and former members, partners, equity holders, officers, directors, employees, managers, shareholders, partners, financial advisors, attorneys, accountants, investment bankers, consultants, agents and professionals each acting in such capacity, and any Person claiming by or through any of them (including their respective officers, directors, managers, shareholders, partners, employees, equity holders, members, and professionals).

**The releases granted by the Debtors and Reorganized Debtors under the Plan in favor of the Released Parties provide that except as otherwise expressly provided in the Plan or the Confirmation Order, on the Effective Date, for good and valuable consideration, to the fullest extent permissible under applicable law, each of the Debtors and Reorganized Debtors on its own behalf and as a representative of its respective Estate, shall, and shall be deemed to, completely and forever release, waive, void, extinguish and discharge unconditionally, (a) each and all of the Released Parties of and from any and all Claims and causes of action (including, without limitation, Avoidance Actions), any and all other obligations, suits, judgments, damages, debts, rights, remedies, causes of action and liabilities of any nature whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are or may be based in whole or part on any act, omission, transaction, event or other circumstance taking place or existing on or prior to the Effective Date (including prior to the Petition Date) in connection with or related to the Senior Notes and the Senior Notes Indenture that may be asserted by or on behalf of any of the Debtors, the Reorganized Debtors or their respective Estates against any of the Released Parties, and (b) the JPLs and their Related Persons of and from any and all Claims and causes of action (including, without**

limitation, Avoidance Actions), any and all other obligations, suits, judgments, damages, debts, rights, remedies, causes of action and liabilities of any nature whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are or may be based in whole or part on any act, omission, transaction, event or other circumstance taking place or existing on or prior to the Effective Date (including prior to the Petition Date) in connection with or related to any of the Debtors, the Reorganized Debtors, their respective assets, property and Estates, the Chapter 11 Cases, the RSA, the Plan, or the Disclosure Statement that may be asserted by or on behalf of any of the Debtors, the Reorganized Debtors or their respective Estates against the JPLs or their Related Persons; provided, however, that nothing in Section 10.2 of the Plan shall be construed to release any Released Party from (i) illegality, willful misconduct or gross negligence as determined by a Final Order, (ii) any liability of any advisor to a Released Party, including such advisor's Related Persons, arising under a duty of care to a client, or (iii) any Reserved Claims.

(c) Releases of Senior Notes Guarantee Claims

The releases granted by Holders of Senior Notes Guarantee Claims under Section 10.3 of the Plan provide that, for the avoidance of doubt, and in exchange for the Scheme Senior Notes Consideration, on the Effective Date, the Holders of Senior Notes Guarantee Claims shall, and shall be deemed to, release, waive, void, extinguish and discharge unconditionally the Debtors and the Reorganized Debtors from any and all obligations, suits, judgments, damages, debts, rights, remedies, causes of action and liabilities of any nature whatsoever, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are or may be based in whole or part on any act, omission, transaction, event or other circumstance taking place or existing on or prior to the Effective Date (including prior to the Petition Date) in connection with or related to the Senior Notes, the Senior Notes Indenture or any other Senior Notes Documents.

(d) Exculpation

From and after the Effective Date, the Released Parties, including the Related Persons of each Released Party, shall neither have nor incur any liability to, or be subject to any right of action by, any Holder of a Claim or an Interest, or any other party in interest, or any of their respective employees, representatives, financial advisors, attorneys, or agents acting in such capacity, or affiliates, or any of their successors or assigns, for any act or omission in connection with, relating to, or arising out of, the Chapter 11 Cases, formulating, negotiating or implementing the RSA, the Plan, or the Disclosure Statement, the solicitation of acceptances of the Plan, the pursuit of Confirmation of the Plan, the Confirmation of the Plan, the consummation of the Plan, the administration of the Plan, the property to be distributed under the Plan, or any other act taken or omitted to be taken in connection with or in contemplation of the Chapter 11 Cases or implementation of the Plan; provided, however, that the exculpation provisions of the Plan shall not apply to release (x) obligations under the Plan and the Scheme, and obligations under the contracts, instruments, releases, agreements, and documents delivered, Reinstated or assumed under the Plan, and (y) any claims or causes of action arising out of illegality, willful misconduct or gross negligence as determined by a Final Order. Any of the Released Parties and their Related Persons shall be entitled to rely, in all respects, upon the advice of counsel with respect to their duties and responsibilities under the Plan.

## (e) Injunction Related to Exculpation

Except as expressly provided in the Plan or the Confirmation Order, as of the Effective Date, all Persons and Entities that hold, have held, or may hold a Claim or any other obligation, suit, judgment, damages, debt, right, remedy, cause of action or liability of any nature whatsoever, of the types described in Section 10.4 of the Plan and relating to any of the Debtors or the Reorganized Debtors or any of their respective assets, property and/or Estates, are, and shall be, permanently, forever and completely stayed, restrained, prohibited, barred and enjoined from taking any of the following actions against any Released Party or its property on account of such released liabilities, whether directly or indirectly, derivatively or otherwise, on account of or based on the subject matter of such discharged Claims or other obligations, suits, judgments, damages, debts, rights, remedies, causes of action or liabilities: (i) commencing, conducting or continuing in any manner, directly or indirectly, any suit, action or other proceeding (including, without limitation, any judicial, arbitral, administrative or other proceeding) in any forum; (ii) enforcing, attaching (including, without limitation, any prejudgment attachment), collecting, or in any way seeking to recover any judgment, award, decree, or other order; (iii) creating, perfecting or in any way enforcing in any matter, directly or indirectly, any Lien; (iv) setting off, seeking reimbursement or contributions from, or subrogation against, or otherwise recouping in any manner, directly or indirectly, any amount against any liability or obligation that is discharged under Section 10.1 of the Plan; and/or (v) commencing or continuing in any manner any judicial, arbitration or administrative proceeding in any forum, that does not comply with or is inconsistent with the provisions of the Plan or the Confirmation Order.

## (f) Survival of Indemnification Obligations

The obligations of the Debtors to indemnify any past and present directors, officers, agents, employees and representatives, pursuant to certificates or articles of incorporation, by-laws, contracts and/or applicable statutes, in respect of all actions, suits and proceedings against any of such officers, directors, agents, employees and representatives, based upon any act or omission related to service with, for or on behalf of the Debtors, shall not be discharged or impaired by Confirmation or consummation of the Plan and shall be assumed by the Reorganized Debtors.

3. Term of Bankruptcy Injunction or Stays.

All injunctions or stays provided for in the Chapter 11 Cases under section 105 or section 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date.

**M. MISCELLANEOUS PLAN PROVISIONS**

THE FOLLOWING IS A SUMMARY OF CERTAIN MISCELLANEOUS PROVISIONS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY THE TERMS OF THE PLAN.

1. Retention of Jurisdiction.

Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court will retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law, as more specifically described in Article XI of the

Plan. Article XI of the Plan also sets forth numerous specific matters over which the Bankruptcy Court will retain jurisdiction after the Effective Date.

2. Post-Confirmation Date Retention of Professionals.

Pursuant to Section 12.2 of the Plan, upon the Effective Date, any requirement that Professionals employed by the Reorganized Debtors comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate, and the Reorganized Debtors will be authorized to employ and compensate professionals in the ordinary course of business and without the need for application to or approval by the Bankruptcy Court.

3. Bar Date for Certain Administrative Expense Claims.

Under Section 12.3 of the Plan, all applications for final allowance of compensation or reimbursement of expenses incurred by any Professional, and all other requests for the payment of Administrative Expense Claims, including all requests for the allowance of any Administrative Expense Claim pursuant to section 503(b)(3)(D) of the Bankruptcy Code for substantial contributions made in the Chapter 11 Cases (but excluding all requests for the payment of obligations incurred by the Debtors in the ordinary course of their business operations after the Petition Date), must be filed with the Bankruptcy Court and served on the Reorganized Debtors and their counsel at the addresses set forth in Section 12.13 of the Plan not later than thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Any request for the payment of an Administrative Expense Claim that is not timely filed and served shall be discharged and forever barred and the Holder of such Administrative Expense Claim shall be enjoined from commencing or continuing any action, process, or act to collect, offset or recover such Claim. The Debtors and the Reorganized Debtors shall have sole responsibility for filing objections to and resolving all requests for the allowance of Administrative Expense Claims.

4. Effectuating Documents and Further Transactions.

Each of the Debtors and the Reorganized Debtors is authorized to execute, deliver, file or record such contracts, instruments, certificates, notes, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate, implement and further evidence the terms and conditions of the Plan and any Scheme Senior Notes Consideration.

5. Exemption from Transfer Taxes.

As provided in Section 12.6 of the Plan, pursuant to section 1146(a) of the Bankruptcy Code, (a) the issuance, transfer or exchange of notes or equity securities under the Plan; (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer under the Plan, including, without limitation, merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, and transfers of tangible property, will not be subject to any stamp tax or other similar tax.

6. Support Agreements.

Until the Effective Date, notwithstanding any provision of the Plan to the contrary, nothing in the Plan shall relieve the parties to the RSA from any of their obligations thereunder.

7. Amendment or Modification of the Plan.

Pursuant to the terms of Section 12.9 of the Plan, and subject to section 1127 of the Bankruptcy Code, the Debtors may alter, amend or modify the Plan or the Exhibits at any time prior to or after the Confirmation Date but prior to the substantial consummation of the Plan; provided, however, that any such alteration, amendment or modification shall be consistent with the terms of the RSA unless the Debtors shall have received the consent of the Consenting Noteholders, which shall not be unreasonably withheld. Any Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

8. Severability of Plan Provisions.

Pursuant to the terms of Section 12.10 of the Plan, if, prior to the Confirmation Date, any term or provision of the Plan is determined by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will 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 will then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration, or interpretation. The Confirmation Order will constitute a judicial determination and will 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.

9. Revocation, Withdrawal or Non-Consummation of the Plan.

Subject to certain restrictions and requirements set forth in the Plan (including, without limitation, Section 12.9 of the Plan), in section 1127 of the Bankruptcy Code and in Bankruptcy Rule 3019, the Debtors reserve the right to revoke or withdraw the Plan as to any or all of the Debtors prior to the Confirmation Date and to file one or more subsequent chapter 11 plans. 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 Interest or Class of Claims or Interests), assumption or rejection of executory contracts or leases affected 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 shall (i) 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 the Debtors or any other Person.

## V. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will confirm the Plan only if all of the requirements of section 1129 of the Bankruptcy Code are met. Among the requirements for Confirmation are that the Plan (i) is accepted by all Impaired Classes of Claims and Interests or, if rejected by an Impaired Class, that the Plan “does not discriminate unfairly” and is “fair and

equitable” as to such Class, (ii) is feasible and (iii) is in the “best interests” of Holders of Claims and Interests Impaired under the Plan.

The Bankruptcy Code contains provisions for confirmation of a plan even if it is not accepted by all classes. These so-called “cramdown” provisions are set forth in section 1129(b) of the Bankruptcy Code, which provides that a plan of reorganization can be confirmed even if it has not been accepted by all impaired classes of claims and interests as long as at least one impaired class of non-insider claims has voted to accept the plan. **THE PROSPECTIVE DEBTORS RESERVE THE RIGHT TO SEEK CONFIRMATION OF THE PLAN BY UTILIZING THE “CRAMDOW” PROVISIONS IN SECTION 1129 OF THE BANKRUPTCY CODE TO THE EXTENT NECESSARY.**

#### **A. ACCEPTANCE**

Senior Notes Guarantee Claims in Class C are Impaired under the Plan, and, therefore, must accept the Plan in order for it to be confirmed without application of the “fair and equitable test,” described below, to such Classes. As stated above, Impaired Classes of Claims will have accepted the Plan if the Plan is accepted by at least two-thirds in dollar amount and a majority in number of the Claims of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

Class A (Priority Non-Tax Claims), Class B (Secured Claims), Class D (General Unsecured Claims), Class 3E (Intercompany Claims) and Class F (Interests) are Unimpaired under the Plan. As a result, Holders of Allowed Claims and Interests in each of these Classes are conclusively presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

If, notwithstanding the terms of the RSA or the classification of Claims under the Plan, any Impaired Class votes to or is deemed to reject the Plan, Confirmation of the Plan will require application of the “fair and equitable test,” described below.

#### **B. FAIR AND EQUITABLE TEST**

To obtain Confirmation in the event of a dissenting Impaired Class, the Debtors must demonstrate that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to each possible dissenting Impaired Class. A plan does not discriminate unfairly if the legal rights of a dissenting class are treated in a manner consistent with the treatment of other classes whose legal rights are substantially similar to those of the dissenting class and if no class receives more than it is entitled to on account of its claims or interests. Although no Class of Claims or Interests is expected to reject the Plan, the Prospective Debtors believe that the Plan would nonetheless satisfy these requirements.

The Bankruptcy Code establishes different “fair and equitable” tests for secured claims, unsecured claims and equity interests, as follows:

(a) Secured Creditors. Either (i) each holder of an impaired secured claim 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 attaching to the proceeds of the sale and the treatment of such liens on proceeds is as provided in clauses (i) or (ii) above.

(b) Unsecured Creditors. Either (i) each holder of an impaired unsecured claim 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 equity interests that are junior to the claims of the dissenting class will not receive or retain any property under the plan.

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

**THE PROSPECTIVE DEBTORS BELIEVE THAT THE VOTING CLASS OF CLAIMS AGAINST THE PROSPECTIVE DEBTORS WILL ACCEPT THE PLAN. ALL CLASSES OF CLAIMS AND INTERESTS OTHER THAN SENIOR NOTES GUARANTEE CLAIMS ARE UNIMPAIRED UNDER THE PLAN AND ARE ACCORDINGLY DEEMED TO ACCEPT THE PLAN. THE PROSPECTIVE DEBTORS DO NOT ANTICIPATE THAT THEY WILL NEED TO UTILIZE THE “CRAMDOWN” PROVISIONS OF SECTION 1129(b) OF THE BANKRUPTCY CODE AT THE CONFIRMATION HEARING. HOWEVER, IN THE EVENT SUCH A DEMONSTRATION IS NECESSARY, THE PROSPECTIVE DEBTORS BELIEVE THAT THE PLAN WILL SATISFY THE REQUIREMENTS OF THAT SECTION WITH RESPECT TO ANY NON-ACCEPTING CLASS OF CLAIMS OR INTERESTS.**

### **C. FEASIBILITY**

Pursuant to section 1129(a)(11) of the Bankruptcy Code, among other things, the Bankruptcy Court must determine that Confirmation of the Plan is not likely to be followed by the liquidation or need for further financial reorganization of the Debtors or any successors to the Debtors under the Plan. This condition is often referred to as the “feasibility” of the Plan.

The Prospective Debtors believe that the Plan satisfies section 1129(a)(11) of the Bankruptcy Code. The Prospective Debtors and their management have considered the ability of the Prospective Debtors to meet their obligations under the Plan and, further, to maintain sufficient liquidity and capital resources to conduct business after emergence. For a number of reasons, the Prospective Debtors believe that they will have sufficient cash flow to meet their obligations and maintain their business on a going-forward basis. First, the Plan does not require a Cash outlay from any of the Prospective Debtors. Instead, the consideration under the Plan is one and the same as the consideration provided to Scheme creditors. Second, the Prospective Debtors will have access to the \$14 million Working Capital Facility provided by HRX, which may be drawn down at any time between the Scheme’s Effective Date and September 30, 2018. Notably, as discussed in the Preliminary Section of the Explanatory Statement and section 13.7(b)-(d) of the Explanatory Statement, the Cayman Court already authorized LDK Parent to enter into a Commitment Letter with HRX for the provision of the Working Capital Facility. Third, as discussed above, the Prospective Debtors have minimal expenses and payment requirements. They only have four employees, no executive compensation agreements, no primary indebtedness obligations and very limited (currently none) operations. Fourth, and finally, the Plan and Scheme contemplate the



elimination of approximately \$285 million of Senior Note guarantee obligations by the Prospective Debtors. For these reasons, the Prospective Debtors are well situated going-forward, and the Plan meets the requirements of section 1129(a)(11) of the Bankruptcy Code.

**D. BEST INTERESTS TEST AND LIQUIDATION ANALYSIS**

The “best interests” test under section 1129 of the Bankruptcy Code requires as a condition to confirmation of a plan of reorganization that each holder of impaired claims or impaired interests receive property with a value not less than the amount such holder would receive in a chapter 7 liquidation. As indicated above, the Prospective Debtors believe that under the Plan, Holders of Impaired Claims will receive property with a value equal to or in excess of the value such Holders would receive on account of their Claims in a liquidation of the Debtors under chapter 7 of the Bankruptcy Code. The chapter 7 liquidation analysis set forth below and as Exhibit F hereto, will demonstrate that the Plan satisfies the requirements of the “best interests” test.

To estimate potential returns to Holders of Claims in a chapter 7 liquidation, the Prospective Debtors determined, as might a Bankruptcy Court conducting such an analysis, the amount of liquidation proceeds that might be available for distribution (net of liquidation-related costs) and the allocation of such proceeds among the Classes of Claims based on their relative priority as set forth in the Bankruptcy Code. The liquidation proceeds available for distribution to Holders of Claims against the Debtors would consist of the net proceeds from the disposition of the Debtors’ assets, augmented by any other Cash that the Debtors held and generated during the assumed holding period stated in the Plan and after deducting the incremental expenses of operating the business pending disposition.

In general, as to each entity, liquidation proceeds would be allocated in the following priority:

- first, to the Claims of secured creditors to the extent of the value of their collateral;
- second, to the costs, fees and expenses of the liquidation, as well as other administrative expenses of the Debtors’ chapter 7 cases, including tax liabilities;
- third, to unpaid Administrative Expense Claims;
- fourth, to Priority Tax Claims and Priority Non-Tax Claims entitled to priority in payment under the Bankruptcy Code;
- fifth, to General Unsecured Claims (including the Claims of secured creditors to the extent the value of their collateral was insufficient to satisfy their Claims in full, pursuant to section 506 of the Bankruptcy Code) and other unsecured Claims (including Senior Notes Guarantee Claims), after taking into account any applicable subordination provisions and/or applicable contractual provisions; and
- sixth, to Interests.

The Debtors’ liquidation costs in a chapter 7 case would include the compensation of a bankruptcy trustee, as well as compensation of counsel and other professionals retained by such trustee, asset disposition expenses, applicable taxes, litigation costs, Claims arising from the Debtors’ operation during the pendency of the chapter 7 cases and all unpaid Administrative

Expense Claims that are allowed in the chapter 7 case. The liquidation itself might trigger certain Priority Tax Claims and/or Priority Non-Tax Claims and would likely accelerate Claims or, in the case of taxes, make it likely that the Internal Revenue Service (the “IRS”) would assert all of its claims as Priority Tax Claims rather than asserting them in due course as is expected to occur under the Chapter 11 Cases. These Claims would be paid in full out of the net liquidation proceeds, after payment of secured Claims, chapter 7 costs of administration and other Administrative Expense Claims, and before the balance would be made available to pay General Unsecured Claims or to make any distribution in respect of Interests.

The foregoing discussion and chapter 7 liquidation analysis attached hereto are provided solely to discuss the effects of a hypothetical chapter 7 liquidation of the Prospective Debtors and are subject to the assumptions set forth herein and in the liquidation analysis. The Prospective Debtors cannot provide assurances that these assumptions would be accepted by a bankruptcy court. The chapter 7 liquidation analysis attached hereto will not be independently audited or verified.

## **VI. RISK FACTORS**

THE IMPLEMENTATION OF THE PLAN IS SUBJECT TO A NUMBER OF MATERIAL RISKS, INCLUDING THOSE ENUMERATED BELOW.

IN EVALUATING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, HOLDERS OF SENIOR NOTES GUARANTEE CLAIMS SHOULD READ AND CAREFULLY CONSIDER THE RISK FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT (AND THE DOCUMENTS DELIVERED TOGETHER HEREWITH AND/OR INCORPORATED BY REFERENCE HEREIN), PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THESE RISK FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION, OR ALTERNATIVES TO THE PLAN.

THESE RISK FACTORS CONTAIN CERTAIN STATEMENTS THAT ARE “FORWARD-LOOKING STATEMENTS” WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. THESE STATEMENTS ARE SUBJECT TO A NUMBER OF ASSUMPTIONS, RISKS AND UNCERTAINTIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY, INCLUDING THE IMPLEMENTATION OF THE PLAN, THE CONTINUING AVAILABILITY OF SUFFICIENT BORROWING CAPACITY OR OTHER FINANCING TO FUND OPERATIONS, THE PRICES AT WHICH THE COMPANY CAN SELL ITS PRODUCTS, THE AVAILABILITY AND COST OF RAW MATERIALS, CHANGES IN CREDIT TERMS FROM SUPPLIERS, CURRENCY EXCHANGE RATE FLUCTUATIONS, THE DEVELOPMENT OF NEW TECHNOLOGIES, ECONOMIC DOWNTURN, NATURAL DISASTERS AND UNUSUAL WEATHER CONDITIONS, TERRORIST ACTIONS OR ACTS OF WAR, OPERATING EFFICIENCIES, LABOR RELATIONS, ACTIONS OF GOVERNMENTAL BODIES AND OTHER MARKET AND COMPETITIVE CONDITIONS. HOLDERS OF SENIOR NOTES GUARANTEE CLAIMS ARE CAUTIONED THAT THE FORWARD-LOOKING STATEMENTS SPEAK AS OF THE DATE MADE AND ARE NOT GUARANTEES OF FUTURE PERFORMANCE. ACTUAL RESULTS OR DEVELOPMENTS MAY DIFFER MATERIALLY FROM THE EXPECTATIONS EXPRESSED OR IMPLIED IN THE FORWARD-LOOKING STATEMENTS. NO PARTY, INCLUDING, WITHOUT LIMITATION, THE PROSPECTIVE DEBTORS, THE DEBTORS OR

THE REORGANIZED DEBTORS, UNDERTAKES ANY OBLIGATION TO UPDATE SUCH STATEMENTS.

Part 11 of the Explanatory Statement provides numerous risk factors that arise in connection with the Scheme. Reference is made to each of the risk factors provided in the Explanatory Statement, and such risk factors are incorporated into this Disclosure Statement as if they were originally set forth herein.

**A. GENERAL BANKRUPTCY LAW CONSIDERATIONS**

1. General.

The filing of bankruptcy petitions by the Prospective Debtors and the publicity attendant thereto may have an adverse effect on the Prospective Debtors' businesses. Any such adverse effects may worsen during the pendency of a protracted bankruptcy case if the Plan is not timely confirmed and consummated as expected.

2. Failure to Satisfy Vote Requirement.

If the Prospective Debtors obtain the requisite votes from the Holders of Senior Notes Guarantee Claims to accept the Plan in accordance with the requirements of the Bankruptcy Code, the Prospective Debtors intend to file voluntary petitions for reorganization under chapter 11 of the Bankruptcy Code and to seek, as promptly as practicable thereafter, Confirmation of the Plan. In the event that sufficient votes are not received from the Holders of Senior Notes Guarantee Claims, the Prospective Debtors nevertheless may file petitions for relief under chapter 11 of the Bankruptcy Code. In such event, however, the Debtors will likely seek to accomplish an alternative restructuring of their capital structure and obligations. The Prospective Debtors may decide to seek consent to any such restructuring plan by means of another out-of-court solicitation for acceptance of a plan of reorganization. There can be no assurance that the terms of any such alternative restructuring would be similar to or as favorable to Holders of Claims and Interests as the restructuring proposed in the Plan.

3. Method of Solicitation.

Section 1126(b) of the Bankruptcy Code provides that the holder of a claim against, or interest in, a debtor who accepts or rejects a plan of reorganization before the commencement of a chapter 11 case is deemed to have accepted or rejected such plan under the Bankruptcy Code so long as the solicitation of such acceptance was made in accordance with applicable non-bankruptcy law governing the adequacy of disclosure in connection with such solicitations, or, if such laws do not exist, such acceptance was solicited after disclosure of "adequate information," as defined in section 1125 of the Bankruptcy Code.

In addition, Bankruptcy Rule 3018(b) states that a holder of a claim or interest who has accepted or rejected a plan before the commencement of the case under the Bankruptcy Code shall not be deemed to have accepted or rejected the plan if the court finds that the plan was not transmitted to substantially all creditors and equity security holders of the same class, that an unreasonably short time was prescribed for such creditors and equity security holders to accept or reject the plan, or that the solicitation was not in compliance with section 1126(b) of the Bankruptcy Code.

To satisfy the requirements of section 1126(b) of the Bankruptcy Code and Bankruptcy Rule 3018(b), the Prospective Debtors intend to distribute this Disclosure Statement (including the Plan as Exhibit A) to all Holders of Senior Notes Guarantee Claims in connection with the solicitation of votes on the Scheme, in a manner that is consistent with the best-practices approach to scheme solicitation.

As a result of their efforts, the Prospective Debtors believe that the solicitation of votes to accept or reject the Plan will be found by the Bankruptcy Court to be proper under applicable non-bankruptcy law, rules and regulations. The Prospective Debtors cannot be certain, however, that the solicitation of acceptances or rejections will be approved by the Bankruptcy Court and, if such approval is not obtained, Confirmation of the Plan could be denied. If the Bankruptcy Court were to conclude that the solicitation of acceptances or rejections did not satisfy the solicitation requirements, then the Debtors may seek to resolicit votes to accept or reject the Plan or to solicit votes to accept or reject the Plan from one or more Classes that were not previously solicited. The Prospective Debtors cannot provide any assurances that such a resolicitation would be successful.

4. Risks Associated with Resolicitation.

In the event that the Prospective Debtors or Debtors resolicit acceptances of the Plan from parties entitled to vote thereon, Confirmation of the Plan could be delayed and possibly jeopardized. Nonconfirmation of the Plan could result in an extended chapter 11 proceeding, which could have a negative effect on the Debtors' business operations.

5. Nonacceptance of the Plan – Confirmation by Nonconsensual “Cram Down”.

Even if one or more Classes of Claims or Interests reject the Plan, the Bankruptcy Court nevertheless may confirm the Plan at the Debtors' request pursuant to the “cram down” provisions of the Bankruptcy Code if at least one Impaired Class of Claims or Interests has accepted the Plan (with such acceptance being determined without including the acceptance of any “insider” in such Class) and, as to each Impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan “does not discriminate unfairly” and is “fair and equitable” with respect to such Impaired Class.

Under the Plan, all Classes of Claims and Interests, other than Senior Notes Guarantee Claims, are Unimpaired and are accordingly deemed to accept the Plan. If the Bankruptcy Court does not conclude that all Classes of Claims and Interests other than Senior Notes Guarantee Claims are Unimpaired, or the Holders of Senior Notes Guarantee Claims do not vote to accept the Plan by the necessary majorities, the Prospective Debtors reserve the right to pursue Confirmation of the Plan by means of the “cram down” provisions in section 1129(b) of the Bankruptcy Code. In addition, if the Bankruptcy Court does not confirm the Plan, either on a consensual basis or through use of the “cram down” provisions, the Debtors may pursue one of the following alternatives: (i) confirmation of an alternative plan or plans of reorganization under chapter 11 of the Bankruptcy Code, (ii) dismissal of the Chapter 11 Cases or (iii) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code.

6. Certain Risks of Nonconfirmation or Delay of Confirmation.

It is possible that the Chapter 11 Cases could evolve into lengthy and contested cases, the results of which cannot be predicted.

Regardless of whether all Classes of Claims or Interests accept or are deemed to have accepted the Plan, the Plan still may not be confirmed by the Bankruptcy Court, which sits as a court of equity and may exercise substantial discretion. A creditor might challenge the adequacy of the disclosure respecting the Plan contained in this Disclosure Statement, the solicitation procedures and results, or the terms of the Plan as not being in compliance with the Bankruptcy Code. If any such challenges are successful, the Debtors may seek to resolicit acceptances of the Plan. In such circumstances, Confirmation of the Plan could be delayed and possibly jeopardized. Additionally, there can be no assurance that the Plan will not require significant modifications for Confirmation, or that such modifications would (a) be consistent with the Debtors' obligations under the RSA and/or (b) not require a resolicitation of acceptances.

Even if the Bankruptcy Court were to determine that the disclosure and the solicitation procedures were appropriate and the results were accurate and appropriate, the Bankruptcy Court could nevertheless decline to confirm the Plan if it were to find that any statutory conditions to Confirmation had not been met, including that the terms of the Plan are fair and equitable to nonaccepting Classes. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan and requires, among other things, a finding by the Bankruptcy Court that the Plan "does not unfairly discriminate" and is "fair and equitable" with respect to any nonaccepting Classes, that Confirmation of the Plan is not likely to be followed by a liquidation or a need for further financial reorganization of the Debtors, and that the value of distributions to nonaccepting Holders of Impaired Claims and Impaired Interests (of which there are none under the Plan) will not be less than the value of distributions such Holders would receive if the Debtors were liquidated under chapter 7 of the Bankruptcy Code. Although the Prospective Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court would reach the same conclusion.

The Confirmation and consummation of the Plan also are subject to certain other conditions, which are set forth in Article IX of the Plan. No assurance can be given that these conditions will be satisfied or waived.

Pursuant to Article IX of the Plan, it is a condition precedent to the effectiveness of the Plan that the Scheme shall have become effective in accordance with the terms of the Scheme or such effectiveness shall occur simultaneously with the Effective Date of the Plan. Therefore, parties should review all risk factors set forth in the Explanatory Statement relating to the implementation of the Scheme.

If the Plan is not confirmed in a timely manner, it is unclear whether the restructuring of the Debtors' indebtedness contemplated thereby could be implemented and what Holders of Claims and Interests would ultimately receive in respect of their Claims and Interests. If an alternative plan of reorganization could not be agreed to, it is possible that the Debtors would have to liquidate their assets, in which case it is likely that Holders of Claims would receive less than they would have received pursuant to the Plan. Moreover, nonconfirmation of the Plan could result in an extended chapter 11 proceeding, which could have a negative effect on the Debtors' business operations. Furthermore, if commencement of the Chapter 11 Cases, Confirmation of the Plan and/or the Effective Date are significantly delayed, there is a risk that the Debtors will not be able to meet the timing conditions set forth in the RSA, with the result that the RSA may expire or be terminated in accordance with its terms.

7. Alternatives to Confirmation and Consummation of the Plan.

There can be no assurance that the Plan will be confirmed or consummated. If the Prospective Debtors commence the Chapter 11 Cases and the Plan is not subsequently confirmed by the Bankruptcy Court and consummated, the alternatives include (i) confirmation of an alternative plan or plans of reorganization under chapter 11 of the Bankruptcy Code, (ii) dismissal of the Chapter 11 Cases or (iii) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code. The Prospective Debtors believe the Plan is significantly more attractive than these alternatives because they believe, among other things, that it will minimize disputes concerning the restructuring of the Debtors' indebtedness, significantly shorten the time required to accomplish such restructuring, reduce the expenses of cases under chapter 11 of the Bankruptcy Code, minimize the disruption to the Debtors' businesses that could result from protracted and contested bankruptcy cases and ultimately result in a greater preservation of value for the benefit of and/or distributions to Holders of Claims and Interests than would other types of reorganizations under chapter 11 of the Bankruptcy Code or a liquidation under chapter 7 of the Bankruptcy Code.

**B. OTHER RISK FACTORS**

1. The Prospective Debtors are Not Generating Cash from Operations.

The Prospective Debtors expect to incur significant costs as a result of their restructuring, including the Chapter 11 Cases. Historically, the Prospective Debtors financed operations using Cash on hand and Cash generated by operations, however, as discussed above, the Prospective Debtors are not currently operating or generating cash from operations. There can be no assurance that the Prospective Debtors will have sufficient liquidity to fund their Chapter 11 Cases and to resume business operations. Furthermore, the challenges of obtaining financing, if determined by the Prospective Debtors to be necessary, could be exacerbated by adverse conditions in the general economy and the polysilicon industry, and the volatility and tightness in the financial and credit markets.

2. Historical Financial Information May Not Be Comparable.

As a result of the consummation of the Plan and the transactions contemplated thereby, the financial condition and results of operations of the Reorganized Debtors from and after the Effective Date may not be comparable to the financial condition or results of operations reflected in the Prospective Debtors' historical financial statements.

3. Market and Business Risks May Adversely Affect Business Performance.

Because the Prospective Debtors are part of the Company, parties should refer to the market and business risks identified in the Explanatory Statement by the Company and the publicly-available filings submitted by the Company to the Securities and Exchange Commission.<sup>12</sup>

4. SPI Business Concerns.

LDK Solar USA, Inc. owns nearly 40% of the outstanding common stock of SPI, however, LDK Solar USA, Inc. does not have control over SPI's business operations. Accordingly,

<sup>12</sup> See, for example, LDK Solar Co., Ltd., Annual Report (Form 20-F) (May 13, 2013) and the additional "Risk Factors" contained therein.

the value of LDK Solar USA, Inc.'s equity stake in SPI is subject to industry and business risks which could have a significant impact.<sup>13</sup>

### **C. RISKS TO CREDITORS WHO WILL RECEIVE NEW SECURITIES**

The Plan contemplates that those Holders of Senior Notes Guarantee Claims who so elect will receive certain shares and convertible bonds as part of the Scheme Senior Notes Consideration. The ultimate recoveries under the Plan those Holders will depend in part on the realizable value of the Scheme Senior Notes Consideration. The shares and convertible bonds are subject to a number of material risks, including, but not limited to, those specified below.

#### **1. Failure of LDK Parent to Maintain its Listing on the NYSE.**

The Prospective Debtors' ultimate parent, LDK Parent, was informed on March 31, 2014 that the New York Stock Exchange ("NYSE") would immediately suspend trading of the ADSs and that the NYSE would apply to the SEC to formally delist LDK Parent's shares. On April 15, 2014, LDK Parent formally appealed this decision to the NYSE. On May 8, 2014, LDK Parent filed a brief in support of its appeal. A hearing was scheduled for June 26, 2014, but has been rescheduled to, and occurred on, September 9, 2014 at the request of the NYSE. If the appeal hearing is unsuccessful and the NYSE's decision to de-list the ADSs becomes final, this will have an adverse impact on the ability of shareholders of the Company to trade the ADSs in the public market and on the market price of the ADSs and Shares. Such NYSE de-listing will also adversely impact the perception of the Company in the eyes of investors, customers and suppliers, and is likely to have a material adverse effect on the future business prospects of the Company.

#### **2. Liquidity of the Equity Securities.**

Liquidity of the equity securities of the Company and the market depth in the trading of the ADSs/Scheme Shares (as defined in the Scheme) may be among the considerations of Holders of Senior Notes Guarantee Claims when considering how to elect to receive the Scheme Senior Notes Consideration and therefore whether to become holders of the equity securities of the Company. Holders of Senior Notes Guarantee Claims are warned of the associated risks, and should consider seeking professional advice, including as to whether to hold, liquidate or otherwise deal with their positions in the Company's securities.

#### **3. Volatile market price of the ADSs/Scheme Shares.**

The market price of the ADSs/Scheme Shares has been and may continue to be volatile, particularly if an appeal to have the ADSs/Scheme Shares relisted on the NYSE is unsuccessful. Following the effective date of the Scheme and Plan, the market price of the ADSs/Scheme Shares may continue to experience significant volatility, which in turn may impact the trade price of the 2018 Convertible Bonds. Numerous factors, including many over which the Company has no control, may have a significant impact on the market price of the non-cash Scheme Senior Notes Consideration, including, among other things:

- (a) announcements of technological or competitive developments in the PV industry;

<sup>13</sup> For additional risk factors relating to SPI, please see Solar Power, Inc., Quarterly Report (Form 10-Q) (August 19, 2014) and Solar Power, Inc., Annual Report (Form 10-K) (April 15, 2014).

- (b) regulatory developments in the Company's target markets affecting the Company, its customers or competitors;
- (c) announcements regarding patent litigation or the issuance of patents to the Company or its competitors;
- (d) announcements of studies and reports relating to the PV efficiencies of the Company's products or those of its competitors;
- (e) actual or anticipated fluctuations in quarterly operating results;
- (f) changes in financial estimates or other material comments by securities analysts relating to the Company, its competitors or the industry in general;
- (g) a breach or default, or the perception of a possible breach or default, under the Company's outstanding loan agreements, credit facilities or other debt instruments, including but not limited to the Convertible Bonds;
- (h) announcements by other companies in the Company's industry relating to their operations, strategic initiatives, financial condition or performance or relating to the industry in general;
- (i) announcements of acquisitions or consolidations involving industry competitors or industry suppliers or customers;
- (j) changes in the economic performance or market valuations of other PV technology companies;
- (k) addition or departure of executive officers and key personnel;
- (l) actual or perceived sales of additional Scheme Shares by the LDK Parent or significant shareholders;
- (m) actual or perceived pledges of additional equity interest by significant shareholders, and the foreclosure or perceived foreclosure of such security interests, whether or not potentially resulting in a change of control; and
- (n) impact and development of any lawsuit or legal proceedings, currently pending or threatened, or that may be instituted in the future.

In addition, the stock market in recent years has experienced extreme price and trading volume fluctuations that often have been unrelated or disproportionate to the operating performance of individual companies. These broad market fluctuations may adversely affect the price and value of the non-cash Scheme Senior Notes Consideration, regardless of the Company's operating performance. These factors, among others, could significantly depress the trading price of the Scheme Shares, ADSs, and the 2018 Convertible Bonds (as defined in the Scheme).

4. LDK Parent will not be able to pay dividends on the ADSs/Scheme Shares for the foreseeable future.



Under the Cayman Islands law, LDK Parent may only pay dividends out of its profits or its share premium account subject to LDK Parent's ability to service its debts as they fall due in the ordinary course of its business. LDK Parent's ability to pay dividends on the ADSs/Scheme Shares will therefore depend on its ability to generate sufficient profits. There can be no assurance that LDK Parent will ever declare dividends of any amount. LDK Parent has not historically paid any dividend. Future dividends, if any, will be at the discretion of the Board and will depend upon the Company's future operations and earnings, capital expenditure requirements, general financial condition, legal and contractual restrictions and other factors that the Board may deem relevant. As LDK Parent is a holding company, it relies principally on dividends, if any, paid by its subsidiaries to fund its dividend payments, if any, to its shareholders, and any limitation on the ability of its subsidiaries to pay dividends could have a material adverse effect on LDK Parent's ability to pay dividends.

The Company may require additional funding to meet its working capital or capital expenditure requirements or in connection with its acquisitions or other transactions in the future. If the Company raises such funding through issuance of new equity or equity-linked securities, it may cause a dilution in the percentage ownership of the then existing shareholders, including holders of the 2018 Convertible Bonds on an as-if converted basis. Sales of a substantial number of ADSs, Scheme Shares or other equity-linked securities in the public market could depress the market price of the LDK Parent's ADSs/Scheme Shares, and impair its ability to raise capital through the sale of additional equity or equity-linked securities. LDK Parent cannot predict the effect that future sales of its ADSs/Scheme Shares or other equity-linked securities would have on the market price of its ADSs, Scheme Shares, and the 2018 Convertible Bonds.

Alternatively, if the Company decides to meet its funding requirements by way of additional debt financing, to the extent it could do so in compliance with the various covenants and restrictions contained in existing financing arrangements, the Company may cause additional restrictions placed on it through such debt financing arrangements, which may:

- (a) limit LDK Parent's ability to pay dividends or require it to seek consents before dividends are paid;
- (b) increase the Company's vulnerability to general adverse economic and industry conditions;
- (c) limit the Company's ability to pursue its business strategies;
- (d) require the Company to dedicate a substantial portion of its cashflow from operations to service its debts, thereby reducing the availability of cashflow to fund capital expenditures, working capital requirements and other general corporate needs; and
- (e) limit the Company's flexibility in planning for, or reacting to, changes in its business and/or industry.

## **VII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN**

### **A. GENERAL TAX CONSIDERATIONS**

The following discussion is a summary of certain material U.S. federal income tax consequences expected to result from the consummation of the Plan. This summary is for general information purposes only, and should not be relied upon for purposes of determining the specific tax consequences of the Plan with respect to a particular Holder of a Claim. This discussion does not purport to be a complete analysis or listing of all potential tax considerations. This discussion does not address aspects of U.S. federal income taxation that may be relevant to a particular Holder of a Claim subject to special treatment under U.S. federal income tax laws (such as non-U.S. taxpayers, persons owning more than 10% of the Prospective Debtors or LDK Parent, broker-dealers, banks, thrifts, insurance companies, financial institutions, regulated investment companies, real estate investment trusts and pension plans and other tax-exempt investors), and does not discuss any aspects of state, local or non-U.S. tax laws. Furthermore, this summary does not address all of the U.S. federal income tax consequences that may be relevant to a Holder of a Claim, such as the potential application of the alternative minimum tax.

This discussion is based on existing provisions of the Internal Revenue Code of 1986, as amended (the “IRC”), existing and proposed Treasury Regulations promulgated thereunder, and current administrative rulings and court decisions. Legislative, judicial, or administrative changes or interpretations enacted or promulgated after the date hereof could alter or modify the analyses set forth below with respect to the U.S. federal income tax consequences of the Plan. Any such changes or interpretations may be retroactive and could significantly affect the U.S. federal income tax consequences of the Plan.

No ruling has been requested or obtained from the IRS with respect to any tax aspects of the Plan and no opinion of counsel has been sought or obtained with respect thereto. No representations or assurances are being made to the Holders of Claims with respect to the U.S. federal income tax consequences described herein.

Accordingly, the following summary of certain U.S. federal income tax consequences of the Plan is for informational purposes only and is not a substitute for careful tax planning or advice based upon the individual circumstances pertaining to a particular Holder of a Claim. Each Holder of a Claim is strongly urged to consult with its own tax advisors regarding the U.S. federal, state, local and other tax consequences of the Plan.

### **B. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS**

The U.S. federal income tax consequences of the transactions contemplated by the Plan to Holders of Claims that are United States Persons will depend upon a number of factors. For purposes of the following discussion, a “United States Person” is any person or entity (1) who is a citizen or resident of the United States, as determined for U.S. federal income tax purposes, (2) that is a corporation created or organized in or under the laws of the United States or any state thereof, (3) that is an estate, the income of which is subject to U.S. federal income taxation regardless of its source or (4) that is a trust (a) the administration over which a United States person can exercise primary supervision and all of the substantial decisions of which one or more United States persons have the authority to control; or (b) that has validly elected under applicable Treasury Regulations to continue to be treated as a United States Person for U.S. federal income tax purposes. In the case of a partnership, the tax treatment of its partners will depend on the status of the partner and the

activities of the partnership. United States Persons who are partners in a partnership should consult their tax advisors. A “Non-United States Person” is any person or entity that is not a United States Person. For purposes solely of the following discussion and unless otherwise noted below, the term “Holder” shall mean a holder of a Claim that is a United States Person. The general U.S. federal income tax consequences to Holders of Claims that are Non-United States Persons are discussed below.

The U.S. federal income tax consequences to Holders and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions provided for thereby will depend upon, among other things, (1) the manner in which a Holder acquired a Claim; (2) the length of time the Claim has been held; (3) whether the Claim was acquired at a discount; (4) whether the Holder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current year or prior years; (5) whether the Holder has previously included in income accrued but unpaid interest with respect to the Claim; (6) the method of tax accounting of the Holder; (7) whether the Claim is an installment obligation for U.S. federal income tax purposes; and (8) whether the Claim is a capital asset in the hands of the Holder. Certain holders of Claims (such as non-U.S. persons, S corporations, regulated investment companies, insurance companies, financial institutions, small business investment companies, broker-dealers and tax-exempt organizations) may be subject to special rules not addressed in this summary of U.S. federal income tax consequences. There also may be state, local, and/or non-U.S. income or other tax considerations or U.S. federal estate and gift tax considerations applicable to holders of Claims, which are not addressed herein. **EACH HOLDER OF A CLAIM AFFECTED BY THE PLAN IS STRONGLY URGED TO CONSULT ITS TAX ADVISOR REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE TRANSACTIONS DESCRIBED HEREIN AND IN THE PLAN.**

1. General Tax Consequences to Holders of Claims.

A Holder may recognize ordinary income or loss with respect to any portion of its Claim attributable to accrued but unpaid interest. A Holder who did not previously include in income accrued but unpaid interest attributable to its Claim, and who receives a distribution on account of its Claim pursuant to the Plan, will be treated as having received interest income to the extent that any consideration received is characterized for U.S. federal income tax purposes as interest, regardless of whether such Holder realizes an overall gain or loss as a result of surrendering its Claim. A Holder who previously included in its income accrued but unpaid interest attributable to its Claim should recognize an ordinary loss to the extent that such accrued but unpaid interest is not satisfied, regardless of whether such Holder realizes an overall gain or loss as a result of the distribution it may receive under the Plan on account of its Claim. The manner in which consideration is to be allocated between accrued interest and principal for these purposes is unclear under present law. In accordance with the terms of the Plan, the Debtors will allocate for U.S. federal income tax purposes the consideration paid pursuant to the Plan with respect to a Claim, first to the principal amount of such Claim as determined for U.S. federal income tax purposes and then to accrued interest, if any, with respect to such Claim. Accordingly, in any cases where a Holder is deemed to receive less than the principal amount of its Claim, the Debtors intend to allocate the full amount of consideration transferred to such Holder to the principal amount of such obligation and to take the position that no amount of the consideration to be received by such Holder is attributable to accrued interest. There is no assurance that such allocation will be respected by the IRS for U.S. federal income tax purposes.

Subject to the foregoing rules relating to accrued interest, gain or loss recognized for U.S. federal income tax purposes as a result of the consummation of the Plan by Holders that hold their Claims as capital assets generally will be treated as a gain or loss from the sale or exchange of such capital asset. Capital gain or loss will be long-term if the Claim was held by the Holder for more than one year and otherwise will be short-term. Any capital losses realized generally may be used by a corporate Holder only to offset capital gains, and by an individual Holder only to the extent of capital gains plus \$3,000 of other income.

2. Holders of Allowed Senior Notes Guarantee Claims.

A Holder of an Allowed Senior Notes Guarantee Claim receiving the Scheme Senior Notes Consideration in exchange for its Claim will be required to recognize gain or loss equal to the difference between (i) the adjusted tax basis in its Senior Notes, determined immediately prior to the Effective Date, and (ii) the sum of (A) the amount of cash, if any, received by such Holder, (B) the “issue price” of the 2018 Convertible Bonds (as defined in the Scheme), if any, received by such Holder, and (C) the fair market value of the Scheme Shares (as defined in the Scheme), if any, received by such Holder. A Holder will have an initial tax basis in the 2018 Convertible Bonds it receives in the exchange equal to the “issue price” of such 2018 Convertible Bonds, and will have an initial tax basis in the Scheme Shares it receives in such exchange equal to the fair market value of such stock. The holding period in the 2018 Convertible Bonds and the Scheme Shares that a Holder receives in the exchange will commence on the day after the Effective Date.

The method for determining the “issue price” of the 2018 Convertible Bonds depends upon whether the 2018 Convertible Bonds or the Senior Notes are “publicly traded” for U.S. federal income tax purposes. Generally, if a debt instrument is issued in exchange for property and is publicly traded, the issue price of such debt instrument is its fair market value. Issuers are required to use reasonable diligence to determine whether a debt instrument is publicly traded, and if so, to determine the fair market value of the debt instrument and make such information available to holders in a commercially reasonable fashion, including electronic publication, within 90 days of the date that such debt instrument was issued. For these purposes, a debt instrument generally is treated as “publicly traded” if, at any time during the 31-day period ending 15 days after the issue date, (i) there is a sales price for the debt instrument that appears in a medium made available to issuers of debt instruments, persons that regularly purchase or sell debt instruments, or persons that broker purchases or sales of debt instruments, (ii) there are one or more price quotes for the debt instrument available from at least one broker, dealer or pricing service and the quoted price is substantially the same as the price for which the person receiving the quoted price could purchase or sell the debt instrument, or (iii) to the extent not otherwise described in the immediately preceding clause (ii), there are one or more price quotes for the debt instrument available from at least on broker, dealer or pricing service. The determination is binding on a Holder, unless the Holder explicitly discloses that its determination is different from the issuer’s determination, and timely files the disclosure on the Holder’s U.S. federal income tax return for the taxable year that includes the acquisition date of the debt instrument. If an issuer for any reason does not make the fair market value or issue price of a debt instrument reasonably available to a Holder, the Holder must determine the fair market value of the property and issue price of the debt instrument. Although the matter is not free from doubt, it is expected that the 2018 Convertible Bonds will be properly treated as publicly traded under these rules, resulting in the “issue price” of the 2018 Convertible Bonds being equal to their fair market value as of the Effective Date. If, contrary to expectations, the 2018 Convertible Bonds are not “publicly traded,” the issue price of the 2018 Convertible Bonds will depend on whether the Senior Notes for which they are exchanged are considered “publicly traded.” If the Senior Notes are

considered “publicly traded,” then the issue price of a 2018 Convertible Bond would generally be expected to equal the fair market value of the Senior Notes for which they are exchanged on the Effective Date, and would otherwise be expected to equal the stated redemption price at maturity of the 2018 Convertible Bonds.

3. U.S. Federal Income Tax Treatment of the 2018 Convertible Bonds.

A Holder who receives 2018 Convertible Bonds will generally be required to include stated interest on the 2018 Convertible Bonds in income in accordance with Holder’s regular method of tax accounting. In addition, if the 2018 Convertible Bonds are treated as issued with more than a de minimis amount of original issue discount for U.S. federal income tax purposes, a Holder of 2018 Convertible Bonds will also be required to include in income as interest the amount of such original issue discount over the term of the 2018 Convertible Bonds based on the constant yield method. In such a case, a Holder will also be required to include amounts in income before they are received. A Holder’s tax basis in its 2018 Convertible Bonds will be increased by the amount of original issue discount included in income and reduced by the amount of cash (other than payments of stated interest) received with respect to 2018 Convertible Bonds. The rules regarding original issue discount are complex. Accordingly, Holders should consult their own tax advisors regarding their application.

A Holder of convertible debt instruments such as the 2018 Convertible Bonds may, in certain circumstances, be deemed to have received distributions of stock if the conversion price of the 2018 Convertible Bond is adjusted. If such adjustments are made, Holders may be deemed to have received constructive distributions includible in income in the manner described below under “U.S. Federal Income Tax Treatment of Scheme Shares” even though no cash or property was received as a result of such adjustments. In addition, in certain circumstances, the failure to provide for such an adjustment may also result in a constructive distribution to Holders.

A Holder will not recognize gain or loss upon the conversion of its 2018 Convertible Bonds into ADSs except with respect to (i) cash received in lieu of fractional ADSs and (ii) ADSs received with respect to accrued interest not previously included in income (which will be taxable as ordinary income). A Holder will generally recognize capital gain or loss for U.S. federal income tax purposes, however, with respect to any cash received in lieu of a fractional ADSs in an amount equal to the difference between the amount of cash received and the Holder’s tax basis in the fractional ADSs. The holding period of the ADSs received upon conversion will include the period during which 2018 Convertible Bonds were held (but the holding period for any portion of ADSs issued with respect to accrued interest will begin on the day after the date of conversion). The Holder’s aggregate tax basis in the ADSs received upon conversion will be equal to the Holder’s aggregate tax basis in the 2018 Convertible Bonds at the time of conversion, reduced by the portion allocable to any fractional ADS exchanged for cash, and increased by the amount of accrued interest, if any, at the time of conversion to the extent not already included in basis.

Holders of ADSs will be treated for U.S. federal income tax purposes as the owner of the Shares represented by those ADS. Exchanges of Shares for ADS and ADS for Shares generally will not be subject to U.S. federal income tax.

Upon the sale, exchange, or other taxable disposition of the 2018 Convertible Bonds, a Holder generally will recognize gain or loss equal to the difference between (i) the amount of cash and the fair market value of any property received upon the disposition and (ii) the Holder’s adjusted

tax basis in the 2018 Convertible Bonds. Such gain or loss generally will be a capital gain or loss and will be long-term if the Holder's holding period in the 2018 Convertible Bonds is more than one year. The deductibility of capital losses is subject to certain limitations.

4. U.S. Federal Income Tax Treatment of the Scheme Shares.

If a Holder receives a distribution with respect to the Scheme Shares, such Holder will generally be required to include the amount of such distribution in gross income as a dividend to the extent of the current and accumulated "earnings and profits" of LDK Parent, as computed for U.S. federal income tax purposes.

To the extent that a distribution exceeds current and accumulated "earnings and profits," such distribution will be treated first as a tax-free return of capital to the extent of a Holder's tax basis in the Scheme Shares and thereafter as gain from the sale or exchange of the Scheme Shares. Furthermore, on the sale, exchange, or other taxable disposition of the Scheme Shares, Holders will generally recognize gain or loss in an amount equal to the difference between (i) the amount of cash and the fair market value of any property received upon the disposition and (ii) the Holder's adjusted tax basis in the Scheme Shares. Such gain or loss generally will be a capital gain or loss and will be long-term if the Holder's holding period in the Scheme Shares is more than one year. The deductibility of capital losses is subject to certain limitations.

The foregoing discussion assumes that LDK Parent will not be treated as a passive foreign investment company ("PFIC"). Special rules apply to certain United States Persons that own interests in non-U.S. corporations that are characterized as PFICs. Although it is not expected that LDK Parent will become a PFIC, because PFIC status is determined annually and depends on the composition of a non-U.S. corporation's income and assets and the fair market value of its assets, there can be no certainty in this regard. If LDK Parent were found to be a PFIC for any taxable year in which a Holder held Scheme Shares, certain adverse U.S. federal income tax consequences could apply to such Holder, including a re-characterization of any capital gain recognized on a sale or other disposition of Scheme Shares as ordinary income, an increase in the amount of tax that such Holder would owe and the possible imposition of interest charges, an imposition of tax earlier than would otherwise be imposed, and additional tax form filing requirements. There are certain elections that may be available to a Holder to minimize the consequences that would otherwise result for such Holder in the event LDK Parent was considered a PFIC. Holders should consult their tax advisors with respect to the application of the PFIC rules.

5. Unearned Income Medicare Contribution Tax.

Certain Holders who are individuals, estates or trusts will be required to pay an additional 3.8% tax on the portion of their "net investment income" in excess of specified dollar thresholds. For this purpose, "net investment income" includes, among other things, interest and dividends on, and gains from the sale, exchange, or other taxable disposition of, the 2018 Convertible Bonds and Shares.

6. Backup Withholding and Information Reporting.

In general, distributions to Holders under the Plan are subject to the applicable backup withholding requirements under the IRC. Backup withholding generally applies if the Holder (i) fails to furnish his or her social security number or other taxpayer identification number ("TIN"), (ii) furnishes an incorrect TIN and the payor is so notified by the IRS, (iii) fails to report

interest or dividends properly, or (iv) under certain circumstances, fails to provide a certified statement, signed under penalty of perjury, that the TIN provided is its correct number and that it is not subject to backup withholding. Backup withholding is not an additional tax. Rather, any amounts withheld from payment to a Holder under the backup withholding rules are allowed as a refund or a credit against such Holder's U.S. federal income tax, provided that the required information is furnished to the IRS. Certain persons are exempt from backup withholding, including, in certain circumstances, corporations and financial institutions. Holders should consult their tax advisors regarding the application of backup withholding to their particular situations, the availability of an exemption therefrom and the procedure for obtaining such an exemption, if available.

The Debtors or LDK Parent (or their Disbursing Agent(s)) may be obligated to provide information statements to the IRS and to Holders who receive distributions under the Plan, reporting such payments (except with respect to Holders that are exempt from the information reporting rules).

7. Market Discount.

The market discount provisions of the IRC may apply to Holders. In general, a debt obligation acquired by a Holder in the secondary market is a "market discount bond" as to that Holder if its stated redemption price at maturity (or, in the case of a debt obligation having original issue discount, its revised issue price) exceeds, by more than a statutory *de minimis* amount, the tax basis of the debt obligation in the Holder's hands immediately after its acquisition. If a Holder has accrued market discount with respect to its Claim and such Holder realizes gain upon the exchange of its Claim for property pursuant to the Plan, such Holder may be required to include as ordinary income the amount of such accrued market discount to the extent of such realized gain less any portion of such accrued market discount previously included in the Holder's income pursuant to an election. Holders who have accrued market discount with respect to their Claim should consult their tax advisors as to the application of the market discount rules to them in view of their particular circumstances.

8. Non-United States Persons.

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

**C. IMPORTANCE OF OBTAINING PROFESSIONAL TAX ASSISTANCE**

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE.

THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON THE PARTICULAR CIRCUMSTANCES OF A HOLDER OF A CLAIM. ACCORDINGLY, CLAIM HOLDERS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE UNITED STATES FEDERAL, STATE AND LOCAL, AND APPLICABLE NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

**D. RESERVATION OF RIGHTS**

This Article VII is subject to change (possibly substantially) based on subsequent changes to other provisions of the Plan. The Debtors and their advisors reserve the right to further modify, revise or supplement this Article VII and the other tax-related sections of the Plan prior to the date by which objections to Confirmation of the Plan must be filed and served.

**VIII. CERTAIN FEDERAL AND STATE SECURITIES LAW CONSIDERATIONS**

**A. EXEMPTION FROM REGISTRATION REQUIREMENTS FOR SCHEME SHARES AND 2018 CONVERTIBLE BONDS**

The Prospective Debtors and LDK Parent intend to rely on the exemption from the registration requirements of the US Securities Act provided in Section 3(a)(10) thereof for the issuance of the Scheme Senior Notes Consideration to Holders of Senior Notes and Senior Notes Guarantee Claims under the Scheme and Plan in exchange for their Claims. This exemption is available subject to the following conditions:

- The Scheme Senior Notes Consideration must be issued predominantly in exchange for Senior Notes and Senior Notes Guarantee Claims;
- The Scheme Senior Notes Consideration is issued to Holders of Senior Notes and Senior Notes Guarantee Claims who are not affiliates of the Company; and
- The Cayman Court, having been previously advised of the Company's reliance on their respective determinations on the Section 3(a)(10) exemption, must hold an open hearing and approve the fairness of the terms and conditions of the exchange.

However, each Holder of a Senior Notes and Senior Notes Guarantee Claim should note that Section 3(a)(10) does not exempt any converted securities upon conversion of the convertible securities contained in the Scheme Senior Notes Consideration. Such converted securities may be registered under the US Securities Act pursuant to the Registration Rights Agreement (as defined in the Explanatory Statement), if applicable, or may be transferred pursuant to any other exemption from the registration requirements to the extent available under the US Securities Act and other securities or blue sky laws of any state of the United States.

LDK Parent is relying on each of the following in order to avail itself of the exemption from the registration requirements of the US Securities Act as provided in Section 3(a)(10) for the issuance of the Scheme Senior Notes



Consideration to Holders of Senior Notes and Senior Notes Guarantee Claims in exchange for their Senior Notes Guarantee Claims:

- Under the Cayman Islands law, the Cayman Court will not sanction the Scheme for the issuance of the Scheme Senior Notes Consideration to creditors under the Scheme in exchange for their Scheme claims unless the Cayman Court finds the transaction to be fair to the persons who will receive the Scheme Senior Notes Consideration;
- The Scheme creditors have received notice of, and have the right to attend or appear by counsel at, the Sanction Hearing (as defined in the Explanatory Statement) of the Cayman Court; and
- The Company advised the Cayman Court before the Sanction Hearing that it would rely on the Section 3(a)(10) exemption and not register the Scheme Senior Notes Consideration under the US Securities Act to be issued to the Scheme creditors in exchange for their claims based on the Cayman Court's sanctioning the Scheme at the Sanction Hearing.

In connection with the issue of the Scheme Senior Notes Consideration, the Capitalisation Request Form (as defined in the Explanatory Statement) as attached to the Account Holder Letter and Ballot or the Proxy Forms (as defined in the Explanatory Statement), as applicable, will require Holders who intend to receive the Scheme Senior Notes Consideration to confirm, among other things, that the relevant Holder, Account Holder (if applicable) (as defined in the Explanatory Statement) and/or Designated Recipient (as defined in the Explanatory Statement) is not an affiliate of the Company. If the confirmation required by the Capitalisation Request Form as attached to the Account Holder Letter and Ballot or the Proxy Forms, as applicable, cannot be or are not given, the relevant Holder, Account Holder (if applicable) and/or Designated Recipient will not be eligible to receive the Scheme Senior Notes Consideration through the Section 3(a)(10) exchange and may be treated as a Disqualified Person under the applicable laws.

None of the Scheme Consideration (as defined in the Explanatory Statement), including the Scheme Senior Notes Consideration, has been or will be registered under the US Securities Act, except for the contemplations of the Registration Rights Agreement, in accordance with the Scheme, relating to the conversion of the 2018 Convertible Bonds. Scheme creditors who are not Disqualified Persons but are otherwise not entitled to rely on the exemption provided by Section 3(a)(10) of the US Securities Act may receive Scheme Consideration in "restricted securities" (as defined by Rule 144(a)(3) under the US Securities Act), and such Scheme Consideration as restricted securities may not be offered, sold, pledged or otherwise transferred except: (a) pursuant to an effective registration statement under the US Securities Act, including pursuant to the Registration Rights Agreement, and such transfer is registered pursuant to, or exempt from, or not subject to, any other applicable securities laws covering such securities; (b) in accordance with Rule 144A of the US Securities Act ("Rule 144A"), if available, to a person that the transferor, and any person acting on its behalf, reasonably believes is a "qualified institutional buyer" (a "QIB") as defined in Rule 144A purchasing for its own account or for the account of one or more QIBs; (c) in accordance with Rule 144 ("Rule 144") under the US Securities Act, and LDK Parent receives evidence satisfactory to it that the provisions of Rule 144 have been complied with; (d) in an offshore transaction in accordance with Regulation S under the US Securities Act; (e) to LDK Parent or its subsidiaries; or (f) in accordance with another exemption from registration under, or transaction not subject to, the US Securities Act and, if requested, LDK Parent receives an

opinion of counsel from the holder of these securities to such effect, reasonably satisfactory to LDK Parent, and in each case in accordance with any applicable securities laws of any State of the United States.

The ADSs were listed on the NYSE until March 31, 2014 when the staff of NYSE Regulation Inc., commenced proceedings to delist the Company's ADSs as a result of a severe sell-side imbalance where it was concluded by the NYSE's regulation counsel, Floor Governor and the Designated Market Maker, that the NYSE could not make a viable market in LDK Solar's shares. The NYSE had previously suspended the listing on February 21, 2014 following the submission of the Company's winding up petition to the Cayman Court on that date. Although the NYSE suspension is still subject to the completion of the delisting proceedings, the ADSs have been quoted on the OTC Pink Limited Information under the symbol "LDKSY" while suspended on the NYSE. LDK Parent does not intend to take additional action to facilitate a market in any of the Scheme Consideration, including the Scheme Senior Notes Consideration, in the United States. Consequently, LDK Parent believes that it is unlikely that an active trading market in the United States will develop for any such securities.

Neither the SEC nor any U.S. state or other securities commission or regulatory authority has approved or disapproved of the Scheme Senior Notes Consideration or passed upon the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

HOLDERS OF SENIOR NOTES GUARANTEE CLAIMS SHOULD CONSULT THEIR OWN LEGAL, FINANCIAL AND TAX ADVISERS WITH RESPECT TO THE LEGAL, FINANCIAL AND TAX CONSEQUENCES OF THE SCHEME, THE SCHEME SENIOR NOTES CONSIDERATION AND THE RSA IN THEIR PARTICULAR CIRCUMSTANCES. GIVEN THE COMPLEX NATURE OF THE QUESTIONS RAISED IN THIS ARTICLE, THE PROSPECTIVE DEBTORS MAKE NO REPRESENTATIONS CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN THE SCHEME SENIOR NOTES CONSIDERATION ISSUED UNDER THE PLAN. THE PROSPECTIVE DEBTORS RECOMMEND THAT HOLDERS OF SENIOR NOTE GUARANTEE CLAIMS CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE SECURITIES ISSUED AS PART OF THE SCHEME SENIOR NOTES CONSIDERATION WITHOUT REGISTRATION UNDER THE SECURITIES ACT.

## **IX. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN**

If the Plan is not confirmed, the alternatives include (a) continuation of the Chapter 11 Cases and formulation of an alternative plan or plans of reorganization or (b) liquidation of the Debtors under chapter 7 or chapter 11 of the Bankruptcy Code. Each of these possibilities is discussed in turn below.

### **A. CONTINUATION OF THE CHAPTER 11 CASES**

If the Debtors remain in chapter 11, the Debtors could continue to operate their businesses and manage their properties as debtors in possession, but they would remain subject to the restrictions imposed by the Bankruptcy Code. It is not clear whether the Debtors could continue as viable going concerns if the Chapter 11 Cases become protracted. In particular, the Debtors could face increased costs, more restrictive credit terms from vendors and suppliers, less certain financing

terms, and eroding confidence of their customers and trade vendors if the Chapter 11 Cases were to continue indefinitely. If the Debtors were able to obtain financing and continue as viable going concerns, the Debtors (or other parties in interest) could ultimately propose another plan or plans or attempt to liquidate the Debtors under chapter 7 or chapter 11. Such plans might involve either a reorganization and continuation of the Debtors' businesses, or an orderly liquidation of their assets, or a combination of both.

**B. LIQUIDATION UNDER CHAPTER 7 OR CHAPTER 11**

If the Plan is not confirmed, the Debtors' Chapter 11 Cases could be converted to liquidation cases under chapter 7 of the Bankruptcy Code. In chapter 7, a trustee would be appointed to liquidate the assets of the Debtors.

The Prospective Debtors believe that in a liquidation under chapter 7, before creditors received any distributions, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants, and other professionals to assist such trustee, along with an increase in expenses associated with an increase in the number of unsecured claims that would be expected, would cause a substantial diminution in the value of the Estates. The assets available for distribution to creditors and equity holders would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of the Debtors' operations and the failure to realize the greater going concern value of the Debtors' assets.

The Debtors could also be liquidated pursuant to the provisions of a Chapter 11 plan of reorganization. In a liquidation under chapter 11, the Debtors' assets could be sold in a more orderly fashion over a longer period of time than in a liquidation under chapter 7. Thus, chapter 11 liquidation might result in larger recoveries than in a chapter 7 liquidation, but the delay in distributions could result in lower present values being received and higher administrative costs. Because a trustee is not required in a chapter 11 case, expenses for professional fees could be lower than in a chapter 7 case, in which a trustee must be appointed. Any distributions to the holders of Claims or Interests under a chapter 11 liquidation plan probably would be delayed substantially.

## **X. CONCLUSION AND RECOMMENDATION**

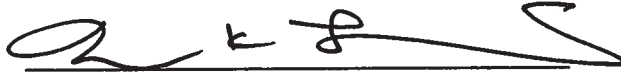
The Prospective Debtors believe that Confirmation of the Plan is preferable to the alternatives described above because it provides the greatest distributions and opportunity for distributions to Holders of Claims against and Interests in the Prospective Debtors. In addition, any alternative to Confirmation of the Plan could result in extensive delays and increased administrative expenses.

Accordingly, the Prospective Debtors urge all Holders of Senior Notes Guarantee Claims to vote to accept the Plan and to evidence such acceptance by returning their Account Holder Letters and Ballots so that they are received no later than 11:00 a.m. (Cayman Islands Time)/12:00 p.m. (Eastern Time), on October 15, 2014.

Dated: September 17, 2014

Respectfully submitted,

LDK SOLAR SYSTEMS, INC.



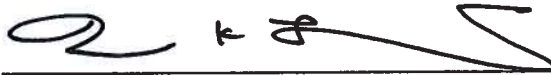
Name: Jack Lai

Title: President, Treasurer and Secretary

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- and -

LDK SOLAR USA, INC.

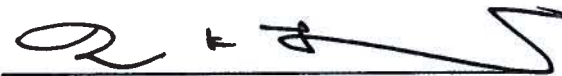


Name: Jack Lai

Title: Chief Financial Officer and Secretary

- and -

LDK SOLAR TECH USA, INC.



Name: Jack Lai

Title: Chief Executive Officer, Chief Financial Officer  
and Secretary