

UNITED STATES BANKRUPTCY COURT
DISTRICT OF MINNESOTA

In re:

Lyman Holding Company, et al.,

Chapter 11 Case No. 11-45190

Debtors.¹

(Jointly Administered)

**DISCLOSURE STATEMENT IN SUPPORT OF
SECOND AMENDED JOINT CHAPTER 11 PLAN OF LIQUIDATION OF THE
DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS
DATED JANUARY 18, 2013**

<p>THE VOTING DEADLINE TO ACCEPT OR REJECT THE PLAN IS 5:00 P.M. CENTRAL TIME ON _____, 2013 UNLESS EXTENDED BY ORDER OF THE UNITED STATES BANKRUPTCY COURT FOR THE DISTRICT OF MINNESOTA</p>

THIS DISCLOSURE STATEMENT, THE SECOND AMENDED JOINT CHAPTER 11 PLAN OF LIQUIDATION OF THE DEBTORS AND OFFICIAL COMMITTEE OF UNSECURED CREDITORS DATED JANUARY 18, 2013, THE ACCOMPANYING BALLOTS, AND THE RELATED MATERIALS ARE BEING FURNISHED BY THE DEBTORS, PURSUANT TO SECTIONS 1125 AND 1126 OF THE BANKRUPTCY CODE IN CONNECTION WITH THE SOLICITATION BY THE DEBTORS OF VOTES TO ACCEPT THE PLAN AS DESCRIBED IN THIS DISCLOSURE STATEMENT.

THE PLAN PROVIDES FOR THE RELEASE OR EXCULPATION OF CERTAIN PARTIES AND HOLDERS OF CLAIMS AGAINST AND HOLDERS OF EQUITY INTEREST IN THE DEBTORS ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THE APPLICABLE PROVISIONS IDENTIFIED ON THE FIRST PAGE OF THE PLAN.

THE CONFIRMATION AND EFFECTIVENESS OF THE PLAN ARE SUBJECT TO MATERIAL CONDITIONS PRECEDENT, SOME OF WHICH MAY NOT BE SATISFIED. SEE ARTICLE X OF THE PLAN. THERE IS NO ASSURANCE THAT THESE CONDITIONS WILL BE SATISFIED OR WAIVED.

¹ Jointly administered estates of the following Debtors: Lyman Holding Company Case No. BKY 11-45190, Lyman Lumber Company Case No. BKY 11-45191, Automated Building Components, Inc. Case No. BKY 11-45192, Building Materials Wholesalers, Inc. Case No. BKY 11-45193, Carpentry Contractors Corp. Case No. BKY 11-45194, Construction Mortgage Investors Co. Case No. BKY 11-45196, Lyman Development Co. Case No. BKY 11-45199, Lyman Lumber Wisconsin, Inc. Case No. BKY 11-45201, Lyman Properties, L.L.C. Case No. BKY 11-45202, Mid-America Cedar, Inc. Case No. BKY 11-45203, Woodinville Lumber, Inc. Case No. BKY 11-45204, Woodinville Construction Services, L.L.C. Case No. BKY 11-45206.

HOLDERS OF CLAIMS AGAINST AND HOLDERS OF EQUITY INTEREST IN THE DEBTORS ARE ENCOURAGED TO READ AND CAREFULLY CONSIDER THE MATTERS DESCRIBED IN THIS DISCLOSURE STATEMENT UNDER “RISK FACTORS TO BE CONSIDERED” IN SECTION XI.

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT AND THE EFFECTIVE DATE OCCURS, ALL HOLDERS OF CLAIMS AGAINST, AND HOLDERS OF INTERESTS IN, THE DEBTORS (INCLUDING, WITHOUT LIMITATION, THOSE HOLDERS OF CLAIMS WHO DO NOT SUBMIT BALLOTS TO ACCEPT OR REJECT THE PLAN OR WHO ARE NOT ENTITLED TO VOTE ON THE PLAN) WILL BE BOUND BY THE TERMS OF THE PLAN AND THE TRANSACTIONS DESCRIBED THEREIN.

NEITHER THE UNITED STATES SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF ANY SECURITIES THAT MAY BE DEEMED TO HAVE BEEN ISSUED PURSUANT TO THE PLAN OR OF THIS DISCLOSURE STATEMENT, OR HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THIS DISCLOSURE STATEMENT IS NOT AN OFFER TO SELL SECURITIES AND IS NOT A SOLICITATION OF AN OFFER TO BUY SECURITIES IN ANY STATE WHERE SUCH OFFER OR SALE IS NOT PERMITTED.

TO THE EXTENT ANY TREATMENT UNDER THE PLAN IS DEEMED TO CONSTITUTE THE ISSUANCE OF A SECURITY, NONE OF SUCH SECURITIES WILL HAVE BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT, OR UNDER ANY STATE SECURITIES OR “BLUE SKY” LAWS, AND SUCH SECURITIES WILL BE ISSUED IN RELIANCE UPON EXEMPTIONS FROM THE SECURITIES ACT AND EQUIVALENT STATE LAWS OR SECTION 1145 OF THE BANKRUPTCY CODE.

THERE HAS BEEN NO INDEPENDENT AUDIT OF THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT OR IN ANY EXHIBIT EXCEPT AS EXPRESSLY INDICATED IN THIS DISCLOSURE STATEMENT OR IN ANY EXHIBIT. THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED BY THE DEBTORS FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE TO THE BEST OF THE DEBTORS’ KNOWLEDGE, INFORMATION AND BELIEF.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF, AND THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION IS CORRECT AT ANY TIME SUBSEQUENT TO THIS DATE, AND THE DEBTORS UNDERTAKE NO DUTY TO UPDATE THE INFORMATION.

THIS DISCLOSURE STATEMENT AND THE RELATED DOCUMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ACCEPTING OR REJECTING

THE PLAN. NO REPRESENTATIONS ARE AUTHORIZED BY THE BANKRUPTCY COURT CONCERNING THE DEBTORS, THEIR BUSINESS OPERATIONS, THE VALUE OF THEIR ASSETS OR THE VALUES OF ANY INTERESTS DESCRIBED TO BE ISSUED OR BENEFITS OFFERED PURSUANT TO THE PLAN, EXCEPT AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT OR ANY OTHER DISCLOSURE STATEMENT OR OTHER DOCUMENT APPROVED FOR DISTRIBUTION BY THE BANKRUPTCY COURT. HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT RELY UPON ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE ACCEPTANCE OF THE PLAN OTHER THAN THOSE SET FORTH IN THIS DISCLOSURE STATEMENT.

FOR THE CONVENIENCE OF HOLDERS OF CLAIMS AND INTERESTS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN AND CERTAIN OF THE PLAN DOCUMENTS. IF THERE IS ANY INCONSISTENCY BETWEEN THE PLAN OR THE APPLICABLE PLAN DOCUMENTS AND THIS DISCLOSURE STATEMENT, THE TERMS OF THE PLAN OR THE APPLICABLE PLAN DOCUMENTS ARE CONTROLLING. THE SUMMARIES OF THE PLAN AND THE PLAN DOCUMENTS IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE THE COMPLETE AND ARE SUBJECT TO, AND ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO, THE FULL TEXT OF THE PLAN AND THE APPLICABLE PLAN DOCUMENTS, INCLUDING THE DEFINITIONS OF TERMS CONTAINED IN THE PLAN AND OTHER PLAN DOCUMENTS. ALL HOLDERS OF CLAIMS AND HOLDERS OF INTERESTS ARE ENCOURAGED TO REVIEW THE FULL TEXT OF THE PLAN AND THE PLAN DOCUMENTS, AND TO READ CAREFULLY THIS ENTIRE DISCLOSURE STATEMENT, INCLUDING ALL EXHIBITS.

THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSES OTHER THAN TO DETERMINE WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN, AND NOTHING STATED IN THIS DISCLOSURE STATEMENT SHALL CONSTITUTE AN ADMISSION OF ANY FACT OR LIABILITY BY ANY PERSON, OR BE ADMISSIBLE IN ANY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PERSON, OR BE DEEMED CONCLUSIVE EVIDENCE OF THE TAX OR OTHER LEGAL EFFECTS OF THE PLAN ON THE DEBTORS OR HOLDERS OF CLAIMS OR INTERESTS.

THIS DISCLOSURE STATEMENT CONTAINS STATEMENTS THAT ARE FORWARD-LOOKING. FORWARD-LOOKING STATEMENTS ARE STATEMENTS OF EXPECTATIONS, BELIEFS, PLAN, OBJECTIVES, ASSUMPTIONS, PROJECTIONS, AND FUTURE EVENTS OF PERFORMANCE. AMONG OTHER THINGS, THIS DISCLOSURE STATEMENT CONTAINS FORWARD-LOOKING STATEMENTS WITH RESPECT TO ANTICIPATED FUTURE PERFORMANCE OF A TRUST TO BE CREATED FOR THE BENEFIT OF HOLDERS OF ALLOWED CLAIMS, AS WELL AS ANTICIPATED FUTURE DETERMINATION OF CLAIMS, DISTRIBUTIONS ON CLAIMS, AND LIQUIDATION OF THE ASSETS OF THE DEBTORS. THESE STATEMENTS, ESTIMATES, AND PROJECTIONS MAY OR MAY NOT PROVE TO BE CORRECT. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE REFLECTED IN THESE FORWARD-LOOKING STATEMENTS. FORWARD-LOOKING STATEMENTS ARE SUBJECT TO INHERENT UNCERTAINTIES AND TO A WIDE VARIETY OF SIGNIFICANT BUSINESS,

ECONOMIC AND COMPETITIVE RISKS, INCLUDING, AMONG OTHERS, THOSE DESCRIBED IN THIS DISCLOSURE STATEMENT. THE DEBTORS UNDERTAKE NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENT. NEW FACTORS EMERGE FROM TIME TO TIME AND IT IS NOT POSSIBLE TO PREDICT ALL SUCH FACTORS, NOR CAN THE IMPACT OF ANY SUCH FACTORS BE ASSESSED.

HOLDERS OF CLAIMS AND INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. EACH HOLDER SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS WITH RESPECT TO ANY SUCH MATTERS CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES TO ACCEPT THE PLAN, THE PLAN AND THE TRANSACTIONS DESCRIBED.

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I. INTRODUCTION

The Second Amended Joint Chapter 11 Plan of Liquidation of the Debtors and Official Committee of Unsecured Creditors Dated January 18, 2013 (“Plan”) is proposed by 300 LHC, Inc. (f/k/a Lyman Holding Company), 300 LYLC, Inc. (f/k/a Lyman Lumber Company), 300 ABC, Inc. (f/k/a Automated Building Components, Inc.), 300 BMW, Inc. (f/k/a Building Materials Wholesalers, Inc.), 300 CCC, Inc. (f/k/a Carpentry Contractors Corp.), 300 CMIC, Inc. (f/k/a Construction Mortgage Investors Co.), 300 LDC, Inc. (f/k/a Lyman Development Co.), 300 LLW, Inc. (f/k/a Lyman Lumber Wisconsin, Inc.), 300 LYP, L.L.C. (f/k/a Lyman Properties, L.L.C.), 300 MAC, Inc. (f/k/a Mid-America Cedar, Inc.), 300 WLI, Inc. (f/k/a Woodinville Lumber, Inc.), and 300 WCS, L.L.C. (f/k/a Woodinville Construction Services, L.L.C.) (collectively, the “Debtors”), and the Official Committee of Unsecured Creditors (“Committee,” together with the Debtors, the “Plan Proponents”). The Plan sets forth, among other things, the proposed treatment of claims and interests in accordance with the Bankruptcy Code.

This Disclosure Statement is intended to explain the Plan and provide adequate information to allow an informed judgment regarding the Plan. A copy of the Plan is included with this Disclosure Statement. If the Plan and this Disclosure Statement are not consistent, the terms of the Plan control. Capitalized terms used but not defined in this Disclosure Statement have the meanings ascribed to them in the Plan.

A. Summary of the Plan

The Plan creates a liquidating fund (“Liquidating Fund”) and assigns a Liquidating Agent to undertake the continuing post-confirmation sale of all of the Debtors’ remaining assets, the resolution of claims, the pursuit of Avoidance Claims and Causes of Action, the distribution of proceeds to the holders of Allowed claims, and such other actions as are necessary to wind down the Debtors’ businesses. Allowed secured claims will be paid from the proceeds of the sale of the collateral securing each such claim. Allowed unsecured claims will be paid from the remaining proceeds of sales and net recoveries from Avoidance Actions and other Causes of Action.

The Plan Proponents propose the Plan to facilitate the most efficient and timely liquidation of remaining assets as well as the fastest distribution of proceeds to creditors. The Plan Proponents believe that the proposed Liquidating Agent has the familiarity with the Debtors’ assets and the liquidation expertise needed to realize the maximum value for the remaining assets in a reasonable period of time. Furthermore, the Plan provides a mechanism for interim distributions to holders of allowed claims that will allow them to receive distributions as soon as practicable. The Plan will provide the greatest recovery for and fastest payment to creditors.

B. Voting Procedures

Ballots to be used for voting to accept or reject the Plan are enclosed with copies of this Disclosure Statement and mailed to all classes entitled to vote.

Please fill out, sign and mail the enclosed ballot to the following address:

Clerk of Bankruptcy Court
301 U.S. Courthouse
300 South Fourth Street
Minneapolis, MN 55415

The deadline for delivery of ballots is _____, 2012.

THE DEBTORS AND COMMITTEE URGE CREDITORS AND INTEREST HOLDERS TO VOTE IN FAVOR OF THE PLAN. THE DEBTORS AND COMMITTEE BELIEVE THAT THE PLAN OFFERS THE BEST POSSIBLE RECOVERY FOR CREDITORS. QUESTIONS CONCERNING THE PLAN SHOULD BE ADDRESSED IN WRITING OR BY TELEPHONE TO DEBTORS' COUNSEL OR COMMITTEE'S COUNSEL.

C. Brief Explanation of Chapter 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Upon the filing of a petition for reorganization under Chapter 11, Section 362 of the Bankruptcy Code generally provides for an automatic stay of all attempts to collect claims or enforce liens that arose prior to the commencement of the bankruptcy case or that otherwise interfere with a debtor's property or business.

The principal objective of a Chapter 11 reorganization is the confirmation of a plan of reorganization or liquidation. The plan sets forth the means for satisfying the claims of creditors and interests of shareholders or members of the debtor. The plan and a disclosure statement that contains information necessary to allow creditors, shareholders and members to evaluate the plan are sent to creditors, shareholders, and members whose claims or interests are impaired, who then vote to accept or reject the plan.

A class of claims is entitled to vote to accept or reject a plan if that class is "impaired" by the plan. A class of claims is impaired unless the plan cures any defaults that may exist with respect to the claims and leaves unaltered the legal, equitable, and contractual rights to which the claim entitles the holder of the claim.

A plan may be confirmed under Section 1129(a) of the Bankruptcy Code if each class of claims or interests is not impaired by the plan or if each such class has voted to accept the plan. Votes will be counted only with respect to claims: (1) that are listed on the Debtors' Schedules other than as disputed, contingent, or unliquidated; or (2) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proofs of claim. However, any vote by a holder of a claim will not be counted if such claim has been disallowed or is the subject of an unresolved objection, absent an order from the Court allowing such a claim for voting purposes. A class of claims has accepted a plan if creditors that hold at least two-thirds in amount and more than one-half in number of the allowed voting claims in the class have voted to accept the plan.

If an impaired class votes to reject the plan, the proponent of the plan can attempt to "cram down" the plan by confirming it under Section 1129(b) of the Bankruptcy Code. A plan

proponent may cram down a plan upon a rejecting class only if another impaired class has voted to accept the plan, and the plan does not discriminate unfairly and is fair and equitable with respect to each impaired class that has not voted to accept the plan.

Voting on the plan by each holder of a claim in an impaired class is important. After carefully reviewing the Plan and Disclosure Statement, each holder of such a claim should vote on the enclosed ballot either to accept or reject the Plan. Any ballot that does not appropriately indicate acceptance or rejection of the Plan will not be counted. A ballot that is not received by the deadline will not be counted. If a ballot is lost, damaged, or missing, a replacement ballot may be obtained by sending a written request to the Debtors' attorney.

Section 1129(a) of the Bankruptcy Code establishes the conditions for the confirmation of a plan. These conditions are too numerous to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process. Among the conditions for plan confirmation is that either each holder of a claim or interest must accept the plan, or the plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.

If the Plan is confirmed by the Court, its terms are binding on the Debtors, all creditors, equity holders and other parties in interest, regardless of whether they have accepted the Plan.

II. DESCRIPTION OF THE DEBTORS' BUSINESSES AND OPERATIONS

A. Nature and History of the Debtors' Businesses

Debtor 300 LYLC, Inc., formerly known as Lyman Lumber Company ("Lyman Lumber") had been in business for over 100 years, beginning as Albert Lyman's lumber yard in 1897. The Debtors are all related companies that came into existence or were purchased over the years as Lyman Lumber grew and evolved into a multi-division, vertically integrated manufacturer and distributor of building material products to local and national builders, as well as a residential land developer and financier to the Minnesota and Wisconsin building trades. A copy of the corporate ownership chart is attached as Exhibit A.

Debtor 300 LHC, Inc., formerly known as Lyman Holding Company ("Lyman Holding") was formed in 2009 to own all of the Lyman-affiliated entities under a common ownership entity as part of a global reorganization and restructuring effort. The restructuring is further described below.

Debtor 300 ABC, Inc., formerly known as Automated Building Components, Inc. ("ABC") was engaged in the business of fabricating and selling roof trusses, floor trusses, and of assembling and selling millwork, including windows, moldings, prehung and other doors, and of distributing and selling prefinished kitchen cabinets for use in the construction of residential housing. ABC operated assembly plants and distribution warehouses in Chanhassen, Minnesota, and Chetek, Wisconsin, and had a cabinet sales showroom in Excelsior, Minnesota. Sales of its products were primarily to lumber dealers (including Lyman Lumber) and to large building contractors which generally dealt directly with the manufacturer.

Debtor 300 BMW, Inc., formerly known as Building Materials Wholesalers, Inc. (“BMW”) was a wholesaler for building materials which it sold principally to Lyman Lumber, Mid-America, ABC, Woodinville Lumber, and Lyman Wisconsin. As a wholesaler, BMW was entitled to receive certain discounts from manufacturers and suppliers that would otherwise be unavailable to Lyman Lumber, Lyman Wisconsin, and Woodinville Lumber as lumber dealers and Mid-America as a distributor.

Debtor 300 CCC, Inc., formerly known as Carpentry Contractors Corp. (“CCC”) had been in the residential carpentry business in the Minneapolis and St. Paul area for over 27 years. CCC operated a wall panel plant in Montrose, Minnesota, and provided a range of contract labor services for framing, windows, stairs, siding installation, and carpentry trim finishing on site.

Debtor 300 CMIC, Inc., formerly known as Construction Mortgage Investors Co. (“CMIC”) was established in 1983 to provide financing options to small builders and developers. Since mid-2007, it had been liquidating its loan portfolio.

Debtor 300 LDC, Inc., formerly known as Lyman Development Co. (“Lyman Development”) was organized in 1983 and acted as a residential land developer. Its primary purpose was to develop high quality, competitively priced residential home sites in the greater Twin Cities metropolitan area. Since 2009, it had been liquidating its real estate portfolio.

Debtor 300 LLW, Inc., formerly known as Lyman Lumber of Wisconsin, Inc. (“Lyman Wisconsin”) operated a lumber yard in Eau Claire, Wisconsin since the mid-1950s, selling to smaller regional builders. It offered home building lumber, trusses, cabinets, pre-hung doors, drafting services, and walk-in sales, including a showroom and millwork business. Lyman Wisconsin also developed land and provided interim construction financing to builders in the Eau Claire, Wisconsin area.

Debtor 300 LYP, Inc., formerly known as Lyman Properties, L.L.C. (“Lyman Properties”) was established in 2003 as the successor company to Lyman Development. Since 2009, it had been liquidating its real estate portfolio.

Debtor 300 MAC, Inc., formerly known as Mid-America Cedar, Inc. (“Mid-America”) was a two-step distributor, selling cedar products to lumberyards and home centers. Mid-America liquidated its last distribution facility in Matthews, North Carolina, prior to the Chapter 11 filing and sold its facility during the Chapter 11 case.

Debtor 300 WLI, Inc., formerly known as Woodinville Lumber, Inc. (“Woodinville Lumber”) was acquired by Lyman Lumber in 2001. It served the professional builders in the Puget Sound Basin and Western Washington from its lumber distribution facility in Woodinville, Washington, by providing lumber and related building materials. Woodinville Lumber also had a division known as Tri-County Truss, which was located in Burlington, Washington, and manufactured and distributed roof and floor trusses to lumber dealers, including Woodinville Lumber.

Debtor 300 WCS, L.L.C., formerly known as Woodinville Construction Services, L.L.C. (“Woodinville Construction”), located in Woodinville, Washington, was started in the late

1990's to provide contract labor for a range of services, including pre-finished windows, walls, panels, framing, and siding installation.

B. The 2009 Restructuring

Until 2007, the Debtors delivered a profit to stakeholders every year that they operated. With the severe downturn in the residential housing market in 2007, the Debtors experienced an \$87,000,000 decline (25%) in revenue from 2006 and lost money, approximately \$7,700,000, for the first time in their 110 year history.

In response to further severe residential construction market declines in 2008, the Debtors established a business plan that was intended to (1) address the concerns of all of the Debtors' stakeholders and (2) pay in full debts of the Debtors through the ongoing liquidation of non-core assets and the gradual improvement of cash flow from the Debtors' core operations. On February 12, 2009, the Debtors completed a global restructuring, recapitalization, and refinancing that resulted in the following:

- A new \$40,000,000 senior credit agreement with the Debtors' seven-bank Lender Group (defined below). Certain existing shareholders invested \$7,100,000 in new equity capital, and ABC, BMW, and Lyman Wisconsin pledged approximately \$23,800,000 in additional, unencumbered collateral, including real estate, equipment, accounts receivable, and inventory to the Lending Group. Furthermore, each Debtor also guaranteed repayment of the loan.
- Restructuring of approximately \$30,000,000 of subordinated promissory notes and \$31,000,000 of subordinated debentures from obligations on behalf of Lyman Lumber, BMW, ABC, or Lyman Wisconsin individually into obligations of all of the Debtors, either as co-borrowers or guarantors. The holders of these instruments were both shareholders of various Debtors and employees and community members who purchased notes as personal investments. The restructured promissory notes contained a modest permitted annual tax payment and were to mature in December 2014.

C. Transactions and Relationships among Debtors

Common Ownership

After the 2009 Restructuring, Lyman Holding owned all the equity of the other Debtors. The equity holders of Lyman Holding were the same individuals and entities that owned the Debtors prior to the 2009 Restructuring, though their respective interests changed to reflect the new capital contributed by a limited number of shareholders.

Common Management

The Debtors were operated as part of a closely-held family business. As of the Filing Date, each Debtor had substantially the same individuals serving on its board of directors and in the positions of president and CEO (Jim Hurd), senior vice president and secretary (John Gilpin),

senior vice president of operations (Dale Carlson), vice president of human resources (Vaughn Lenhart), and treasurer and controller (Brian Balcer).

Administrative Services

While certain debtors such as ABC, Lyman Wisconsin, and Woodinville Lumber had their own operating management and personnel on location, Lyman Lumber provided all the Debtors with executive management, information services, human resource services, and accounting services. For these services Lyman Lumber received a fee equal to 1% of the annual net sales of each affiliate with the exception of CMIC, which paid a fee of ½% of the value of its assets.

Loans among Debtors

The Debtors operated as a group to deploy cash where it was needed via unsecured intercompany loans, with cash-flow generating Debtors lending funds to Debtors that needed cash. These intercompany loans were recorded in the separate books and records of the Debtors and accrued interest at the bank prime rate, which interest was paid monthly. As of the Filing Date, this intercompany indebtedness amounted to approximately \$175,432,000.

		Borrowers						
\$000's		Lyman Lumber	Lyman Properties	CCC	Woodinville Lumber	Woodinville Constr.	ABC	Total
Lenders	Lyman Lumber		29,001	3,951	71,059		7,464	111,475
	Lyman Development	22,319						22,319
	CMIC	16,939						16,939
	Mid-America	11,160						11,160
	Woodinville Lumber					150		150
	Lyman Wisconsin	43						43
	BMW	5,726						5,726
	Lyman Holding	7,620						7,620
	Total	63,007	29,001	3,951	71,059	150	7,464	175,432

These loan amounts do not include additional prepetition indebtedness among the lenders on account of intercompany sales, allocation of borrowings, management fees, or other obligations

Commercial Transactions among Debtors

In addition to intercompany lending, some Debtors engaged in business with each other in the ordinary course, as described below. Intercompany sales were accounted for in the same manner as sales to unrelated entities, though sometimes they were more favorable on price terms.

Automated Building Components, Inc. ABC sold its products to Lyman Lumber as well as to other lumber dealers and building contractors.

Building Material Wholesalers, Inc. BMW was a wholesaler for building materials that it sold principally to Lyman Lumber, Mid-America, ABC, Woodinville Lumber, and Lyman Wisconsin. As a wholesaler, BMW was entitled to receive certain discounts from manufacturers and suppliers that would otherwise be unavailable to Lyman Lumber or the other Debtors as lumber dealers and to Mid-America as a distributor. BMW resold materials to Lyman Lumber, Mid-America, and Woodinville Lumber at standard markups comparable to those of unaffiliated wholesalers who sold similar materials to Lyman Lumber, Mid-America and Woodinville Lumber.

Lyman Lumber of Wisconsin, Inc. Lyman Wisconsin was a joint venture partner in one Minnesota land development project with Lyman Development and from time to time owned 100% of certain Minnesota land development projects arranged and managed by Lyman Development or Lyman Properties employees.

In addition to these regular intercompany transactions, it was customary for Debtors to do occasional sales of materials and services to other Debtors and create intercompany liabilities. For example, as of June 30, 2011, Lyman Lumber owed \$89,211 to ABC and ABC owed \$1,550 to Lyman Lumber. Lyman Lumber and ABC owed CCC \$5,058 and \$1,078, respectively. And ABC owed \$244 to Lyman Wisconsin, which in turn owed \$45,564 to ABC.

D. Prepetition Financing

Lender Group. Prior to the Filing Date, the Debtors' primary source of financing was a \$21,000,000 Tenth Amended and Restated Credit Agreement dated as of January 27, 2011, with U.S. Bank National Association, TCF Bank National Association, M&I Marshall & Illsely Bank, Bank of America, N.A., Wells Fargo Bank, National Association, JPMorgan Chase Bank, N.A., and Prudential Insurance Company of America (the "Lender Group"). The Ninth Amended and Restated Credit Agreement gave the Debtors a borrowing capacity of up to \$40,000,000 and matured, unless extended, on January 1, 2011. On February 10, 2010, the Debtors' borrowing capacity under the Ninth Amended and Restated Credit Agreement was reduced to \$30,000,000 and on October 27, 2010, the Debtors' borrowing capacity under the Ninth Amended and Restated Credit Agreement was further reduced to \$25,000,000. The indebtedness to the Lender Group was memorialized under the terms of the following loan documents:

1. Tenth Amended and Restated Credit Agreement dated as of January 27, 2011;
2. Seven promissory notes dated January 27, 2011, each executed by all Debtors in favor of an individual lender and totaling, collectively, \$21,000,000;
3. Security Agreements dated February 12, 2009, and reaffirmed on January 27, 2011, executed by the Debtors;
4. Guaranty of Lyman Holding dated February 12, 2009, and reaffirmed on January 27, 2011; and
5. Other related documents including, but not limited to, certain mortgages and negative pledge agreements.

Pursuant to the Tenth Amended and Restated Credit Agreement, each of the Debtors granted to the Lender Group security interests in inventory, equipment, accounts, pledged loans, rights related to pledged loans, general intangibles, pledged subsidiary stock, insurance, letter-of-credit rights, chattel paper, instruments, documents, investment property, deposit accounts, records relating to all of the foregoing, all proceeds of the foregoing, and all supporting obligations of the foregoing. With respect to the collateral, the Lender Group filed original financing instruments, amendments, and continuation statements with the Minnesota Secretary of State.

In addition, Lyman Holding granted to the Lender Group a security interest in certain “Pledged Collateral” including its equity interests in the Debtors and rights to payments, proceeds, dividends, distributions, splits, warrants, subscriptions, instruments, compensation, property, assets, interests and rights, and all monies due and payable on account of those equity interests.

Under the Tenth Amended and Restated Credit Agreement, the Debtors’ borrowing capacity was reduced from \$25,000,000 to \$21,000,000. The maturity of the Tenth Amended and Restated Credit Agreement was August 1, 2011, and it contained numerous covenants designed to cause the Debtors to refinance their lending relationship with different lenders by August 1, 2011. As of the Filing Date, the outstanding amount of the Debtors’ obligations to the Lender Group totaled approximately \$19,027,000, plus accrued and unpaid interest, fees, expenses, and other obligations.

Real Property Mortgages. Certain of the Debtors’ real property are subject to mortgages. These mortgages are held by TCF National Bank, U.S. Bank National Association, and U.S. Bank Trust Company. The properties to which these mortgages and related documentation cover are located in Cottage Grove, Minnesota; Excelsior, Minnesota; and Longview, Washington.

Consignment. Debtor Lyman Lumber and BlueLinx Corporation (“BlueLinx”) were parties to a Consignment Agreement dated March 1, 2009, Amendment No. One to Consignment Agreement dated February 2, 2010, and Material Storage Agreement dated March 1, 2009 (collectively, the “Consignment Agreement”). The Consignment Agreement set forth the terms under which (a) vinyl siding and vinyl siding accessories and (b) metal soffit and installation accessories (together, the “Consignment Stock”) were to be delivered, stored, reported, sold, and paid for by the Debtors.

Lyman Lumber was not able to determine whether BlueLinx had properly perfected its security interest in the Consignment Stock. After notice and hearings on use of cash collateral, BlueLinx did not appear or assert its rights in the Consignment Stock, which the Debtors sold as part of the sale of their assets, as described in Section III.F of this Disclosure Statement.

E. Decision to File under Chapter 11

Because the Tenth Amended and Restated Credit Agreement greatly reduced the Debtors’ borrowing capacity and had a term of only six months, the Debtors immediately began to seek new lenders, both traditional and non-traditional. With the assistance of BGA Management, LLC d/b/a Alliance Management (“Alliance”), between February and June 2011,

the Debtors met with numerous potential lenders but could not find a lender that was agreeable to terms that made the companies economically viable. The Debtors also met numerous times with the Lender Group to discuss different scenarios in order to recapitalize the Debtors, including such things as selling off the assets of some of the Debtors and retaining assets of other Debtors.

Following numerous meetings during the month of June 2011 between the Debtors and the Lender Group, including their respective legal advisors and financial advisors, the Debtors' Boards of Directors decided to evaluate all of its options, including marketing the Debtors' assets for sale to obtain going concern value. It was contemplated that the Debtors' sale would be consummated through a sale in bankruptcy. The Debtors engaged Alliance to develop and execute a marketing strategy and sale process with respect to the sale on an expedited basis to maximize value for the Debtors' creditors.

The Debtors, with the assistance of Alliance and its advisors, solicited many potentially interested parties to purchase substantially all or portions of the Debtors' assets. The Debtors obtained an initial commitment to purchase the Debtors' assets with debtor-in-possession financing. Just prior to the Filing Date, the Debtors determined that it could not proceed with the party that submitted the initial commitment.

Because of the pressures the Debtors felt given the current state of the housing market, their inability to either secure financing from alternative lenders or negotiate more favorable lending terms with the Lender Group, and the Debtors' inability to secure additional financing from its own shareholders, the Debtors negotiated with an entity to become a stalking horse. The stalking horse required the Debtors to file for protection under the Bankruptcy Code and go through an auction process for certain of its assets.

III. EVENTS DURING THE CHAPTER 11 CASES

A. Debtors' Professionals

After the Filing Date, the Debtors employed professionals Alliance Management, Fredrikson & Byron, P.A., Eriksson Commercial Real Estate, Leonard, Street and Deinard (labor counsel), and Deloitte Consulting and Deloitte Tax (tax and pension), all of whom the Debtors employed prior to the bankruptcy cases.

During the case the Debtors employed additional professionals to assist with administration of the estates. The Debtors hired Hilco Industrial, LLC, as the auctioneer of certain of the assets of the Debtors; Nicollet Partners, who provided an appraisal on the Debtors' property at 300 Morse Avenue, Excelsior, Minnesota; Percival McGuire Commercial Real Estate Brokerage LLC, to act as Debtors' broker for the real estate of Mid-America; Eau Claire Realty, Inc., to act as Debtors' broker for certain properties located in Wisconsin; Real Property Law Group, PLLC, to act as Debtors' counsel regarding certain property law issues in Washington; Capacity Commercial Group, to act as Debtors' broker for the real property in Longview, Washington; The Broderick Group, to act as Debtors' broker for the real property in Woodinville, Washington; and the Welsh Companies, LLC d/b/a Colliers International ("Colliers"), to act as Debtors' broker for the real property in Cottage Grove, Minnesota.

B. Appointment of Committee

On August 9, 2011, the United States Trustee appointed the Committee, consisting of the Central States Pension Fund (contact person Timothy C. Reuter); Guardian Building Products (contact person Thea Dudley); Manion Wholesale Building Supplies, Inc. (contact person Gerald Manion); John N. Wedekind; and James G. Penberthy. MASCO Corporation (contact person Julie Uram Missler) and Craig Mackay were subsequently added to the Committee on September 6, 2011. The Committee is represented by counsel Connie Lahn, David Runck, and Lorie Klein of Fafinski Mark & Johnson, P.A. The Committee's initial financial advisors were Michael Fox and Donald Haas of Matrix Associates, Inc. The Committee later retained Kevin Berry of Conway MacKenzie, Inc. as the Committee's financial advisor.

C. Cash Collateral

The Debtors operated their businesses during the Chapter 11 cases using the cash collateral of the Lender Group under agreed cash collateral orders. The terms of these orders required that the Debtors operate within a narrow range of the expenses projected in budgets that the Debtors provided during the case. Under the agreed orders, the Debtors paid \$4,400,000 in excess cash to the Lender Group, resulting in a reduced principal balance of approximately \$12,827,000 by the closing of the sales of substantially all of the Debtors' personal property. The proceeds of those sales were sufficient to pay in full the Debtors' obligations to the Lender Group, so the Debtors have operated since the sales without needing authority to use cash collateral.

D. First Day Motions and Other Motions

The Debtors filed a number of "First Day" Motions designed to ease the Debtors' transition into Chapter 11, minimize the effects of the commencement of the Chapter 11 cases on the Debtors' business, and maximize the value of Debtors' enterprise value. By orders dated August 9, 2011, the Court authorized the Debtors to: (i) jointly administer the Chapter 11 cases; (ii) honor certain prepetition obligations to lienholders and potential lienholders; (iii) pay prepetition sales taxes; (iv) maintain and continue use of bank accounts; (v) pay prepetition commissions, wages and employee benefits; and (vi) apply customer deposits to completed orders. The Court subsequently entered an order authorizing the Debtors to continue utility service and approved adequate assurance of payment to utility companies.

E. Reclamation Claims and 11 U.S.C. § 503(b)(9) Claims

Early in the Chapter 11 cases, the Debtors received demands for payment of reclamation and 11 U.S.C. § 503(b)(9) claims and then moved the court for a procedure to solicit and respond to those claims. In the ordinary course of Debtors' businesses, numerous vendors provided the Debtors with a variety of goods in the 45 days leading up to the Filing Date. A number of these vendors asserted reclamation claims under 11 U.S.C. § 546(c). The claims asserted total approximately \$1.2 million. In the beginning of the Chapter 11 cases, Guardian Building Products commenced an adversary proceeding to obtain possession of the goods subject to its reclamation claims and sought a temporary restraining order to prevent the Debtors from selling

those goods. The Court overruled these actions and, as part of the sale process described below, the Debtors have sold all goods subject to reclamation claims.

In addition, a number of vendors asserted administrative expense claims under 11 U.S.C. § 503(b)(9) for goods supplied in the twenty days prior to the Filing Date (defined in the Plan as “Twenty-Day Claims”). A few of the vendors that asserted Twenty-Day Claims filed motions for allowance and payment of administrative expense claims.

On September 8, 2011, the Debtors filed a motion for an order authorizing Debtors to establish procedures for resolution of reclamation and Twenty-Day Claims. On September 22, 2011, the Court entered an order approving the motion and the proposed procedures. Specifically, the order established procedures for resolution of Twenty-Day Claims. Pursuant to the order, the Debtors served the notice of deadline and procedures for filing Twenty-Day Claims on all creditors and parties-in-interest. Any creditor asserting a Twenty-Day Claims was required to file a request for payment on or before November 13, 2011. Any creditor that failed to timely file such a claim is forever barred from asserting any such claim against the Debtors or their estates. All parties-in-interest, including Debtors, have the opportunity to object to any such filed claim until confirmation of the Plan.

The September 22, 2011, order also approved reclamation procedures, which were later amended and superseded by order dated January 18, 2012. The Debtors filed a notice of reclamation claims on March 20, 2012, stating that the Debtors believe no reclamation claims have value and providing explanations for that conclusion. Two putative reclamation claim holders objected to that motion and the matters will be resolved after an evidentiary hearing. The Debtors estimate that the maximum combined amount of those two claims is approximately \$225,000. If the claims are held to be valid, the objecting reclamation claim holders will receive administrative expense claims that will be paid along with other administrative expense claims under Section 3.1.1 of the Plan.

F. Sales of Assets

The Debtors engaged in numerous sales during the Chapter 11 Cases to convert their assets to cash, including the following significant transactions.

Tri-County Truss. Debtor Woodinville Lumber operated a division called Tri-County Truss located in Burlington, Washington. The Debtors sold the division’s assets to the stalking horse The Truss Company & Building Supply, Inc., for a purchase price of \$1,829,000. The sale closed on October 25, 2011. The assets that were sold were substantially all of assets related to the TCT Truss business, including: certain inventory, tangible personal property and fixed assets, office equipment, computer equipment, instruments, furniture, tools and trade fixtures; Woodinville Lumber’s interest under a real property lease with the Port of Skagit; rights leasehold improvements owned by Woodinville Lumber related to the Tri-County Truss business; and certain inventory related to the lumber business at Woodinville Lumber. The proceeds from this asset sale were paid to holders of secured claims, including the Lender Group.

Woodinville Auction. Debtors Woodinville Lumber and Woodinville Construction sold the majority of their personal property assets (other than the Tri-County Truss assets) through an

auction process run by Hilco Industrial, LLC (“Hilco”). The auction was held at the Woodinville Facility on October 6, 2011, and the proceeds were delivered on October 24, 2011. The Debtors applied the net proceeds to the secured claims of the Lender Group. At the auction Hilco did not receive bids on two automated machines used to manufacture trusses that exceeded the combined minimum bids of \$125,000, so Hilco elected to continue marketing them. In August 2012, Hilco sold the machines equipment to two buyers for a combined net price of \$500,000. The Debtors have retained these funds for expenses of administering the Chapter 11 Cases and for distribution under the Plan.

Midwest Assets. Before and after the Filing Date, the Debtors pursued a sale of their operating entities in the Midwest through an auction procedure. The Debtors entered Chapter 11 having identified a stalking horse bidder and quickly moved to establish bidding procedures in an auction of the Debtors’ core assets, the operations in the Midwest. After much negotiation among the stalking horse, secured lenders and the Committee, the Debtors held a live auction on October 5, 2011, and sold the assets of Lyman Holding, Lyman Lumber, ABC, BMW, Lyman Wisconsin, and CCC to BEP/Lyman, LLC for a purchase price of \$22,450,000. The sale closed on October 28, 2011. The assets included, among other things, certain real property used in the operating of the business, the sellers’ interest in certain real property and personal property leases, certain equipment, machinery, furniture, fixtures and improvements, tooling and spare parts, the sellers’ interest in certain contracts, all accounts receivable and notes receivable of the sellers; certain inventory; and certain intellectual property of the sellers’ including all rights to the name and mark “Lyman Lumber”. The proceeds from this asset sale were used to satisfy secured claims of the Lender Group and other secured creditors, and the excess amounts have been retained for expenses of administering the Chapter 11 Cases and for distribution under the Plan.

Mortgages and OREO. Debtors CMIC, Lyman Development, and Lyman Properties sold a loan portfolio and certain real property assets to Lafayette Partners, LLP, for a purchase price of \$1,050,000. The sale closed on November 1, 2011. The Debtors have retained these funds for expenses of administering the Chapter 11 Cases and for distribution under the Plan.

ABC Excelsior Property. Debtor ABC entered into a sale agreement in January 2012 with Seifert Companies LLC to sell its Excelsior, Minnesota, real property for \$571,000. The sale closed in July 2012 and the Debtors have retained the proceeds for expenses of administering the Chapter 11 Cases and for distribution under the Plan.

Mid-America Property. Debtor Mid-America entered into a sale agreement in December 2012 with Vstra International Corp. to sell its Mathews, North Carolina real property for \$800,000. The sale closed in January 2012 and the estate received cash and a \$500,000 note secured by a mortgage. The current outstanding mortgage note balance is estimated at \$167,000. The Debtors have retained the balance of the proceeds for expenses of administering the Chapter 11 Cases and for distribution under the Plan.

Woodinville Property. The Debtors marketed the Woodinville Property before and through the Chapter 11 Cases. In September 2011, the Court authorized the Debtors to assume a prepetition sales agreement for the Woodinville Property, but the buyer exercised its right to exit the agreement in March 2012. The Debtors solicited offers from other interested parties and

engaged the Broderick Group as broker to obtain the highest possible price for the Woodinville Property. The Debtors obtained an offer of \$8.4 million for the Woodinville property and, with the consent of the Committee and TCF, commenced negotiations on a definitive purchase agreement that the Debtors finalized on December 24, 2012.

The Debtors sold the Woodinville Property pursuant to a settlement agreement with TCF, which provided the secured loans to fund the Debtors' purchases of the Woodinville Property and the Cottage Grove Property, described below.

G. Retained Assets

The Debtors marketed some real property assets and have not been able to sell them prior to the filing of the Plan. The Plan provides terms for the disposition of these properties and the treatment of their corresponding secured claims.

General Offices. The Debtors marketed the General Offices located in Excelsior, Minnesota, during the Chapter 11 Cases. Following the sale of the Midwest Assets, the Debtors entered into a lease agreement with the buyer, BEP/Lyman LLC, under which the buyer has occupied approximately half of the space. The Debtors retained one office and several storage rooms in the General Offices for its use. During the case, the mortgagee U.S. Bank, N.A., through its special servicer Midland, was granted relief from the automatic stay to pursue its rights under the loan agreement. Midland foreclosed by advertisement and a sheriff's sale was conducted on October 2, 2012. The Debtors retain ownership of the General Offices through the six-month redemption period, during which time they will continue to market the property. The Liquidating Agent will make alternative arrangements for storage of the Debtors' records prior to the end of the redemption period.

Cottage Grove Property. The Debtors marketed the Cottage Grove Property before and through the Chapter 11 Cases. The Debtors funded the purchase of the Cottage Grove Property, as well as other real property that the Debtors have already sold, with secured loans from TCF. The TCF loans for the Cottage Grove Property and the Woodinville Property were secured by a mortgage on both properties. During the case the Debtors entered into a settlement agreement with TCF governing the treatment of TCF's claims and the disposition of both properties. In accordance with the terms of the settlement agreement, the Debtors sold the Woodinville Property on December 24, 2012. The settlement agreement, whose specific terms are incorporated in the Plan, obligates the Debtors and Liquidating Agent to sell or deed to TCF the Cottage Grove Property by September 30, 2013.

Longview Property. The Longview Property was marketed by NAI Puget Sound from 2008 until May 2012, when the Debtors engaged Capacity Commercial Group ("Capacity") as broker to re-energize the sales effort. While Capacity has developed some interest, no firm offers have been received. The Longview Property is subject to a mortgage held by U.S. Bank, N.A. The Plan provides that the Liquidating Agent will transfer the Longview Property to U.S. Bank in full satisfaction of its claim.

H. Distributions to the Lender Group during the Chapter 11 Cases

During the Chapter 11 Cases, the Debtors' business operations generated cash in excess of what was needed to fund the Debtors' future operations and the administration of the bankruptcy case. Because the cash was collateral of the Lender Group, the Debtors agreed to periodically pay a portion of excess cash to the Lender Group to reduce their indebtedness. From August 29, 2011, through October 24, 2011, the Debtors made 11 payments totaling \$6,200,000 to reduce their indebtedness pending the closing of the assets sales that paid the Lender Group in full by October 28, 2011.

I. WARN Claims

During the Chapter 11 cases, a former employee commenced an adversary proceeding as a class action on behalf of former employees of Debtors Woodinville Lumber Inc. and Woodinville Construction Services, Inc., asserting that they were not provided adequate notice of the closure of the Debtors' Washington operations. The Debtors analyzed the claims and defenses and, with input and consent from the Committee, negotiated a payment of \$188,454.03 to settle the claims. The settlement was approved and the claims were paid during the Chapter 11 Cases.

IV. LITIGATION

A. Pending Litigation

As of the Filing Date, the Debtors were engaged in litigation with John F. Waldron regarding an employment dispute, and certain Debtors were also named in warranty and damage claim litigation, all of which was stayed when the case was filed. Debtor Woodinville Lumber Inc. and Woodinville Construction Services Inc. had agreed in principal on the eve of filing to settle pending claims asserted by Wild Horse at Woods Creek Condominium Association and agreed during the case to relief from automatic stay to consummate that settlement. During the case, certain of the Debtors were brought into warranty and damage claim litigation stemming from prepetition occurrences. The Debtors consented to relief from stay with respect to those lawsuits to allow plaintiffs and third-party plaintiffs to proceed against the Debtors' insurers.

B. Claim Objections

The Debtors or the Liquidating Agent may object to any scheduled or filed claims that are incorrect but will compare filed claims to those scheduled and attempt to resolve any discrepancies before commencing the objection process. The Plan provides that any objections to claims other than administrative expense claims must be made within one hundred and twenty (120) days after the Effective Date unless further extended by the Court. The deadline for objections to claims will be set by a Court order issued at the time of confirmation of the Plan.

C. Avoidance Actions

Under Section 547 of the Bankruptcy Code, certain transfers made by the Debtors to creditors or certain other parties within 90 days (or, in some cases, one year) of the Filing Date

may be recovered as preferential payments. Such claims, and all Avoidance Claims, are preserved by the Debtors under the Plan. Section 548 of the Bankruptcy Code gives the Debtors the power to avoid fraudulent transfers, which are defined either as transfers made to hinder, delay, or defraud creditors, or transfers made in exchange for less than reasonably equivalent value. Under the Plan, discretion to determine whether to pursue preference and fraudulent transfer claims and whether to settle, dismiss, compromise, or withdraw such claims once commenced is retained and vests in the Liquidating Fund. The net proceeds of such claims shall be retained by the Liquidating Fund for expenses of the Liquidating Fund and making payments under the Plan.

The Debtors and the Liquidating Agent will review the books and records prior to and after Plan confirmation to evaluate the existence of Avoidance Claims, taking into account the costs of pursuing such claims or the defenses that may be asserted by the transferee, including whether or not the payments were made in the ordinary course of business or are offset by the subsequent provision of new value. Avoidance Claims, if they are pursued, will be pursued against persons or entities, such as unsecured creditors, who may otherwise be entitled to vote for or against the Plan. The Debtors or the Liquidating Agent may pursue such claims against a particular holder even if such holder votes to accept the Plan.

V. SUMMARY OF THE PLAN

The below summary is provided for the convenience of holders of claims and interests. If any inconsistency exists between the Plan and this Disclosure Statement, the terms of the Plan are controlling. The summary of the Plan in this Disclosure Statement does not purport to be complete and is subject to, and is qualified in its entirety by reference to, the full text of the Plan, including the definitions of terms contained in the Plan. All holders of claims and interests are encouraged to review the full text of the Plan and to read carefully this entire Disclosure Statement, including all exhibits.

A. Overview

The purpose of the Plan is to create a mechanism for the liquidation of remaining property of the Debtors' estates, the disposition of Causes of Action, including Avoidance Claims, the resolution of claim disputes and the distribution of collected funds to creditors in accordance with the priority scheme created by the Bankruptcy Code. The Plan Proponents believe that the Liquidating Fund created under the Plan will do this in a more cost-effective and timely manner than any other alternative, including the conversion of the case and the appointment of a Chapter 7 trustee. The Plan Proponents therefore believe that creditors and interest holders will realize a more favorable recovery of value than would occur under an alternative wind-down and liquidation.

Substantive Consolidation. The Plan provides for limited substantive consolidation of the Debtors' estates, which will treat all of their individual assets and liabilities as the assets and liabilities of a single entity – the Liquidating Fund – for purposes of payment of expenses and distributions to creditors, among other things. The Plan Proponents propose this limited substantive consolidation, because they believe it will lower administrative costs and reduce the

risk of diminution of the estates' property when compared to the liquidation of each Debtor individually.

The Plan provides that, on the Confirmation Date, the Debtors' estates shall be substantively consolidated into a single entity for purposes of confirmation, consummation, collection of assets, claim allowance, payment of expenses, and distributions to creditors. The Debtors' estates will not be substantively consolidated to the extent that the holders of Allowed Secured Claims shall retain their liens on the property of each Debtor after the Confirmation Date to the same validity, extent, and priority as existed on the Confirmation Date to secure each such Allowed Secured Claim. The substantive consolidation shall not prejudice or otherwise affect each individual Debtors' claims, objections, defenses, causes of action, and other rights of recovery against any person other than a Debtor or the rights of any party with a lien on any of the property of any of the Debtors. To avoid any doubt regarding the foregoing, the Liquidating Agent shall pursue Avoidance Claims on account of each Debtor individually and the elements of, including but not limited to solvency, and defenses to Avoidance Claims will not be affected by the substantive consolidation provided under Section IX of the Plan. *See In re Giller*, 962 F.2d 796 (8th Cir. 1992). Any objections to substantive consolidation not made before or at the confirmation hearing are waived, and creditors or other parties may not raise objections to the consolidation or challenge the scope or effect of substantive consolidation as set forth in the Plan after confirmation of the plan, including in any subsequent motions or adversary proceedings.

The Plan Proponents worked together with their respective advisors on an analysis to weigh the relative benefits and costs of substantively consolidating the Debtors' estates and liquidating them individually. Through a multi-month process led by the Debtors' financial advisor Alliance Management, the Debtors, the Committee, the Committee financial advisor Conway MacKenzie, and the Plan Proponents' attorneys, the Plan Proponents developed a substantive consolidation analysis (the "Analysis") as a tool to compare recoveries for creditors under consolidated and separate plans of liquidation. The Analysis is not meant to predict actual recoveries, rather to create a model to compare recoveries under a fixed set of assumptions. Additionally, due to uncertainties inherent in forecasting recoveries of Causes of Action, this analysis does not take into consideration the recoveries, if any, of any Causes of Action. The results of the Analysis are summarized in the tables attached as Exhibit B and show that substantive consolidation leads to a better recovery for creditors. Substantive consolidation allows streamlined administration of the estates, lowers anticipated professional and other fees, reduces the risk of costly disputes with creditors over the allocation of proceeds and expenses among the Debtors.

The Analysis uses hypothetical asset values, claim amounts, administrative expenses, and distributions. For example, when the Analysis was developed it assumed a \$12 million sale price for real estate in Woodinville, Washington, that the Debtors now value at \$8.4 million. The Analysis also assumes allocations of expenses and proceeds among the Debtors that are reasonable but subjective. During the pendency of the Chapter 11 Cases, the Debtors' internal financial statements were prepared on an entity-level basis and submitted in conjunction with the monthly reports provided to the US Trustee. The Debtors did not prepare consolidated financial statements or make adjustments associated with intercompany transactions. Proceeds from the various sales during the Chapter 11 Cases were retained by the Debtors whose assets were sold, though without thorough consideration given to allocation of proceeds from the sale of Midwest

Assets. At the same time, Lyman Lumber Company paid a number of significant expenses on behalf of all Debtors, including professional fees, debt service and principal pay-downs, and finally the loan balance of the Secured Creditors. To assess the financial status of the individual Debtors as separate entities, the Analysis allocates sale proceeds and expenses to each Debtor based principally on the book value of each Debtor as of the Petition Date, but also based on each Debtor's specific use of services where determinable.

The Plan Proponents recognize that alternative methods could be used when allocating proceeds and expenses among the Debtors under separate plans, and that any methodology is subject to challenges that could be costly to the estate. In arriving at the methodology used in the Analysis, the Plan Proponents tested multiple alternative models with differing allocated methodologies and varying assumptions of assets value. The alternative models did not materially change the hypothetical recoveries for creditors, and the Plan Proponents believe that the methodology used in the Analysis represents the most reasonable and defensible allocation. Nevertheless, if the Debtors were to propose separate plans of liquidation, the Analysis shows that some Debtors would have insufficient funds to pay administrative expense claims in full or make distributions to priority and general unsecured claims. This provides an incentive to creditors of Debtors without funds to challenge the allocation methodology, which would require the Debtors and creditors of Debtors with funds to defend. A consolidated plan of liquidation reduces anticipated professional and other fees, eliminates the allocation issue altogether, and, the Plan Proponents believe, a substantial risk of litigation that would diminish creditors' recoveries.

The Analysis reveals that substantive consolidation leads to a greater recovery for creditors holding all kinds of claims. Creditors who could look to all the Debtors to satisfy their unsecured claims (such as noteholders, debenture holders, pension plans, and lenders with deficiency claims related to liens on real property) fare modestly better under a consolidated plan. Under the assumptions in the Analysis, these unsecured creditors would receive a 5.5% recovery under the consolidated plan and a 5.4% recovery under separate plans.

Similarly, holders of general unsecured claims against individual Debtors and holders of administrative expense and priority claims fare better under a consolidated plan. Holders of administrative expense and priority claims would receive a 100% recovery under the consolidated plan but a 94.9% recovery under separate plans. The projected recovery for holders of general unsecured claim holders against individual Debtors is 5.5% under a consolidated plan, but under separate plans of liquidation, the Analysis projects recoveries from 0% to 2.1%. Thus holders of claims who relied on the legal separateness of the Debtors in their ordinary course dealings obtain a higher recovery under a consolidated plan.

A major benefit of substantive consolidation is the streamlined administration of the estates. Under either a consolidated plan or separate plans, the expenses of the Liquidating Fund and Liquidating Agent or liquidating agents will be paid out of estate funds before distributions to unsecured creditors. Under the consolidated plan, the Liquidating Agent administers all claims and assets as if there is only one debtor. The Liquidating Agent does not have to expend resources on accounting services to allocate postpetition expenses and proceeds among the Debtors, or to engage in disputes from creditors regarding those allocations. The estates do not

have to pay for separate plans of liquidation for each Debtor and the legal and financial services to prepare and confirm those plans.

Furthermore, substantive consolidation allows the Liquidating Agent to deploy funds in administratively solvent entities to unlock value in administratively insolvent entities for the benefit of all creditors. For example, the Analysis shows that Woodinville Lumber is administratively insolvent and does not have the funds to maintain the Debtor’s properties in Longview, Washington, and Woodinville, Washington. Under separate plans of liquidation, Woodinville Lumber would lose the properties to the secured lenders, and there would be no potential recovery for Woodinville Lumber creditors. In contrast, under the consolidated plan, funds held by other debtors can maintain the properties through a sale process that could generate a net return for all creditors.

Similarly, administratively insolvent entities, including Woodinville Lumber, CMIC, CCC, and Lyman Properties, would not have the funds available to commence and prosecute Causes of Action, including Avoidance Actions. Under separate plans of liquidation, these entities would not be able to fund litigation that may increase recovery for creditors. In contrast, under a consolidated plan, funds held by other debtors can fund litigation that could generate a net return for all creditors.

For all of these reasons, the Plan Proponents have elected to substantively consolidate the Debtors under the Plan, which serves as a motion seeking entry of an order consolidating the Debtors as described above. Upon a proper evidentiary showing at the confirmation hearing by the Plan Proponents, the consolidation order (which may be the Confirmation Order) may be entered by the Court.

B. Overview of Classification and Treatment of Claims and Interests

Following the requirements of the Bankruptcy Code, all claims and interests are placed in categories. Most are placed into separate classes, others are unclassified. These categories are described in detail in the Plan and later in this paragraph.

The Plan proposes different “treatment” for the claims or interests in the unclassified categories and the classes. Following is a chart of the estimated amounts in each unclassified category and class along with the proposed treatment for each.

<u>Class</u>	<u>Description</u>	<u>Estimated Amt of Claims</u>	<u>Proposed Treatment</u>
N/A	Administrative Expenses	\$1,800,000	Pay in full in cash
N/A	Priority Claims	\$9,500	Pay in full in cash
1-A	Secured Claim – U.S. Bank (Longview)	\$5,054,000	Pay in full in cash or surrender of collateral
1-B	Secured Claim – TCF (Woodinville and Cottage Grove)	\$11,500,000	Pay according to settlement agreement
1-C	Secured Claim – Midland, as special servicer (General Office)	\$1,600,000	Pay through foreclosure by advertisement

1-D	Secured Claim – Hennepin County (General Office)	\$100,000	Pay in full through future transfer
1-E	Chartis (Insurance)	Unknown	Pay secured portion out of collateral
1-F	Lumbermen’s Underwriting Alliance (Workers Compensation Insurance)	Unknown	Pay secured portion out of collateral
1-G	Wausau/Liberty Mutual (Insurance)	Unknown	Pay secured portion out of collateral
2-A	Convenience claims	\$247,000	5% recovery approximately 60 days after Effective Date
2-B	General Unsecured Claims	\$94,000,000	1-3% recovery over time from cash on hand and liquidation of assets
2-C	Intercompany Unsecured Claims	\$175,432,000	Pay after Class 2-B paid in full
3	Equity Interests	\$0	Cancelled

The holders of claims or interests that are classified and are “impaired” are entitled to vote on the Plan, except for Class 3, in which class holders of claims are conclusively deemed to have rejected the Plan, and, therefore, the votes of holders of claims in Class 3 will not be solicited. The classes that are entitled to vote under the Plan are:

- 1-A Secured Claim – U.S. Bank (Longview)
- 1-B Secured Claim – TCF (Woodinville and Cottage Grove)
- 1-D Secured Claim – Hennepin County (General Office)
- 1-E Secured Claim – Chartis (Insurance)
- 1-F Secured Claim – Lumbermen’s Underwriting Alliance (Workers Compensation Insurance)
- 1-G Secured Claim – Wausau/Liberty Mutual (Insurance)
- 2-A Convenience Class
- 2-B General Unsecured Claims
- 2-C Intercompany Unsecured Claims

C. Detailed Description of Classes and Treatment

Following is a description of claims, classes, and treatment. This section is taken from the Plan. In case of inconsistency, the Plan controls. This section may have some additional information about the classes.

1. Allowed Administrative Expense Claims

Except as otherwise provided in this Article, all Allowed claims specified in Bankruptcy Code § 507(a)(2), including Allowed fees and expenses of professionals, will be paid from the Liquidating Fund in full in cash on the Effective Date or as soon as practicable after the Effective Date or later as approved by the Court.

(a) Postpetition Operating Expenses

With respect to the Debtors' Allowed operating expenses incurred during the Chapter 11 cases, the Debtors generally paid these expenses as they became due. If any Allowed administrative expense claims come due after the Effective Date, or for any other reason have not been paid as of the Effective Date, these claims will be paid from the Liquidating Fund as the claims become due or as otherwise agreed between the holders of such claims and Liquidating Agent. Upon confirmation of the Plan, the Court will enter an order setting deadlines for submission of motions to seek allowance of unpaid post-petition administrative expenses by any who believe they are entitled to be paid and have not been paid. The Debtors estimate that approximately \$25,000 in postpetition operating administrative expense claims will be allowed and paid after the Effective Date.

(b) Twenty-Day Claims

The Court has approved a procedure ("Twenty-Day Procedures") and claim form for filing Twenty-Day Claims. The deadline for filing Twenty-Day Claims was November 13, 2011. Holders of Twenty-Day Claims that did not file a claim form by November 13, 2011, are forever barred from asserting Twenty-Day Claims against the Debtors, the Liquidating Fund, or their respective property, and any such alleged Twenty-Day Claims shall be deemed discharged as of the Effective Date.

Claimants asserted 85 claims that total approximately \$1,605,922.28. Timely-filed Twenty-Day Claims are subject to objection by the Liquidating Agent, regardless of whether the holder votes to accept the Plan. Unless otherwise ordered by the Court, any objections to Twenty-Day Claims shall be filed by the deadline set by the Twenty-Day Procedures, or at such later date as approved by the Court upon request from the Debtors or the Liquidating Agent. All Allowed Twenty-Day Claims will be paid from the Liquidating Fund as soon as practicable after the later of the Effective Date or the approval of such claims by the Court.

(c) Professional Fees and Expenses

The Debtors paid Allowed professional fees and expenses during the Chapter 11 Cases. However, the Debtors withheld a portion of such fees in accordance with the Court's holdback rules, and professionals will not have billed some work in process in the weeks leading up to confirmation of the Plan. Professional fees and expenses will be subject to Court approval after the Effective Date on a timeline to be determined by the Court. Three of the Debtor's professionals hold retainers totaling \$356,000. The Debtors estimate that pre-confirmation professional fees to be paid after the Effective Date will total approximately \$280,000. These claims will be paid from retainers or from the Liquidating Fund as they are approved by the Court.

(d) Claims Arising Under Assumed Executory Contracts or Unexpired Leases

Allowed claims arising under any executory contracts or unexpired leases that are assumed under Section 8.1 of the Plan will be paid according to the terms of any order of the Court approving assumption of such contract or lease, or as otherwise agreed between the holders of such claims and the Debtors or the Liquidating Agent.

(e) PBCG Claims

Each of the Debtors are either a contributing sponsor of the Lyman Lumber & Affiliated Companies Defined Benefit Plan and Trust (the "Pension Plan") or a member of the contributing sponsor's controlled group. The Pension Plan is covered by Title IV of the Employment Retirement Income Security Act of 1974, as amended ("ERISA"). The Pension Benefit Guaranty Corporation ("PBGC") is the wholly-owned United States government corporation and agency of the United States created under Title IV of ERISA to administer the federal pension insurance programs and enforce compliance with the provisions of Title IV. PBGC guarantees the payment of certain pension benefits upon termination of a pension plan covered by Title IV.

By Agreement dated July 12, 2012, the Pension Plan was terminated, PBGC was appointed statutory trustee of the Pension Plan, and December 31, 2011, was established as the date of plan termination.

The Debtors and all members of their controlled group are jointly and severally liable for the unfunded benefit liabilities of the Pension Plan. PBGC has filed a claim in the Debtors' bankruptcy cases for unfunded benefit liabilities owed to the Pension Plan in the estimated amount of \$5,185,684. PBGC asserts that part of the claim is an administrative expense entitled to priority.

The Debtors and all members of their controlled group are also jointly and severally liable to PBGC for unpaid premium obligations owed by Debtors on account of the Pension Plan in the estimated amount of \$922,500. PBGC has filed an unliquidated claim in the Debtors' bankruptcy cases for statutory premiums owed to PBGC. PBGC asserts that part of the claim is entitled to priority.

The Debtors or the Liquidating Agent will assess and object to the PBGC claims for administrative expense and priority status to the extent that the claims exceed PBGC's right to such status based on the Debtors' net worth, the claim calculation, and other factors. Allowed PBGC administrative expense and priority claims will be paid from the Liquidating Fund at such time as they are approved by the Court.

(f) Retiree Benefits

The Debtors owe retiree benefits, as that term is defined in Section 1114 of the Bankruptcy Code, to two early retirees for health insurance coverage through April 2013. From and after the Effective Date, pursuant to Section 1129(a)(13) of the Bankruptcy Code, the Liquidating Fund will pay all retiree benefits within the meaning of Section 1114 of the

Bankruptcy Code at the level established thereby, subject to such modification as is permitted under applicable law. The Debtors estimate that the Allowed amount of retiree benefits will be approximately \$7,000.

(g) Sales Taxes

The Debtors may have liability to the Minnesota Department of Revenue on account of unpaid sales taxes that accrued and were payable after the Filing Date. The Debtors and BEP/Lyman, LLC, the purchaser during the Chapter 11 Cases of the majority of the Debtors' assets, both assert that the other party is liable for approximately \$508,000 in unpaid sales taxes arising around the time of the October 2011 sale. The Debtors estimate that the liability could be as much as \$650,000 with penalties and interest and, in an overabundance of caution, have created a segregated bank account ("Sales Tax Account") containing \$650,000.

Before and after the Effective Date, the Debtors and the Liquidating Agent will determine the liability for these sales taxes through negotiation with BEP/Lyman, LLC, or through an adversary proceeding. Until the Debtors' liability for these taxes has been finally determined, the Debtors and the Liquidating Agent will keep separate and hold in trust the funds in the Sales Tax Account for the benefit of the Minnesota Department of Revenue. To the extent the Debtors' are liable for the sales taxes, the Debtors or the Liquidating Agent will use funds from the Sales Tax Account to pay such taxes as soon as practicable and any excess funds will be contributed to the Liquidating Fund.

(h) Reclamation Claims

The Debtors believe that reclamation claims asserted in the Chapter 11 Cases have no value. However, Guardian Building Products Distribution, Inc., and Weyerhaeuser, Inc., objected to the Debtors' position and the reclamation claims will be valued through negotiation by the parties or by the Court in a contested hearing. All Allowed reclamation claims will be treated as administrative expense claims and paid from the Liquidating Fund as soon as practicable after the later of the Effective Date or the approval of such claims by the Court.

(i) Claims Arising Under Executory Contracts or Unexpired Leases

Allowed claims arising under any executory contracts or unexpired leases that are assumed under Section 8.1 of the Plan will be paid according to the terms of any order of the Court approving assumption of such contract or lease, or as otherwise agreed between the holders of such claims and the Debtors or the Liquidating Agent.

2. Statutory Fees and Court Costs

Court costs and fees payable by the Debtors under 28 U.S.C. § 1930 will be paid from the Liquidating Fund in full in cash on the Effective Date or as soon as practicable thereafter or as required under the Office of the United States Trustee's quarterly payment guidelines. The Debtors estimate these claims to be \$12,350. After confirmation, the Liquidating Agent will continue to pay quarterly fees to the Office of the United States Trustee and file quarterly reports with the Office of the United States Trustee until this case is closed by the Court, dismissed or

converted. This requirement is subject to any amendments to 28 U.S.C. § 1930(a)(6) that Congress makes retroactively applicable to confirmed Chapter 11 Cases.

3. Unsecured Priority Claims

(a) Priority Tax Claims

Each holder of an Allowed Priority Tax Claim will be paid, in full satisfaction of its Priority Tax Claim, cash equal to the amount of such Allowed Priority Tax Claim, on the later of (a) as soon as practicable after the Effective Date or (b) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim. These claims will be paid from the Liquidating Fund. The Debtors estimate there will be no Allowed Priority Tax Claims.

Notwithstanding the provisions of Section 3.3.1.a of the Plan, the holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim. Any such claim or demand for any such penalty shall be subject to treatment in Class 2-B (General Unsecured Claims), as applicable, if not subordinated to Class 2-B Claims pursuant to an order of the Court. The holder of an Allowed Priority Tax Claim shall not assess or attempt to collect such penalty from the Debtors, the Liquidating Fund, or their respective property (other than as a holder of a Class 2-B Claim).

(b) Employee Claims

Any claims entitled to priority under Section 507(a)(4) or (5) of the Bankruptcy Code will be paid from the Liquidating Fund in full on the earlier of the Effective Date or as soon as practicable thereafter or as they come due. The Debtors believe there may be one holder of such claims in an amount of \$9,436.75. All Allowed employee claims will be paid from the Liquidating Fund at such time as they are approved by the Court

(c) Other Priority Claims

All other claims not specifically treated in this section and entitled to priority under Section 507(a) of the Bankruptcy Code will be paid from the Liquidating Fund in full on the earlier of the Effective Date or as soon as practicable thereafter or as they come due. The Debtors do not believe there are any claims of this type.

4. Secured Claims

Class 1-A – U.S. Bank (Longview)

This class consists of the Allowed secured claim of U.S. Bank based on the Longview Loan which is secured by the Longview Mortgage.

a. U.S. Bank Full Claim Amount

U.S. Bank has an Allowed claim (“U.S. Bank Full Claim Amount”) in the amount of (i) the principal balance of \$5,007,471.74 and accrued interest as of the Petition Date of \$46,466.90 plus (ii) interest accruing from and after the Petition Date at the floating contract rate (currently 5.25% per annum or \$686.51 per diem) plus (iii) fees and costs, including reasonable attorneys’ fees.

b. Disposition of Longview Property

This Allowed secured claim shall be satisfied by the following:

(1) Private Sale

The Debtors and the Liquidating Agent will continue to pursue the Debtors’ efforts to sell the Longview Property. The Debtors and the Liquidating Agent will have until February 28, 2013 (the “Longview Agreement Deadline”), to enter into a binding purchase agreement for the sale of the Longview Property on terms acceptable to U.S. Bank (“Private Sale Purchase Agreement”). If a Private Sale Purchase Agreement is entered into before the Longview Agreement Deadline, the Debtors or the Liquidating Agent shall obtain a Court order approving the sale in a manner satisfactory in all respects to U.S. Bank in order to facilitate the disposition of the Longview Property under that Private Sale Purchase Agreement, including the exercise of any remedies by the Liquidating Agent in the event the purchaser defaults thereunder. In exercising its discretion with respect to the sale terms and Court order approving the sale, U.S. Bank shall act in a commercially reasonable manner.

(2) Auction Sale or Title Transfer

If a Private Sale Purchase Agreement is not entered into before the Longview Agreement Deadline or if the Longview Agreement Deadline has expired and there is a default under the Private Sale Purchase Agreement that is not cured within any applicable cure period thereunder, the Liquidating Agent shall immediately cause the disposition of the Longview Property to be facilitated through an auction sale (the “Auction”), the structure of which must be satisfactory in all respects to U.S. Bank; provided, however, that (a) the Auction must conclude (i.e., a sale of the Longview Property be closed) not later than June 1, 2013, (b) the Auction shall be conducted on commercially reasonable terms, (c) U.S. Bank will have the right to accept or reject any bid at the Auction, and (d) if no bid is accepted by U.S. Bank, then the Liquidating Agent will immediately take such action with regard to the Longview Property as U.S. Bank directs, including, but not limited to, performing a Title Transfer to U.S. Bank, permitting U.S. Bank to foreclose on the Longview Mortgage, or permitting U.S. Bank to take such other action with regard to the Longview Property as is commercially reasonable. Any reasonable costs and expenses related to the administration of the Auction, including a reasonable broker’s fee, shall be paid from the gross proceeds of the sale of the Longview Property at the closing after conclusion of the Auction. However, if no bid is accepted by U.S. Bank, U.S. Bank will pay all reasonable costs of the Auction excluding any broker’s fee. In exercising its discretion with respect to an Auction, Title Transfer, or other disposition of the Longview Property, U.S. Bank shall act in a commercially reasonable manner.

c. Sale Proceeds

If the Longview Property is sold, U.S. Bank's claim shall be reduced by an amount equal to the net proceeds from such sale, whether by private sale or by Auction, and such net sale proceeds shall be immediately distributed to U.S. Bank when received from a buyer.

d. Expenses

Until the closing date of the sale of the Longview Property, whether by private sale or by Auction, the Debtors or the Liquidating Agent shall be responsible for the regular maintenance and repair of the Longview Property and for the timely payment when due of all taxes, assessments, governmental charges, levies, security service costs, maintenance fees, insurance premiums and other expenses related to the Longview Property. All the funds paid by any buyer, including, without limitation, earnest money, monthly payments, and extension fees, will be paid immediately to U.S. Bank to reduce its claim.

e. Deficiency Claim Calculation

The amount of U.S. Bank's unsecured deficiency claim (the "U.S. Bank Deficiency Claim"), if any, shall be conclusively determined by the net amount U.S. Bank receives from the sale or other disposition of the Longview Property, whether by private sale, Auction, or foreclosure sale. If no sale or other disposition occurs and U.S. Bank's secured claim is satisfied by a Title Transfer of the Longview Property to U.S. Bank, then U.S. Bank's Deficiency Claim shall be set at \$2.0 million.

f. Distribution on Account of U.S. Bank Deficiency Claim

The U.S. Bank Deficiency Claim shall be a Class 2-B Claim and receive a pro rata share of the Class 2-B distribution under the Plan, and receive distributions under Section 6.5 of the Plan, until the U.S. Bank Deficiency Claim is paid in full; provided, however, that U.S. Bank shall accept 85% of such aggregate distribution in satisfaction of its unsecured claim and permit the remainder to be distributed pro rata to the Junior Creditors as a "U.S. Bank Sharing Distribution" under Section 6.5.4 of the Plan.

g. Distribution on Account of Secured Claim

If the net proceeds from a sale of the Longview Property exceed the U.S. Bank Full Claim Amount, U.S. Bank shall be entitled to all of the sales proceeds up to the full amount of the U.S. Bank Full Claim Amount.

h. Continuing Lien

U.S. Bank shall retain the Longview Mortgage, which shall remain in full force and effect, until released as provided in the Plan or through other means as provided by law consistent with the Plan.

i. No Liens; Indemnification

The Liquidating Agent shall not cause or permit any liens to be placed on the Longview Property after the Confirmation Date without written authorization from U.S. Bank. The Liquidating Fund shall indemnify U.S. Bank for any loss due to unauthorized liens created after the Confirmation Date.

j. Release of U.S. Bank

THE DEBTORS RELEASE AND FOREVER DISCHARGE U.S. BANK AS WELL AS U.S. BANK'S AGENTS, SERVANTS, EMPLOYEES, DIRECTORS, OFFICERS, MEMBERS, ATTORNEYS, BRANCHES, AFFILIATES, SUBSIDIARIES, SUCCESSORS AND ASSIGNS, AND ALL PERSONS, FIRMS, CORPORATIONS, AND ORGANIZATIONS ON THEIR BEHALF (COLLECTIVELY ALL OF THE FOREGOING INCLUDING U.S. BANK, THE "U.S. BANK RELATED ENTITY OR ENTITIES") OF AND FROM ALL DAMAGES, LOSSES, CLAIMS, DEMANDS, LIABILITIES, OBLIGATIONS, ACTIONS AND CAUSES OF ACTION WHATSOEVER WHICH ANY OF THE DEBTORS MAY NOW HAVE OR CLAIM TO HAVE AGAINST U.S. BANK RELATED ENTITIES, WHETHER PRESENTLY KNOWN OR UNKNOWN, AND OF EVERY NATURE AND EXTENT INCLUDING BUT NOT LIMITED TO ANY SUCH DAMAGES, LOSSES, CLAIMS, DEMANDS, LIABILITIES, OBLIGATIONS, ACTIONS AND CAUSES OF ACTION WHATSOEVER ON ACCOUNT OF OR IN ANY WAY TOUCHING, CONCERNING, ARISING OUT OF, FOUNDED UPON OR RELATING TO ANY LOANS, MORTGAGES, SECURITY AGREEMENTS OR ANY DOCUMENTS EXECUTED IN CONNECTION THEREWITH, THE DEBTORS' BANKRUPTCY CASES, THE SALE OF THE DEBTORS' ASSETS DURING THE BANKRUPTCY CASE, PERFORMANCE BY U.S. BANK UNDER THE TERMS AND CONDITIONS OF THE ANY LOAN DOCUMENTS (AS LENDER, AGENT, OR ANY OTHER CAPACITY), THE ENFORCEMENT OF REMEDIES OR PURSUIT OF COLLECTION ACTIVITIES WITH RESPECT TO THE OBLIGATIONS OR SECURITY EVIDENCED BY OR REFERENCED IN ANY LOAN DOCUMENTS OR ANY DOCUMENTS OR INSTRUMENTS DELIVERED IN CONNECTION WITH ANY OF THEM OR ANY ACT OR OMISSION BY ANY U.S. BANK RELATED ENTITY RELATING THERETO, INCLUDING BUT NOT LIMITED TO, ALL SUCH LOSSES OR DAMAGES OF ANY KIND HERETOFORE SUSTAINED, OR THAT MAY ARISE AS A CONSEQUENCE OF THE DEALINGS OF ANY DEBTORS, ON THE ONE HAND, AND ANY OF THE U.S. BANK RELATED ENTITIES ON THE OTHER HAND UP TO AND INCLUDING THE EFFECTIVE DATE.

Class 1-B – TCF (Woodinville and Cottage Grove)

This class consists of the Allowed secured claim of TCF based on the Settlement Agreement dated September 25, 2012, among the Debtors, the Committee, and TCF, which was filed with the Court on October 12, 2012 ("TCF Settlement Agreement") that resolves all issues relating to TCF's claims against the Debtors. The TCF Settlement Agreement was approved by the Court by order dated November 7, 2012. A copy of the TCF Settlement Agreement is attached as Exhibit 4.1.2 and is incorporated herein. This Section contains a summary of the treatment of TCF's Allowed secured claim. To the extent there are inconsistent provisions in the

Plan or Disclosure Statement, the terms of the TCF Settlement Agreement govern. All terms in this section not defined in the Plan are as defined in the TCF Settlement Agreement.

The TCF Settlement Agreement generally provides the Debtors and the Liquidating Agent additional time to conclude a sale of the Woodinville Property and to market the Cottage Grove Property without having to make periodic payments of principal and interest to TCF (though the Debtors would still pay the carrying costs). In addition, if the Debtors or the Liquidating Agent take certain actions by certain deadlines, TCF's claim will be reduced by approximately \$2 million, and the Debtors or the Liquidating Agent will have the opportunity to generate additional funds for the estates through a sale of the Cottage Grove Property after TCF's liens are released. The TCF Settlement Agreement provides for various timing and claim reduction options that reward the Debtors' quick action on the properties with reductions in TCF's claim amount. There is an option for a lien release and claim reduction and two paths for staggered sales of the properties. If the Debtors or the Liquidating Agent do not satisfy all of the conditions under the TCF Settlement Agreement, then TCF will have the allowed claim specified below.

As is further described below, as of December 26, 2012, the Debtors satisfied one of the conditions in the TCF Settlement Agreement (the sale of the Woodinville Property). Therefore, the Plan and Disclosure Statement describe TCF's Allowed Secured Claim under the TCF Settlement Agreement in light of the satisfaction of that condition.

a. TCF Full Claim Amount

The Debtors' performance under the Settlement Agreement is secured by the springing of the Debtors' full liability to TCF in the event of the Debtors' default ("TCF Full Claim Amount"). Those defaults are defined as "TCF Full Claim Events" and are listed in Section 10 of the TCF Settlement Agreement and include the failure to satisfy any of the options related to the Woodinville Property or the Cottage Grove Property and other events such as the failure to maintain insurance and pay taxes on the properties. If any Full Claim Event occurs, TCF will have an allowed claim in the Full Claim Amount, though that amount may be reduced by specific amounts described in Section 10 of the TCF Settlement Agreement, depending on how the Debtors or the Liquidating Agent performed under the TCF Settlement Agreement prior to the Full Claim Event. The claim may or may not be secured by TCF's deeds of trust and mortgages on the Woodinville Property and the Cottage Grove Property, depending on whether TCF's liens on those properties were released prior to the occurrence of the Full Claim Event. The TCF Full Claim Amount is calculated as:

- i. the principal amount of \$10,213,415.00;
- ii. all accrued and unpaid interest at the default rate which is \$383,462.77 as of August 29, 2012, and will continue to accrue thereafter in accordance with the terms of the Cottage Grove Notes and the Woodinville Note;
- iii. all attorneys' fees incurred by TCF which are \$200,000.00 as of September 15, 2012, and as such fees continue to be incurred thereafter;

- iv. late fees in the amount of \$519,298.82 as of September 19, 2012 and which will continue to accrue in accordance with the Cottage Grove Notes, the Woodinville Note and/or any other TCF Loan Documents related thereto; and
- v. costs and expenses.

Because interest, attorney fees, late fees, and costs and expenses continue to accrue, TCF projects that its total claim in these cases will exceed \$11,500,000.

b. Distribution on Account of TCF Full Claim Amount

The TCF Full Claim Amount, if any, shall be a Class 2-B Claim and receive a pro rata share of the Class 2-B distribution under the Plan and receive distributions under Section 6.5 of the Plan, until the TCF Full Claim Amount is paid in full.

k. Release of Woodinville Property and Effect on the TCF Full Claim Amount

Debtors satisfied the conditions for release of the Woodinville Property by paying TCF \$7,900,000 on or before December 26, 2012, pursuant to Section 4 of the TCF Settlement Agreement. Because Debtors satisfied the Woodinville Lien Release Conditions, under Section 6(b) of the TCF Settlement Agreement, if no Full Claim Event occurs, TCF will be entitled to a claim against the Debtors secured by the Cottage Grove Property pursuant to the Cottage Grove Mortgage and Second Cottage Grove Mortgage equal to (i) the amounts due under the Cottage Grove Notes minus (ii) the difference between (A) the Minimum Woodinville Proceeds and (B) the amounts due under the Woodinville Note. If a Full Claim Event occurs, under Section 10 of the TCF Settlement Agreement, the TCF Full Claim Amount will be reduced by \$7,900,000.

l. Release of Cottage Grove Mortgages Only

Because Debtors satisfied the Woodinville Lien Release Conditions, the Debtors and their successors are able to fully satisfy TCF's liens on the Cottage Grove Property, and reduce TCF's claim, by delivering a payment of \$1.4 million plus any Environmental Damage Claim, if any, as further described below ("Cottage Grove Release Payment") to TCF on or before September 30, 2013. If the Debtors or their successors cannot deliver the Cottage Grove Release Payment on or before September 30, 2013, the Settlement Agreement allows the Debtors to deliver a deed-in-lieu of foreclosure for the Cottage Grove Property to TCF on or before September 30, 2013. If the Debtors timely pay the Cottage Grove Release Payment or deliver a deed-in-lieu, TCF will waive all claims in the cases.

m. Environmental Damage Claim

The TCF Settlement Agreement provides that, in the event that environmental problems are discovered on the Woodinville Property or the Cottage Grove Property that were not previously disclosed, and TCF has taken title to the affected property, TCF shall have an Environmental Damage Claim. The Environmental Damage Claim shall be in the amount of the damages TCF suffers on account of the environmental problem, however, the total amount of the

Environmental Damage Claim shall not exceed \$1.5 million. The Debtors do not believe that there are any environmental issues with the Woodinville Property or the Cottage Grove Property that were not previously reported.

n. Sale of Cottage Grove

The Debtors or Liquidating Agent will be entitled to sell the Cottage Grove Property as one or separate parcels at the Liquidating Agent's discretion and to deliver title to the buyer or buyers free and clear of the Cottage Grove Mortgages, provided that the sale will result in the satisfaction of the Cottage Grove Lien Release Conditions, as defined in the TCF Settlement Agreement. Proceeds from any sales shall be applied first to customary costs of sale payable by the Liquidating Agent as seller, then to amounts due under the mortgages, then to the Liquidating Fund.

o. Maintenance of the Cottage Grove Property

Until TCF has released the TCF Mortgages (as defined in the TCF Settlement Agreement) encumbering the Cottage Grove Property or the Cottage Grove Property has been deeded to TCF through delivery of the documents described in the TCF Settlement Agreement, the Debtors will pay all costs and expenses incurred with respect to the Cottage Grove Property including but not limited to the following: a) all real estate taxes, assessments or other similar obligations related to such properties; b) all insurance premiums to maintain insurance as required by the TCF Mortgages encumbering the Cottage Grove Property; and c) all costs of maintaining the property.

p. No Liens; Indemnification

The Liquidating Agent shall not cause or permit any liens to be placed on the Cottage Grove Property after the Confirmation Date without written authorization from TCF. The Liquidating Fund shall indemnify TCF for any loss due to unauthorized liens created after the Confirmation Date.

q. Continuing Lien

TCF shall retain the Cottage Grove First Mortgage and the Cottage Grove Second Mortgage, which shall remain in full force and effect, until released as provided in the Plan and the TCF Settlement Agreement or by other means as provided by law consistent with the Plan.

r. Other Provisions of the TCF Settlement Agreement

Section 4.1.2 of the Plan does not repeat all provisions of the TCF Settlement Agreement. The TCF Agreement contains other important provisions regarding environmental issues and events, subrogation of the claims of Junior Creditors, and releases by Debtors and TCF.

Class 1-C – Midland, as special servicer (General Office)

This class consists of the Allowed secured claim of U.S. Bank National Association, as Successor to Bank of America, N.A., as Successor-by-Merger to LaSalle Bank, N.A., as Trustee

for the Registered Holders of Morgan Stanley Capital I Inc., Commercial Mortgage Pass-Through Certificates, Series 2004-IQ8, acting by and through Midland Loan Services, a division of PNC Bank, N.A. as special servicer pursuant to that certain Pooling and Servicing Agreement dated August 1, 2004 (“Midland”). This claim arises from the General Office Loan, which is secured by a mortgage on the General Office Property. Midland filed a proof of claim asserting that its claim was \$1,614,064.89 as of the Filing Date. The Debtors dispute this amount. The General Office Property is subject to a short-term lease to BEP/Lyman, LLC. During the Chapter 11 cases, Midland, as special servicer, obtained relief from the automatic stay to pursue all remedies it may have under the loan agreement and applicable law. It is not known whether the claim is fully secured.

Promptly following the Effective Date, Midland, as special servicer, will retain its lien on the General Office Property, and the Plan shall not modify the Court’s order granting relief from the automatic stay. The Liquidating Agent may attempt to sell the General Office Property during any foreclosure procedures or subsequent redemption period. Upon a sale of the General Office Property in excess of the claim amount, the Liquidating Agent will promptly pay over to Midland, as special servicer, the net proceeds of the sale up to the full amount of the claim, and any excess proceeds shall become part of the Liquidating Fund. Upon such sale, Midland shall execute such documents and take such actions as are necessary to release Midland’s lien. Alternatively, the Liquidating Agent may negotiate the terms of a sale for less than the claim amount on terms mutually agreed to by the Liquidating Agent and Midland, as special servicer. At any time after the Effective Date and consistent with Section 5.1.3 of the Plan, the Liquidating Agent shall have the authority to execute a deed in lieu of foreclosure or negotiate any other treatment of this claim. Midland has elected to foreclose on the General Office Property under Minnesota Statutes Chapter 580. In accordance with Chapter 580, Midland is not entitled to a deficiency claim, including a claim for attorney fees, property taxes, and any other costs or expenses, under Minn. Stat. §§ 580.225 and 582.30. The Liquidating Agent retains all rights to object to any claims asserted by Midland. Additionally, because Midland is exercising its contractual and legal rights, Midland’s legal, equitable, and contractual rights are unaltered and Midland is not impaired under the Plan.

Class 1-D – Hennepin County Treasurer (General Office Property)

This class consists of the Allowed secured claim of Hennepin County Treasurer for unpaid property taxes secured by the General Office Property that is being foreclosed upon by Midland, as special servicer. This Class 1-D claim will be satisfied in full upon the sale of the General Office Property by Midland, as special servicer, pursuant to applicable state law.

Class 1-E – Chartis (Insurance)

This class consists of the Allowed secured claim of Chartis f/k/a American Home Assurance Co., et al. with respect to workers compensation, automobile and general liability insurance, secured by cash in a loss deposit account with the last known balance of \$392,000. This Class 1-E claim will be satisfied by application of funds from the loss deposit account up to the remaining amount of such funds, after which any additional claim will be treated as a Class 2-B General Unsecured Claim. In the event funds in the loss deposit account exceed the value of the secured claim, Chartis will return such funds to the Liquidating Fund.

Class 1-F – Lumbermen’s Underwriting Alliance (Workers Compensation Insurance)

This class consists of the Allowed secured claim of Lumbermen’s Underwriting Alliance with respect to workers compensation insurance, secured by cash in a loss deposit account with the last known balance of \$200,000. This Class 1-F claim will be satisfied by application of funds from the loss deposit account up to the remaining amount of such funds, after which any additional claim will be treated as a Class 2-B General Unsecured Claim. In the event funds in the loss deposit account exceed the value of the secured claim, Lumbermen’s Underwriting Alliance will return such funds to the Liquidating Fund.

Class 1-G – Wausau/Liberty Mutual (Insurance)

This class consists of the Allowed secured claim of Wausau/Liberty Mutual with respect to workers compensation, automobile and general liability insurance, secured by cash in a loss deposit account with the last known balance of \$720,000. This Class 1-G claim will be satisfied by application of funds from the loss deposit account up to the remaining amount of such funds, after which any additional claim will be treated as a Class 2-B General Unsecured Claim. In the event funds in the loss deposit account exceed the value of the secured claim, Wausau/Liberty Mutual will return such funds to the Liquidating Fund.

5. Unsecured Non-Priority Claims

Class 2-A – Convenience Claims

This class consists of all Allowed General Unsecured Claims against the Debtors that are (a) in the amount of \$2,000 or less or (b) reduced by the holder of the claim to \$2,000 by election on the Ballot. Each holder of an Allowed Convenience Claim will be paid, in full satisfaction of its Allowed Convenience Claim, cash equal to 5% of its Allowed Convenience Claim (up to \$100.00) as soon as practicable following 60 days after the Effective Date. These claims will be paid from the Liquidating Fund. The Debtors estimate that the Allowed claims in this class will be approximately \$247,000 and that the distributions to this class will total approximately \$12,350.

Class 2-B – General Unsecured Claims

Except as provided in Section 5.5 of the Plan, on one or more distribution dates established under Section 6.1, each holder of an Allowed General Unsecured Claim shall receive a pro rata share of the net proceeds of the Liquidating Fund after the payment of all Allowed Unclassified Priority Claims, Allowed Secured Claims, Allowed Administrative Convenience claims, and all costs and expenses of the Liquidating Fund. General Unsecured Claims will include claims by counterparties to executory contracts and unexpired leases that are rejected pursuant to Section 8.1 of the Plan.

The Debtors estimate there to be up to \$94,000,000 of Allowed General Unsecured Claims. Holders asserting significant claims include, but are not limited to, the PBGC asserting an estimated \$1,346,567 in shortfall and waiver amortization charges plus any amounts not entitled to priority under Section 3.1.4; the Central States, Southeast and Southwest Areas

Pension Fund asserting an estimated \$19,388,483.13 claim; Junior Creditors asserting claims in the approximate aggregate amount of \$59,889,000; and trade vendors asserting claims in the approximate aggregate amount of \$6,524,000. The Debtors estimate that holders of Allowed General Unsecured Claims will receive distributions of approximately 1 to 3% of their Allowed claim amounts.

Class 2-C – Intercompany Unsecured Claims

This class consists of all Allowed unsecured claims of each Debtor against other Debtors. The Debtors estimate Allowed claims in this class to be approximately \$175,432,000. These claims shall be subordinated to payment in full of General Unsecured Claims.

6. Class 3 – Interests in Debtors

On the Effective Date, all Interests, as that term is defined in Article I, in the Debtors shall be deemed automatically cancelled, shall be of no further force, whether surrendered for cancellation or otherwise, and the obligations of the Debtors thereunder or in any way related thereto shall be discharged. Interests are not entitled to any distributions under the Plan. Holders of Class 3 Interests are conclusively deemed to have rejected the Plan, and therefore, the votes of holders of Class 3 Interests will not be solicited.

7. Special Provisions Relating to the Rights of Setoff of Creditors

Nothing in the Plan shall expand or enhance a creditor's right of setoff, which shall be determined as of the Filing Date. Nothing in the Plan is intended to, or shall be interpreted to, approve any creditor's effectuation of a post-Filing Date set off without the consent of the Debtors unless prior Court approval has been obtained.

D. Creation of Liquidating Fund

On the Effective Date, except as otherwise designated in the Plan, all of the Estate Assets shall become part of the Liquidating Fund, which shall be used to liquidate remaining Estate Assets and distribute the proceeds thereof to holders of Allowed claims in accordance with the terms of the Plan under the direction of the Liquidating Agent.

The transfer of assets and rights to the Liquidating Fund shall not be construed to destroy or limit any such assets or rights or be construed as a waiver of any right, and such rights may be asserted by the Liquidating Fund as if the asset or right was still held by the applicable Debtor.

The Liquidating Agent will dispose of all of the Estate Assets subject to Secured Claims through sales or, in its discretion, surrender or otherwise dispose of such assets in accordance with its duties under the Plan. Proceeds, if any, will be used to pay sale costs, then to pay Secured Claims as provided in the Plan, then for operation of the Liquidating Fund. Additional proceeds, if any, will be used to pay the holders of General Unsecured Claims as such additional proceeds become available.

As an integral part of implementation of the Plan, the Liquidating Agent shall sell or otherwise liquidate or abandon all remaining Estate Assets to fund operation and implementation of the Liquidating Fund for the benefit of the Creditors.

E. Liquidating Agent and Oversight Committee

1. Liquidating Agent

The Liquidating Agent shall be appointed by the Committee with the consent of the Debtors, and the appointment shall be approved by the Court. The Committee has selected and the Debtors have consented to Conway MacKenzie, Inc. as Liquidating Agent. In the event of the resignation or termination of the Liquidating Agent, any successor Liquidating Agent shall be appointed by the Oversight Committee. The Liquidating Agent's primary tasks are to receive the Liquidating Fund, liquidate assets, pursue causes of action, administer claims and distribute proceeds for the benefit of Creditors.

In furtherance of and consistent with the purpose of the Plan, and subject to the direction and consent of the Oversight Committee, in addition to the powers and authority specifically provided elsewhere in the Plan, the Liquidating Agent shall receive the Liquidating Fund, have the powers of an agent to act for the holders of claims under the Plan on account of such claims and be a "representative of the estate" as set forth in 11 U.S.C. § 1123(b)(3)(B) together with the power and authority to (a) hold, manage or sell the Estate Assets, (b) effect all actions and execute all agreements, instruments and other documents necessary to implement the provisions of the Plan, including, but not limited to, all documentation required by purchasers and title companies to transfer real property on behalf of the Debtors and the Liquidating Fund, (c) establish reserves for Contested Claims, taxes, assessments, professional fees, and other expenses of administration of the Liquidating Fund as may be necessary and appropriate for the operation of the Liquidating Fund, (d) calculate and make distributions from the Liquidating Fund to the holders of all Allowed claims in accordance with the provisions of the Plan, (e) investigate, prosecute, litigate, settle or compromise any Avoidance Claims and Causes of Action on behalf of the Debtors and, as set forth in Section 7.1 of the Plan, those claims may be settled or compromised without notice and a hearing and without Court approval but shall be subject to the consent of the Oversight Committee, (f) review, reconcile or object to claims and resolve such objections as set forth in the Plan, (g) object to the amount of any claim on any of the Debtors' Schedules if the Liquidating Agent determines in good faith that the claim is invalid, has previously been paid or satisfied, or other grounds exist for an objection, (h) defend, protect and enforce any and all rights and interests transferred to the Liquidating Fund or Liquidating Agent, (i) retain professionals and incur any reasonable and necessary expenses in performance of its duties, and to the extent such payments are approved by the Oversight Committee, to pay those expenses without any further application to the Bankruptcy Court; (j) pay any and all claims, liabilities, losses, damages, costs and expenses incurred by the Liquidating Agent, including all fees and expenses of the Liquidating Agent and professionals retained by the Liquidating Agent, (k) file estate tax returns and other tax returns as required and provide tax information to Creditors, (l) operate assets for periods reasonably required to preserve or maximize value pending liquidation and distribution to Creditors, (m) open, create, or close accounts to deposit, hold, and disburse funds, (n) invest cash in demand or time deposits to obtain market rates of return pending distributions, (o) file any and all reports and motions or

requests for relief with the court or any opposition thereto; (p) enter into, authorize, and benefit from any insurance policies and rights of indemnification; (q) dissolve the Debtors, terminate joint ventures, or otherwise wind up any of the Debtors' corporate entities; (r) subject to approval of the Oversight Committee, incur indebtedness to fund administration of the Plan; (s) perform any other functions that are necessary to effectuate the Plan and perform its duties as Liquidating Agent, and (t) have the power and authority to administer the closure of the Chapter 11 cases. In all circumstances, the Liquidating Agent will act in the best interests of the Creditors.

The Liquidating Agent will be entitled to be paid reasonable compensation and expenses from the Liquidating Fund, subject to the consent of the Oversight Committee. The Liquidating Agent will be entitled to retain professionals to assist in its duties and to pay such professionals reasonable compensation and expenses, subject to the consent of the Oversight Committee. The Liquidating Agent may hire former employees and other "insiders" (as that term is defined in the Bankruptcy Code) of the Debtors for post-confirmation services and to pay such individuals reasonable compensation and expenses, subject to the consent of the Oversight Committee. For certain post-petition services, Debtors have employed former employees and "insiders" James Hurd and Brian Balcer at the rate of \$150/hour, and the Liquidating Agent anticipates requesting post-confirmation services from one or both of those individuals. The Liquidating Agent may retain attorneys, consultants and other professionals that represent the Debtors, subject to the consent of the Oversight Committee. Fees that the Debtors' professionals incur on behalf of the Debtors after the Effective Date in connection with the implementation of the Plan may be paid out of the Liquidating Fund, subject to the Liquidating Agent and Oversight Committee's consent or by Court Order. Any dispute as to such compensation and expenses between the Liquidating Agent, its professionals, and the Oversight Committee or any objection by any party in interest as to such compensation and expenses will be resolved by the Court on motion.

At any time upon thirty (30) days' written notice to the Liquidating Agent and upon a unanimous vote by the members of the Oversight Committee, the Oversight Committee may move the Court for an order removing the Liquidating Agent and appointing a successor Liquidating Agent. The motion shall identify a proposed successor Liquidating Agent and generally describe the qualifications of the person to act as successor Liquidating Agent. The Court shall grant the motion if all members vote in favor of the removal and cause exists for the removal of the Liquidating Agent.

2. Oversight Committee

The Oversight Committee shall consist initially of four members selected by the Committee. The Oversight Committee may act with as few as two members. In the event that a resignation or termination of members of the Oversight Committee reduces the number of members to less than two members, then one successor member shall be appointed by the remaining member and the Liquidating Agent. The Oversight Committee will monitor the Liquidating Agent and all activities set forth in the Plan. The Oversight Committee will have the power and authority to ratify or reject decisions of the Liquidating Agent, and in its discretion, the Oversight Committee may delegate to the Liquidating Agent such power and authority as it deems proper. The members of the Oversight Committee will not be paid for their services except for reimbursement of actual expenses incurred by such members. The Oversight

Committee will be governed by by-laws substantially in the form of those attached as Exhibit 5.2. Because the Oversight Committee is initially comprised of an even number of Members, if there is a tie vote, the Liquidating Agent (although not a Member) shall be entitled to vote on that issue as set forth in Section 2.5 of Exhibit 5.2.

3. Liability of Liquidating Agent and Oversight Committee Members

Neither the Liquidating Agent, Oversight Committee members, nor their designees, employees, professionals, or agents will be liable for the act or omission of any other designee, employee, professional or agent, nor will the Liquidating Agent or Oversight Committee members be liable for any act or omission taken or omitted to be taken in their respective capacities, other than acts or omissions resulting from willful misconduct, gross negligence, or fraud. The Liquidating Agent, Oversight Committee members, their designees, employees, professionals, or agents shall be indemnified and held harmless, including the cost of defending such claims and the attorney fees in seeking indemnification, by the Liquidating Fund against any and all claims arising out of their duties under the Plan, except to the extent their actions constitute willful misconduct, gross negligence, or fraud.

F. Executory Contracts and Unexpired Leases

The Plan includes a list of executory contracts and leases that will be assumed on the Confirmation Date with proposed cure amounts. All other executory contracts, unexpired leases or other agreements not already rejected by order of the Bankruptcy Court in the Chapter 11 cases shall be deemed rejected as of the Effective Date. Entry of the Confirmation Order shall constitute, pursuant to Sections 365 and 1123 of the Bankruptcy Code, the approval of the rejection of all such executory contracts and unexpired leases.

The Debtors believe that all Cure Amount Claims have been satisfied in accordance with the terms and procedures of the Sales, the related process and the Sale Orders, and no Cure Amount Claims arise from the contracts and leases assumed under the Plan; provided, however, that in the event a Cure Amount Claim remains due and owing, such payments shall be made by the Liquidating Fund as provided in section 3.1.4 of the Plan. The Liquidating Agent shall retain all rights to contest any outstanding Cure Amount Claims.

To the extent not subject to a claims bar date set forth in a prior order of the Court, claims arising out of the rejection of an executory contract or unexpired lease pursuant to the Plan must be filed with the Bankruptcy Court no later than 30 days after the entry of the Confirmation Order and, upon allowance, shall be an Allowed General Unsecured Claim. Any claims not filed within such applicable time periods shall be forever barred from receiving a distribution from the Debtors, the estates, or the Liquidating Fund.

G. Claims Belonging to the Estate

On the Effective Date, except as provided below, the Liquidating Agent shall be vested in and retain, as the representative of the estates under section 1123(b)(3)(B) of the Bankruptcy Code, all Causes of Action, including Avoidance Claims, and the Liquidating Agent may enforce or not enforce, consistent with its fiduciary duties, any Causes of Action that the Debtors, the

estates, or the Liquidating Agent may hold against any entity to the extent not expressly released under the Plan or by any Final Order of the Court, including, but not limited to, those items identified on Exhibit 7.1. No person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any Cause of Action against them as any indication that the Debtors or the Liquidating Agent will not pursue any and all available Causes of Action against them. The Debtors expressly reserve all Causes of Action, including Avoidance Claims, for later adjudication by the Liquidating Agent, including but not limited to, actions relating to (a) payments relating to Debtors' purchase of Woodinville Lumber, Inc. and Woodinville Construction Services, LLC, including but not limited to, earn out payments, cash payments, and the issuance of subordinated debentures, (b) distributions made to shareholders or stockholders, and (c) payments or other distributions made to note holders or debenture holders. Therefore, no preclusion doctrine shall apply to a Cause of Action upon, after, or as a consequence of the Confirmation Order. The Liquidating Agent may, at its option, compromise any Cause of Action, Avoidance Claim or any other claim, interest, or objection retained herein after the Effective Date without notice and a hearing and without Court approval. To the extent required by the Bankruptcy Code, the Liquidating Agent is hereby designated as the "Plan Representative." All recoveries on the Causes of Action and Avoidance Claims shall be retained by the Liquidating Agent for making distributions under the Plan.

Notwithstanding the foregoing, the Liquidating Agent may not pursue causes of action that the Liquidating Agent lacks standing to pursue, including actions that, under Minnesota law, run to the creditors personally rather than to the corporation, because those rights of action are not assets of the estate under Section 541(a) of the Bankruptcy Code that are enforceable by a trustee under Section 704(1) of the Bankruptcy Code ("Excluded Causes of Action"). *In re Ozark Restaurant Equipment Co.*, 816 F.2d 1222 (8th Cir. 1987). For sake of clarity, Excluded Causes of Action includes any claims belonging to individual creditors arising under federal or state security laws or tort claims (such as for fraud, fraudulent misrepresentation, or negligent misrepresentation) that are based on particular and distinct injuries to individual creditors. However, Excluded Causes of Action does not include Causes of Action belonging to the Debtors at the commencement of these cases, Avoidance Claims, and Causes of Action that could have been asserted by the Debtors or by its stockholders in a derivative action.

H. Distributions and Claims Administration

Subject to the Plan provisions regarding the Subordination Fund, the Liquidating Agent shall make distributions to Creditors of net income from and net proceeds of sales of Estate Assets within forty-five (45) days or as soon as practicable thereafter of (i) obtaining \$2,000,000 in funds readily available for distribution after excluding reserves maintained by the Liquidating Agent under Sections 5.1.3 and 6.4.4 of the Plan, or (ii) determining that all assets that feasibly could be liquidated have been liquidated, including Avoidance Claims and Causes of Action, and the Liquidating Agent determines, in consultation with the Oversight Committee, that the next distribution will be the final distribution. The first distribution shall occur after the deadline for filing of objections to claims as determined under Section 6.3.2 of the Plan.

1. Method and Timeliness of Distributions

Payments under the Plan will be made by check, mailed with first class postage pre-paid, to the holder of each claim at the address listed on its proof of claim as of the Record Date, or if no proof of claim has been filed by the date of the hearing on confirmation, to the address listed on the Schedules as of the Record Date. Holders of claims as of the Record Date may contact the Liquidating Agent to amend their addresses as follows:

Kevin A. Berry
Conway MacKenzie, Inc.
401 South Old Woodward Avenue, Suite 340
Birmingham, Michigan 48009

2. Claim Objections and Administration

The plan provides procedures for objecting to and administering claims as set forth in sections 6.3 and 6.4. The Liquidating Agent has one hundred and twenty (120) days to file claim objections, subject to further extension by the Court, other than administrative expense claim objections.

3. Subordination of Junior Creditors

Certain creditors who hold promissory notes and debentures and who are identified, to the best of the Debtors' knowledge, on Exhibit 6.5a to the Plan (the "Junior Creditors") have executed subordination agreements in substantially the form attached to the Plan as Exhibit 6.5b ("Creditor Subordination Agreements"). The Creditor Subordination Agreements provide that U.S. Bank and TCF (together the "Senior Creditors") are entitled to receive Plan distributions due the Junior Creditors until the Debtors' indebtedness to the Senior Creditors is paid in full. To effectuate the Creditor Subordination Agreements pursuant to 11 U.S.C. § 510(a) and the TCF Settlement Agreement, Section 6.5.1 creates a Subordination Fund to receive distributions due to the Junior Creditors on account of their unsecured claims and Section 6.5.2 distributes such funds to the Senior Creditors. Section 6.5.3 preserves the U.S. Bank Deficiency Claim, if any, and the TCF Full Claim Amount, if any, (together the "Senior Creditor Unsecured Claims") and subrogates the Junior Creditors to the rights of those claims.

A. Funding of the Subordination Fund and Senior Creditor Reserve

Pursuant to the Subordination Agreements and 11 U.S.C. § 510(a), the Liquidating Agent shall maintain a separate reserve account in an amount equal to (1) all distributions to which the Junior Creditors shall be entitled under Section 4.2.2 of the Plan ("Subordination Fund"); and (2) distributions that would have been made to the Senior Creditors on account of the Senior Creditor Unsecured Claims, if any (the "Secured Creditor Reserve"). For purposes of funding the Senior Creditor Reserve, the U.S. Bank Deficiency Claim will be deemed to be four million dollars (\$4.0 million) until its Allowed amount is finally determined. Once the amounts of the Senior Creditor Unsecured Claims are finally determined, and before distributions from the Senior Creditor Reserve are made to Senior Creditors, any excess contributions to the Senior

Creditor Reserve due to over-estimates of the Senior Creditor Unsecured Claims shall be returned to the Liquidating Fund.

B. Distribution from the Subordination Fund and Senior Creditor Reserve

The Secured Creditor Reserve and Subordination Fund will be managed by the Liquidating Agent until it has been determined that funds or property equal to the Allowed amounts of the claims of the Senior Creditors in Classes 1-A, 1-B, and 2-B (collectively, the "Senior Creditor Claims") have been distributed to the Senior Creditors pursuant to the terms of Sections 4.1.1, 4.1.2, 4.2.2, and 6.5 of the Plan.

After (a) the sale or Title Transfer of each of the Cottage Grove Property and the Longview Property, (b) the final allowance of the TCF Full Claim Amount, if any, (c) the final determination of the U.S. Bank Deficiency Claim, if any, (d) the return of funds to the Liquidation Funds as provided in Section 6.5.1, and (e) the reduction of the Senior Creditor Unsecured Claims by distributions directly from the Secured Creditor Reserve and the Liquidating Fund, pursuant to Section 4.2.2 of the Plan, the amounts that remain unpaid to the Senior Creditors (the "Senior Creditor Shortfall"), if any, will be distributed to them from the Subordination Fund on a pro rata basis, subject to the terms of distribution of U.S. Bank Sharing Distributions described in Section 6.5.4 below.

In the event that any interim distribution from the Subordination Fund is not sufficient to satisfy in full the Senior Creditor Shortfall, later distributions will be made to the Senior Creditors based on the amount of their Class 2-B claims. When the Liquidating Agent distributes funds from the Subordination Fund sufficient to satisfy in full the Senior Creditor Unsecured Claims, the Liquidating Agent will distribute the remaining funds in the Subordination Fund to the Junior Creditors on a pro rata basis.

After the Senior Creditors have received funds in an amount equal to the Senior Creditor Unsecured Claims and the remaining funds in the Subordination Fund have been distributed to the Junior Creditors, the Subordination Fund shall be closed and the remaining distributions on account of the of Junior Creditors' claims shall be made in the same manner as other distributions on account of Class 2-B claims.

C. Treatment and Subrogation of TCF Full Claim Amount

Distributions from the Subordination Fund to the Senior Creditors will not reduce the Senior Creditor Unsecured Claims for purposes of calculating future distributions. The Senior Creditor Unsecured Claims shall receive distributions from the Liquidating Fund consistent with the treatment of Class 2-B claims that are not held by Junior Creditors, and such distributions will reduce the amounts of the Senior Creditor Unsecured Claims on a dollar-for-dollar basis.

At the time that the total distributions to the Senior Creditors pursuant to the terms of Sections 4.1.1, 4.1.2, 4.2.2, and 6.5 of the Plan equal the amounts of the Senior Creditor Unsecured Claims, then the Junior Creditors will be subrogated to the rights of the Senior Creditors and shall be entitled to exercise such subrogation rights. From that time, the Junior Creditors shall be entitled to any subsequent distributions on account of the Senior Creditor

Unsecured Claims, which distributions will be divided among the Junior Creditors on a pro rata basis.

D. U.S. Bank Sharing Distributions

Pursuant to Section 4.1.1(f) of the Plan, fifteen percent (15%) of the distributions to which U.S. Bank is entitled to under this Section 6.5 shall be paid on a pro rata basis to the Junior Creditors as a U.S. Bank Sharing Distribution. This U.S. Bank Sharing Distribution shall not be treated as a distribution subject to the Creditor Subordination Agreements and further application of the terms of this Section 6.5; the Junior Creditors shall be paid their pro rata share of the U.S. Bank Sharing Distribution as soon as practicable following the corresponding distribution to U.S. Bank.

E. Objections to Subordination

Junior Creditors may object to the plan's treatment of their claims as subordinated to the rights of the holders of the TCF Deficiency Claim as part of the confirmation process. Any objections to the plan's treatment of the Junior Creditors as subordinated to the rights of the holders of the TCF Full Claim Amount after that time are deemed waived.

4. Other Provisions Regarding Claims and Distributions

Section 6.6 of the Plan provides that claim transfers will not be recognized after the Confirmation Date and that distributions will be mailed to the holder of the claim as of that date. The Plan identifies the address to which change-of-address requests can be sent.

Section 6.7 of the Plan provides that holders of claims that are fully or partially payable by the Debtors' insurance will be reduced by the amounts paid by the insurer and that the Plan does not constitute a waiver of any claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action or liabilities that any entity may hold against any other entity, including the Debtors' insurers.

Except for Convenience Claims, the Liquidating Agent shall not be required to make any payment of less than twenty-five dollars (\$25.00) with respect to any Allowed Class 2-B claim. To the extent that any interim distribution is not paid to the holder of a Class 2-B claim because it amounts to less than twenty-five dollars (\$25.00), the amount of such withheld distribution shall be reserved for addition to any future distribution or to the final distribution to such holder of a Class 2-B claim, and will be made at that time if the total distribution is at least twenty-five dollars (\$25.00).

Section 6.9 of the Plan provides that in the event a payment is returned to the Liquidating Agent unclaimed, with no indication of the payee's forwarding address, the Liquidating Agent will hold such payment for a period of three months from the date of return. If not claimed by the payee by the end of that period, the payment will become property of the Liquidating Fund for distribution to holders of General Unsecured Claims. In the event there are unclaimed funds at the end of the distribution process and redistribution to other holders of Claims is impractical,

the Liquidating Agent may donate such funds to a charitable organization qualified under 26 U.S.C. § 501(c)(3) of the Internal Revenue Service Code.

Checks issued by the Liquidating Agent shall be null and void if not negotiated within 120 days from and after the date of issuance. Requests for re-issuance of any check shall be made to the Liquidating Agent by the holder of the Allowed claim with respect to which such check originally was issued. Any claim in respect of such a voided check must be made on or before 180 days after the date of issuance of such check. After 180 days after issuance of a non-negotiated check for which the holder of the Allowed claim did not request re-issuance, all claims in respect of voided checks shall be discharged and forever barred, and the Liquidating Fund shall retain all monies related thereto for distribution in accordance with the Plan.

Section 10.11 of the Plan preserves the Liquidating Agent's authority pursuant to applicable non-bankruptcy law to set off against any distribution(s) to be made pursuant to the Plan the claims, rights, and Causes of Action of any nature the Debtors or the Liquidating Agent may hold against the holder of such Allowed claim; provided, however, that neither the failure to effect such a setoff nor the allowance of any claim hereunder shall constitute a waiver or release of any such claims, rights, and Causes of Action that the Debtors or the Liquidating Agent may hold against such holder.

I. Confirmation of the Plan

Article X of the Plan provides certain conditions for the confirmation and Effective Date of the Plan. Confirmation will be conditioned on the form of confirmation order being acceptable to the Debtors and the Committee and the form of the Plan being substantially similar to the version filed on January 18, 2013. The occurrence of the Effective Date is conditioned on: the Confirmation Order being a Final Order not subject to stay, sufficient cash on hand to pay obligations required to be paid on the Effective Date, and no material amendment to the Plan unless made in accordance with Section 13.1 of the Plan. The Debtors and Committee may waive these conditions in whole or in part. If the Plan has been confirmed and the conditions precedent to the Effective Date have not been satisfied or waived, the Debtors may commence an adversary proceeding to vacate the Confirmation Order and the Plan will be null and void.

The Plan requests that Confirmation be granted under the "cramdown" provisions of section 1129 of the Bankruptcy Code in the event any class of claims rejects the Plan.

On the Effective Date, all property of the Debtors will vest in the Liquidating Fund. The Plan binds the Debtors, any Creditor, equity security holder or others to the full extent provided in Section 1141(a) of the Code. All entities who are bound by the Plan, including entities with claims not listed on the Schedules, or who are listed on the Schedules as disputed, unliquidated or contingent, and did not timely file proofs of claim, are enjoined and prevented from commencing or continuing any judicial or administrative proceeding or employing any process to interfere with the consummation or implementation of the Plan or the payments to be made hereunder, including commencing or continuing any judicial or administrative proceeding or employing any process against the Debtors, the estates, the Oversight Committee or the Liquidating Agent; provided, however, such injunction shall not prohibit any entity from pursuing actions they may have against third parties.

Subject to the occurrence of the Effective Date, none of the Plan Proponents, including their respective shareholders, directors, officers, agents, employees, members, attorneys, accountants, financial advisors, consultants, and representatives (solely in their capacities as such) (collectively, the “Exculpated Parties”), shall have or incur any liability to any holder of a claim or interest for any act or omission in connection with, related to or arising out of, the Chapter 11 cases and the Plan, the solicitation of the Plan, the pursuit of confirmation of the Plan, the consummation of the Plan or the administration of the Plan or the property to be distributed under the Plan; provided, however, that the Exculpated Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; provided further that nothing in the Plan shall, or shall be deemed to, release or exculpate the Exculpated Parties with respect to their respective obligations or covenants arising pursuant to the Plan.

VI. MEANS OF EXECUTION

The Plan is funded by cash and other assets held by the Estates at the Effective Date as well as proceeds from the sale of assets and pursuit of Avoidance Actions. The Oversight Committee and Liquidating Agent will administer the Estate Assets pursuant to the Plan and for the benefit of Creditors.

A. Disposition of Assets to Pay Secured Claims

The Liquidating Agent will dispose of all of the Estate Assets subject to Secured Claims through sales or, in its discretion, surrender or otherwise dispose of such assets in accordance with its duties under the Plan. Proceeds, if any, will be used in accordance with the Plan, generally to pay sale costs, then to pay Secured Claims, then for operation of the Liquidating Fund. Additional proceeds, if any, will be used to pay the holders of General Unsecured Claims as such additional proceeds become available.

B. Sale of Assets to Pay Unsecured Claims

As an integral part of implementation of the Plan, the Liquidating Agent shall sell or otherwise liquidate or abandon all remaining property to fund operation and implementation of the Liquidating Fund for the benefit of the Creditors.

The transfer of assets and rights to the Liquidating Fund shall not be construed to destroy or limit any such assets or rights or be construed as a waiver of any right, and such rights may be asserted by the Liquidating Fund as if the asset or right was still held by the applicable Debtor.

VII. PROOFS OF CLAIM AND ADMINISTRATIVE CLAIMS

The deadline for non-governmental entities to file proofs of claim in these cases was December 8, 2011. The deadline for governmental entities was January 31, 2012. The procedures of distribution on claims and for objections to claims is set out in Section V(G) above.

Bar Date for Administrative Expense Claims. As described in Section V(C)(1)(a) above, upon confirmation of the Plan the Court will enter an order setting deadlines for submission of

motions to seek allowance of unpaid postpetition administrative expenses by any who believe they are entitled to be paid and have not been paid.

VIII. TAX CONSEQUENCES OF THE PLAN

The following discussion summarizes certain federal income tax consequences of the Plan to the Debtors and to holders of general unsecured claims and interests. This summary does not address the federal income tax consequences to holders of allowed administrative expense claims, priority claims, or secured claims. This summary does not address foreign, state or local income tax consequences, or any estate or gift tax consequences of the Plan, or the federal income tax consequences of the Plan to special classes of taxpayers. Accordingly, this summary 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 or interest.

THE TAX CONSEQUENCES TO HOLDERS OF CLAIMS OR INTEREST MAY VARY BASED UPON THE INDIVIDUAL CIRCUMSTANCES OF EACH SUCH HOLDER. THIS SUMMARY DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THERE CAN BE NO ASSURANCE THAT THE INTERNAL REVENUE SERVICE WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF THE PLAN.

A. Federal Income Tax Consequences to the Debtors

The Debtors anticipate that confirmation of the Plan will have no federal income tax consequences on a cash basis for the Debtors.

IRS Code Section 61(a)(12) provides generally that income from the discharge of indebtedness is includable as an item of gross income. IRS Code Section 108(a)(1)(A) provides an exception to IRS Code Section 61(a)(12) by excluding from gross income any amount which, but for application of IRS Code Section 108(a)(1)(A), would be includable in gross income by reason of the discharge of indebtedness of a taxpayer if the discharge occurs in a Title 11 case. However, if amounts are excluded from gross income under IRS Code Section 108(a)(1)(A), various tax attributes of the taxpayer must be reduced. The Debtors believe that these tax attributes, including its net operating loss carry-forwards, capital losses and loss carryovers, will exceed any income derived from discharge of indebtedness occasioned by the Plan and, as a result, will have no tax consequences on the business going forward.

B. Federal Income Tax Consequences to Holders of General Unsecured Claims

In accordance with the Plan, some classes of holders of general unsecured claims will receive a distribution on such claims. Any holder of a general unsecured claim will realize a loss in an amount equal to such claim, minus any recovery, on an adjusted tax basis.

The tax consequences to holders of general unsecured claims will differ and will depend on factors specific to such holder, including but not limited to: (i) whether the claim, or a portion thereof, constitutes a claim for interest or principal, (ii) the origin of the claim, (iii) the type of consideration received in exchange for the claim, (iv) whether the holder is a United States person or a foreign person for tax purposes, (v) whether the holder reports income on the accrual or cash basis method, and (vi) whether the holder has taken a bad debt deduction or otherwise recognized a loss with respect to the claim.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCE TO EACH HOLDER OF A GENERAL UNSECURED CLAIM. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX, AND IN SOME CASES, UNCERTAIN. THEREFORE, IT IS IMPORTANT THAT EACH HOLDER OF A GENERAL UNSECURED CLAIM OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH HOLDER OF A GENERAL UNSECURED CLAIM AS A RESULT OF THE PLAN.

C. Federal Income Tax Treatment of Interests

In accordance with the Plan, holders of interests will receive no recovery or distribution on such interests. A holder of an interest will realize loss in an amount equal to such holder's adjusted tax basis in the interest. The character of any recognized loss will depend upon several factors including, but not limited to, (i) the status of the holder, (ii) the nature of the interest in the holder's hands, (iii) the purpose and circumstances of its acquisition, (iv) the holder's holding period, and (v) the extent to which the holder had previously claimed a deduction for the worthlessness of all or a portion of the interest.

THERE ARE MANY FACTORS THAT WILL DETERMINE THE TAX CONSEQUENCE TO EACH HOLDER OF AN INTEREST. FURTHERMORE, THE TAX CONSEQUENCES OF THE PLAN ARE COMPLEX, AND IN SOME CASES, UNCERTAIN. THEREFORE, IT IS IMPORTANT THAT EACH HOLDER OF AN INTEREST OBTAIN HIS, HER OR ITS OWN PROFESSIONAL TAX ADVICE REGARDING THE TAX CONSEQUENCES TO SUCH HOLDER OF AN INTEREST AS A RESULT OF THE PLAN.

D. Withholding and Reporting

Payments of interest, dividends, and certain other payments are generally subject to backup withholding at the rate of 28% unless the payee furnishes his, her or its correct taxpayer identification number to the payor. The Debtors may be required to withhold the applicable percentage of any payments made to a holder who does not provide its taxpayer identification number. Backup withholding is not an additional tax, but an advance payment that may be refunded to the extent it results in an overpayment of tax.

THE FOREGOING IS INTENDED TO BE ONLY A SUMMARY OF CERTAIN FEDERAL INCOME TAX CIRCUMSTANCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE FEDERAL, STATE AND LOCAL INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN ARE COMPLEX AND, IN SOME CASES, UNCERTAIN. SUCH CONSEQUENCES

MAY ALSO VARY BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. ACCORDINGLY, EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS, HER OR ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, AND LOCAL INCOME AND OTHER TAX CONSEQUENCES UNDER THE PLAN.

IX. ALTERNATIVE TO THE PLAN

The alternative to the Plan is liquidation under Chapter 7 of the Bankruptcy Code, under which one or more Chapter 7 trustees would liquidate the Debtors' assets. The Plan Proponents believe that the Plan provides a better mechanism for liquidating the Estate Assets because:

- The Plan provides for regular distributions to holders of General Unsecured Claims beginning approximately 150 days after the Effective Date if all requisite conditions have been met, whereas Chapter 7 liquidations generally distribute funds only after the estates are fully administered. Even when Chapter 7 liquidations provide for interim distributions, the Debtors believe such distributions would take place later than those proposed in the Plan.
- The Plan provides for distributions to holders of Allowed administrative claims shortly after the Effective Date. The Plan Proponents believe that distributions to such holders under a Chapter 7 liquidation would take place concurrently with distributions to holders of General Unsecured Claims, either once the estates are fully administered or, if in an interim distribution, much later than provided under the Plan.
- Chapter 7 estates are generally not substantively consolidated. As described in the section regarding substantive consolidation under the Plan, the Plan Proponents believe that separately administering the estates will lead to higher costs of administration, additional costs of separating the Debtors' finances in their books and records, and disputes and litigation among creditors and the estates as to that separation. These circumstances would result in a lower recovery for Creditors.
- Costs will be lower with Conway MacKenzie acting as Liquidating Agent. Conway MacKenzie has been the financial advisor to the Committee since February 2012 and participated extensively in the analysis of substantive consolidation, which has given it significant insight into the finances and operations of the Debtors. A Chapter 7 trustee and its professionals would require substantial time to duplicate these efforts at additional cost to the estates.
- Conversion to Chapter 7 cases sets new claim bar dates that may result in additional claims being filed and a dilution of distributions.

Attached as Exhibit 3 is an analysis of expected recoveries to creditors under the Plan or under a hypothetical chapter 7 liquidation of the Debtors. That analysis demonstrates that, on balance, and considering the interests of all creditors, parties are better off under the Plan of Reorganization than under a conversion of the case to chapter 7.

The overall recovery to unsecured creditors under the Plan is estimated at 1 to 3% of their claims.

X. ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. General Confirmation Requirements

Bankruptcy Code Section 1129(a) contains several requirements for confirmation of a plan. Among these requirements are that a plan be proposed in good faith, that certain information be disclosed regarding payments made or promised to be made to insiders, and that the plan comply with the applicable provisions of Chapter 11. The Plan Proponents believe that they have complied with these requirements, including the requirements discussed below.

B. Best Interests Test

The “best interests of creditors” test requires that the Bankruptcy Court find either (a) that all members of each impaired class has accepted the plan or (b) that each holder of an allowed claim or interest of each impaired class of claims or interest will receive or retain under the plan on account of such claim or interest in property a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on such date.

To calculate what holders of claims would receive if the Debtors were hypothetically liquidated under Chapter 7 of the Bankruptcy Code, the Court must first determine the dollar amount that would be realized from the liquidation (the “Chapter 7 Liquidation Fund”) of the Debtors. The Chapter 7 Liquidation Fund would consist of the net proceeds in each Debtor’s Chapter 7 case from the disposition of each Debtor’s assets (after satisfaction of all valid liens) augmented by the cash held by each Debtor and recoveries on actions against third parties, if any. The Chapter 7 Liquidation Fund would then be reduced by the costs of the liquidation. The costs of the liquidation under Chapter 7 would include the fees and expenses of a trustee, counsel and any other professionals for the trustee, selling expenses, and unpaid expenses incurred by the Debtors during their Chapter 11 cases (such as fees for attorneys, financial advisors and accountants) that would be allowed in Chapter 7 proceedings, interest expense on secured debt, and claims incurred by the Debtors during the pendency of the case. These claims would be paid in full out of the Chapter 7 Liquidation Funds before the balance of the Chapter 7 Liquidation Fund, if any, would be made available to holders of unsecured claims. In addition, other claims that would arise upon conversion to a Chapter 7 case would dilute the balance of the Chapter 7 Liquidation Fund available to holders of claims. Moreover, additional claims against the Debtors’ estates might arise as the result of the establishment of a new bar date for the filing of claims in Chapter 7 cases. The present value of the distributions out of the Chapter 7 Liquidation Fund (after deduction of the amounts described above) is then compared to the present value of the property offered to each of the classes of claims and holders of interests under the Plan to determine if the Plan is in the best interests of each holder of a claim.

The Plan Proponents believe that the Plan as proposed is in the best interest of all creditors. If impaired creditors did not accept the Plan and the Debtors were forced to liquidate its remaining assets in Chapter 7, fewer funds would be available to pay general unsecured claims. As demonstrated by the substantive consolidation analysis, holders of administrative claims will be paid in full, and the Plan Proponents believe holders of these claims will receive faster distribution under the Plan. After a period of time determined by the Plan or other

applicable law, Secured Creditors will be paid from proceeds of the sale of their collateral or will receive their collateral free of the Debtors' interests. Holders of general unsecured claims will receive a relatively larger distribution than they would receive without the substantive consolidation provided by the Plan. Finally, for all the reasons set forth above in Section IX, the Plan Proponents anticipate that all creditors will receive a larger distribution under the Plan than under separate Chapter 7 liquidations.

Because the Plan maximizes the value of the Debtors' assets and the Creditors' recoveries, the Plan Proponents believe the Plan meets the best interest test.

C. Financial Feasibility Test

In addition to the requirements discussed above, the Bankruptcy Code requires that consummation of the Plan will not likely be followed by the liquidation or the need for further financial reorganization of the Debtors. In this case, the Plan provides for an efficient liquidation of the Debtors' remaining assets and distributes the proceeds so as to provide the greatest possible recovery to Creditors. Accordingly, the Plan Proponents believe that the Plan passes the feasibility test.

D. Cramdown Alternative

In the event that a certain class or classes of claims reject the Plan, the Plan Proponents may seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. A bankruptcy court may confirm a plan at the request of the debtors if the plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank. The Plan Proponents believe the Plan does not discriminate unfairly with respect to any classes of claims.

In addition, a plan is fair and equitable as to a class of claims which rejects a plan if the plan provides (i) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (ii) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

The Plan Proponents believe that they will meet the "fair and equitable" requirements of Section 1129(b) of the Bankruptcy Code with respect to holders of claims in all classes. Specifically with respect to holders of General Unsecured Claims, the Plan does not provide for the retention of any interests by equity holders. Furthermore, the Plan provides the mechanism for capturing value from real property owned by the Debtors that will increase the distributions to holders of these claims. The Plan Proponents understand, however, that the Plan may not be confirmable with respect to such classes if any such class does not vote in favor of the Plan.

XI. RISK FACTORS TO BE CONSIDERED

HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD READ AND CONSIDER CAREFULLY THE INFORMATION SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THIS INFORMATION, HOWEVER, SHOULD NOT BE REGARDED AS THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND/OR ITS IMPLEMENTATION.

A. Failure to Satisfy Vote Requirement

If the Plan Proponents obtain the requisite votes to accept the Plan in accordance with the requirements of the Bankruptcy Code, the Plan Proponents intend, as promptly as practicable thereafter, to seek confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may be forced to pursue an alternative plan of liquidation or to convert the cases to a Chapter 7 liquidation.

B. Non-Confirmation or Delay of Confirmation of the Plan

In the event a party objects to the Plan, it is possible that the Bankruptcy Court does not approve confirmation of the Plan.

C. Non-Consensual Confirmation

In the event any impaired class of claims does not accept a plan, the Bankruptcy Court may nevertheless confirm such plan at the proponent's request if the cramdown requirements, described in Section X(D), are met. The Plan Proponents believe that the Plan satisfies these requirements.

D. Risk of Non-Occurrence of the Effective Date

Although the Plan Proponents believe that the Effective Date will occur reasonably soon after the Confirmation Date, there can be no assurance as to such timing or as to whether it will occur.

E. Classification and Treatment of Claims

Section 1122 of the Bankruptcy Code requires that the Plan classify claims against the Debtors. The Bankruptcy Code also provides that the Plan may place a claim in a particular Class only if such claim is substantially similar to the other claims of such Class. The Plan Proponents believe that all claims have been appropriately classified in the Plan. To the extent that the Bankruptcy Court finds that a different classification is required for the Plan to be confirmed, and such reclassification adversely affects the treatment of the claim of any Creditor, the Plan Proponents would be required to re-solicit votes for or against the Plan.

The Bankruptcy Code also requires that the Plan provide the same treatment for each claim of a particular class unless the holder of a particular claim agrees to a less favorable treatment of its claim. The Plan Proponents believe that they have complied with the

requirement of equal treatment. To the extent that the Bankruptcy Court finds that the Plan does not satisfy such requirement, the Bankruptcy Court could deny confirmation of the Plan.

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

F. Sales of Encumbered Properties

The proceeds generated by the sale of the assets subject to secured claims may be insufficient to satisfy the secured claims in full. In that case, unless the Plan provides for different treatment, the creditors holding secured claims that were not satisfied by sale proceeds or by the return of the property would hold deficiency claims in the unsatisfied amount. Any such deficiency claims would be included in and receive the same treatment as Class 2-B. If such deficiency claims were added to Class 2-B General Unsecured Claims, the projected percentage distribution to the other creditors in Class 2-B would decrease. Furthermore, if such sales generate no proceeds in excess of the secured claims and administrative expenses exceed the Plan Proponents' estimates, it is possible that there will be no distributions to holders of General Unsecured Claims.

G. Objection to Substantive Consolidation

If the Court sustains an objection to or otherwise denies the Debtors' request that the Debtors' estates be substantively consolidated as described in Section V.A. above, all twelve of the Debtors' estates may be separately administered and liquidated. In the event of separate administration and liquidation, it is likely that the total amount of administrative costs incurred by the separate estates would be higher than if the estates were substantively consolidated, more funds would be spent litigating claim and distribution issues, the estates would have to spend time and money allocating income and expenses between the separate estates, and the recoveries of some creditors with claims against individual Debtors may be reduced or eliminated.

H. Subordination Through Prior Agreement

Some or all distributions to Junior Creditors may be distributed to the Senior Creditors pursuant to the Subordination Agreements entered into as part of the 2009 Restructuring, if the proceeds of sales of real properties securing U.S. Bank and TCF loans are not sufficient to pay their secured claims in full.

I. Claim Objections and Reconciliation

The potential recovery to Class 2-B General Unsecured Creditors depends on, among other things, the outcome of the claims reconciliation and objection process. Therefore, as described in more detail in Article V of the Plan, the distribution to Class 2-B will increase or decrease depending on the resolution of outstanding claims.

J. Disposition of Unencumbered Assets

There are certain assets still retained by the Debtors that will be transferred to the Liquidating Trust on the Effective Date. The liquidation value of these unencumbered assets is estimated but not known with certainty. Accordingly, the net proceeds generated by the liquidation of these assets could increase or decrease the amount of distribution to creditors.

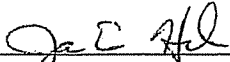
XII. CONCLUSION

The Plan offers the best alternative for the highest and fastest recovery for Creditors. If the Debtors' estates were merely liquidated in Chapter 7 cases, returns to creditors would be delayed, asset values would not be maximized, and claims would increase. Accordingly, the Plan Proponents request that each holder of a claim or equity interest accept the proposed Plan and complete and return the ballot.

[Signatures on following page.]

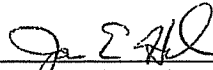
IN WITNESS WHEREOF, the undersigned have executed this Disclosure Statement in Support of Second Amended Joint Chapter 11 Plan of Liquidation of the Debtors and Official Committee of Unsecured Creditors as of the date set forth above.

300 LHC, INC.
(F/K/A LYMAN HOLDING COMPANY)



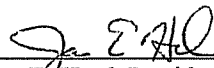
James E. Hurd, President and CEO

300 LYLC, INC.
(F/K/A LYMAN LUMBER COMPANY)



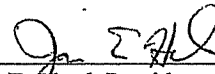
James E. Hurd, President and CEO

300 ABC, INC.
(F/K/A AUTOMATED BUILDING
COMPONENTS, INC.)



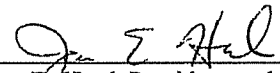
James E. Hurd, President and CEO

300 BMW, INC.
(F/K/A) BUILDING MATERIALS
WHOLESALEERS, INC.



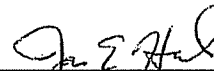
James E. Hurd, President and CEO

300 CCC, INC.
(F/K/A CARPENTRY CONTRACTORS CORP.)



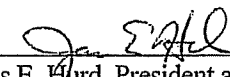
James E. Hurd, President and CEO

300 CMIC, INC.
(F/K/A CONSTRUCTION MORTGAGE
INVESTORS CO.)




James E. Hurd, President and CEO

300 LDC, INC.
(F/K/A LYMAN DEVELOPMENT CO.)




James E. Hurd, President and CEO

300 LLW, INC.
(F/K/A LYMAN LUMBER WISCONSIN, INC.)




James E. Hurd, President and CEO

300 LYP, L.L.C.
(F/K/A LYMAN PROPERTIES, L.L.C.)




James E. Hurd, President and CEO

300 MAC, INC.
(F/K/A MID-AMERICA CEDAR, INC.)




James E. Hurd, President and CEO

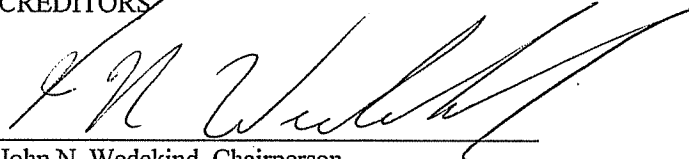
300 WLI, INC.
(F/K/A WOODINVILLE LUMBER, INC.)


James E. Hurd, President and CEO

300 WCS, L.L.C.
(F/K/A WOODINVILLE CONSTRUCTION SERVICES, L.L.C.)


James E. Hurd, President and CEO

THE OFFICIAL COMMITTEE OF UNSECURED
CREDITORS


John N. Wedekind, Chairperson

/e/ Douglas W. Kassebaum

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Douglas W. Kassebaum (#386802)
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Lorie.Klein@fmjlaw.com

ATTORNEYS FOR THE OFFICIAL
COMMITTEE OF UNSECURED
CREDITORS

EXHIBIT A

Corporate Structure

Lyman Corporate Organization

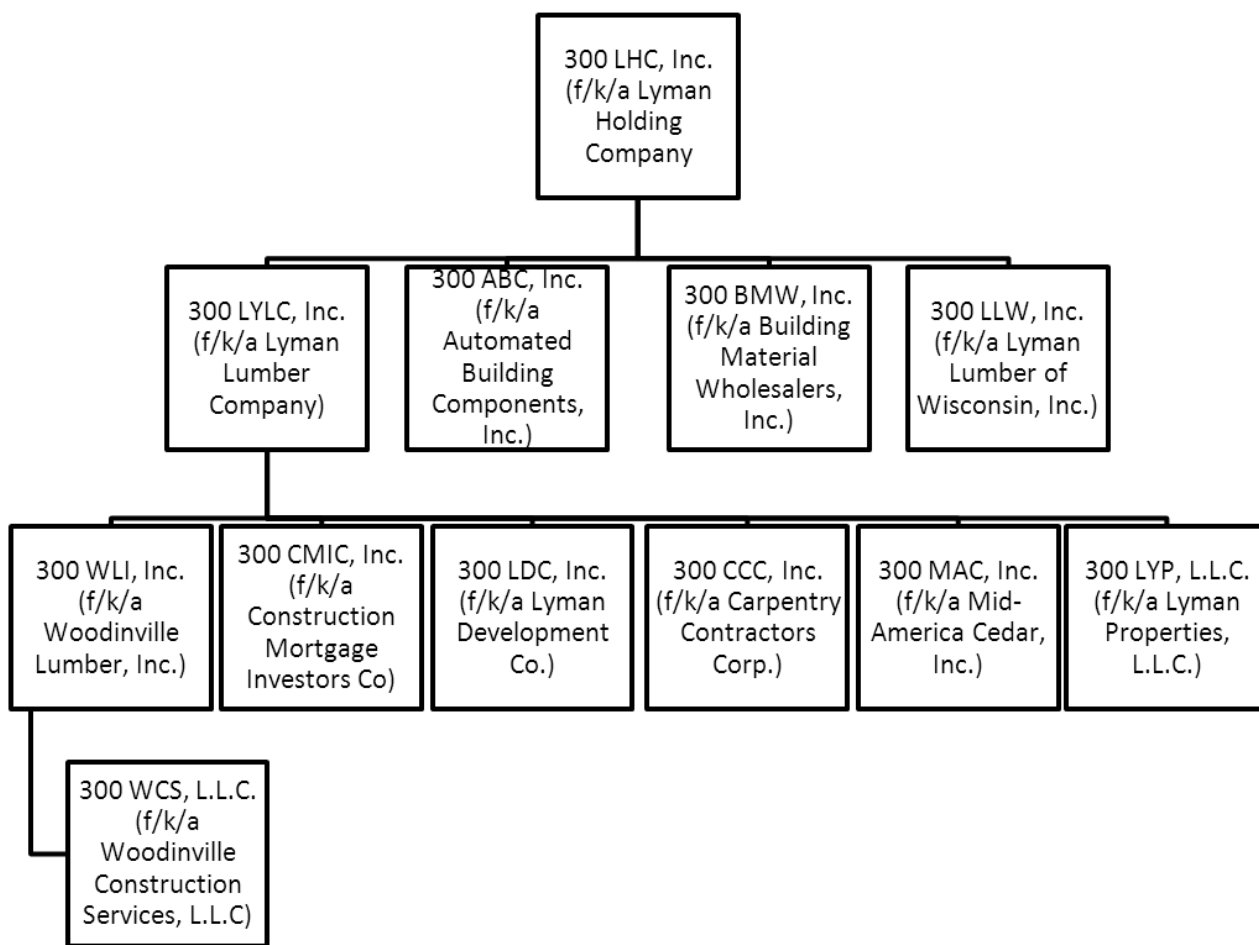


EXHIBIT B

The Estates of Lyman Holding Company, et al.

Recovery Summary

\$000s

	Consolidated		
	Claim Amt	Recovery	%
1 503(b)(9) Administrative Claims	1,654	1,654	100.0%
2 Reclamation Claims	95	95	100.0%
3 Other Claims/Contingent	431	431	100.0%
4 Total Administrative and Priority Claims	\$2,180	\$2,180	100.0%
5			
6 Mortgage Deficiencies	2,532	139	5.5%
7 General Unsecured - Specific Debtors	6,686	366	5.5%
8 Unsecured Claims - Against Specific Entities	\$9,218	\$505	5.5%
9			
10 Western Conference (Pension)	718	39	5.5%
11 PBGC (Pension)	7,352	402	5.5%
12 Central States (Pension)	19,388	1,061	5.5%
13 Note & Debenture Holders (Pension)	59,889	3,278	5.5%
14 Unsecured Claims - Against All Entities	\$87,347	\$4,781	5.5%
15 Total Unsecured Claims	\$96,565	\$5,285	5.5%

LLC			LDC		
Claim Amt	Recovery	%	Claim Amt	Recovery	%
435	435	100.0%	0	0	0.0%
0	0	0.0%	0	0	0.0%
0	0	0.0%	0	0	0.0%
\$435	\$435	100.0%	\$0	\$0	0.0%
108	2	2.1%	0	0	0.0%
2,064	44	2.1%	0	0	0.0%
\$2,171	\$46	2.1%	\$0	\$0	0.0%
718	15	2.1%	718	6	0.9%
7,352	156	2.1%	7,352	64	0.9%
19,388	412	2.1%	19,388	169	0.9%
59,889	1,273	2.1%	59,889	522	0.9%
\$87,347	\$1,857	2.1%	\$87,347	\$762	0.9%
\$89,518	\$1,903	2.1%	\$87,347	\$762	0.9%

The Estates of Lyman Holding Company, et al.

Recovery Summary

\$000s

	LPLLC			CMIC			CCC		
	Claim Amt	Recovery	%	Claim Amt	Recovery	%	Claim Amt	Recovery	%
1 503(b)(9) Administrative Claims	0	0	0.0%	0	0	0.0%	8	0	0.0%
2 Reclamation Claims	0	0	0.0%	0	0	0.0%	0	0	0.0%
3 Other Claims/Contingent	0	0	0.0%	0	0	0.0%	0	0	0.0%
4 Total Administrative and Priority Claims	\$0	\$0	0.0%	\$0	\$0	0.0%	\$8	\$0	0.0%
5									
6 Mortgage Deficiencies	0	0	0.0%	0	0	0.0%	0	0	0.0%
7 General Unsecured - Specific Debtors	181	0	0.0%	1,432	0	0.0%	146	0	0.0%
8 Unsecured Claims - Against Specific Entities	\$181	\$0	0.0%	\$1,432	\$0	0.0%	\$146	\$0	0.0%
9									
10 Western Conference (Pension)	718	0	0.0%	718	0	0.0%	718	0	0.0%
11 PBGC (Pension)	7,352	0	0.0%	7,352	0	0.0%	7,352	0	0.0%
12 Central States (Pension)	19,388	0	0.0%	19,388	0	0.0%	19,388	0	0.0%
13 Note & Debenture Holders (Pension)	59,889	0	0.0%	59,889	0	0.0%	59,889	0	0.0%
14 Unsecured Claims - Against All Entities	\$87,347	\$0	0.0%	\$87,347	\$0	0.0%	\$87,347	\$0	0.0%
15 Total Unsecured Claims	\$87,528	\$0	0.0%	\$88,779	\$0	0.0%	\$87,493	\$0	0.0%

The Estates of Lyman Holding Company, et al.

Recovery Summary

\$000s

	MAC			WLI			WCS		
	Claim Amt	Recovery	%	Claim Amt	Recovery	%	Claim Amt	Recovery	%
1 503(b)(9) Administrative Claims	0	0	0.0%	44	0	0.0%	0	0	100.0%
2 Reclamation Claims	0	0	0.0%	59	0	0.0%	0	0	0.0%
3 Other Claims/Contingent	0	0	0.0%	279	279	100.0%	152	152	100.0%
4 Total Administrative and Priority Claims	\$0	\$0	0.0%	\$382	\$279	73.0%	\$152	\$152	100.0%
5									
6 Mortgage Deficiencies	0	0	0.0%	2,424	0	0.0%	0	0	0.0%
7 General Unsecured - Specific Debtors	11	0	0.8%	1,172	0	0.0%	288	0	0.0%
8 Unsecured Claims - Against Specific Entities	\$11	\$0	0.8%	\$3,596	\$0	0.0%	\$288	\$0	0.0%
9									
10 Western Conference (Pension)	718	6	0.8%	718	0	0.0%	718	0	0.0%
11 PBGC (Pension)	7,352	60	0.8%	7,352	0	0.0%	7,352	0	0.0%
12 Central States (Pension)	19,388	157	0.8%	19,388	0	0.0%	19,388	0	0.0%
13 Note & Debenture Holders (Pension)	59,889	486	0.8%	59,889	0	0.0%	59,889	0	0.0%
14 Unsecured Claims - Against All Entities	\$87,347	\$709	0.8%	\$87,347	\$0	0.0%	\$87,347	\$0	0.0%
15 Total Unsecured Claims	\$87,358	\$709	0.8%	\$90,943	\$0	0.0%	\$87,635	\$0	0.0%

The Estates of Lyman Holding Company, et al.

Recovery Summary

\$000s

	ABC			LLW			BMW		
	Claim Amt	Recovery	%	Claim Amt	Recovery	%	Claim Amt	Recovery	%
1 503(b)(9) Administrative Claims	560	560	100.0%	91	91	100.0%	515	515	100.0%
2 Reclamation Claims	0	0	100.0%	0	0	0.0%	36	36	100.0%
3 Other Claims/Contingent	0	0	0.0%	0	0	0.0%	0	0	0.0%
4 Total Administrative and Priority Claims	\$561	\$561	100.0%	\$91	\$91	100.0%	\$551	\$551	100.0%
5									
6 Mortgage Deficiencies	0	0	0.0%	0	0	0.0%	0	0	0.0%
7 General Unsecured - Specific Debtors	863	1	0.1%	279	1	0.3%	196	2	1.2%
8 Unsecured Claims - Against Specific Entities	\$863	\$1	0.1%	\$279	\$1	0.3%	\$196	\$2	1.2%
9									
10 Western Conference (Pension)	718	1	0.1%	718	2	0.3%	718	9	1.2%
11 PBGC (Pension)	7,352	6	0.1%	7,352	19	0.3%	7,352	90	1.2%
12 Central States (Pension)	19,388	16	0.1%	19,388	50	0.3%	19,388	238	1.2%
13 Note & Debenture Holders (Pension)	59,889	50	0.1%	59,889	153	0.3%	59,889	734	1.2%
14 Unsecured Claims - Against All Entities	\$87,347	\$73	0.1%	\$87,347	\$223	0.3%	\$87,347	\$1,071	1.2%
15 Total Unsecured Claims	\$88,210	\$74	0.1%	\$87,626	\$224	0.3%	\$87,543	\$1,073	1.2%

The Estates of Lyman Holding Company, et al.

Recovery Summary

\$000s

		LHC		
		Claim Amt	Recovery	%
1	503(b)(9) Administrative Claims	0	0	0.0%
2	Reclamation Claims	0	0	0.0%
3	Other Claims/Contingent	0	0	0.0%
4	Total Administrative and Priority Claims	\$0	\$0	0.0%
5				
6	Mortgage Deficiencies	0	0	0.0%
7	General Unsecured - Specific Debtors	53	0	0.1%
8	Unsecured Claims - Against Specific Entities	\$53	\$0	0.1%
9				
10	Western Conference (Pension)	718	0	0.1%
11	PBGC (Pension)	7,352	4	0.1%
12	Central States (Pension)	19,388	12	0.1%
13	Note & Debenture Holders (Pension)	59,889	36	0.1%
14	Unsecured Claims - Against All Entities	\$87,347	\$52	0.1%
15	Total Unsecured Claims	\$87,400	\$52	0.1%

EXHIBIT C

EXHIBIT C

**The Estates of Lyman Holding Company, et al.
Liquidation Analysis**

Plan

Chapter 7 Liquidation

	Consolidated	Chapter 7 Liquidation											
		LLC	LDC	LPLLC	CMIC	CCC	MAC	WLI	WCS	ABC	LLW	BMW	LHC
\$000s													
1 Woodinville Facility	0							0					
2 Cottage Grove Facility	400	130											
3 Longview Facility	0							0					
4 Parkside Mortgage	19										19		
5 Matthews Mortgage	167						167						
6 Cash Equivalents	1,710	1,331	0	0	0	379	0	0	0	0	0	0	0
7 A Net Liquidation Proceeds	2,296	1,461	0	0	0	379	167	0	0	0	19	0	0
8													
9 Total Post Petition Re-Allocations	(0)	15,424	(28)	(718)	(1,697)	(951)	(150)	(7,810)	(231)	(2,450)	(911)	(478)	(0)
10 Operation, Professional and Other Expenses	(1,699)	(518)	(1)	(39)	(93)	(49)	(8)	(738)	(12)	(130)	(48)	(8)	0
11 Incremental Ch 7 Expenses	0	(129)	(0)	(11)	(25)	(13)	(2)	(116)	(3)	(35)	(13)	(2)	0
12 B Net Re-Allocations and Other Expenses	(1,699)	14,777	(29)	(767)	(1,814)	(1,014)	(160)	(8,663)	(246)	(2,615)	(972)	(488)	(0)
13													
14 Net Cash Flow	598	16,238	(29)	(767)	(1,814)	(634)	7	(8,663)	(246)	(2,615)	(953)	(488)	(0)
15 Beginning Cash at 8/31/12	3,332	(7,378)	315	440	489	(692)	610	5,795	213	1,438	244	1,786	74
16 C Net Cash Available Before Intercompany Funding	3,930	8,860	286	(328)	(1,326)	(1,326)	617	(2,868)	(34)	(1,177)	(709)	1,297	74
17													
18 Intercompany Funding from Admin and Unsecured Claims	0	(7,798)	(52)	328	1,326	1,326	(393)	2,868	93	1,797	863	(301)	(57)
19 D Net Cash Available Before Priority and Unsecured Claims	3,930	1,062	234	0	0	0	224	0	60	620	154	996	17
20													
21 Projected Administrative and Priority Claims													
22 503(b)(9) Administrative Claims	1,606	433	0	0	0	8	0	58	0	487	89	530	0
23 Other Claims/Contingent	225	63	0	0	0	0	0	0	0	0	0	162	0
24 E Total Administrative and Priority Claims	\$1,831	\$496	\$0	\$0	\$0	\$8	\$0	\$58	\$0	\$487	\$89	\$693	\$0
25													
26 Payment of Admin and Priority Claims	(1,831)	(496)	0	0	0	0	0	0	(0)	(487)	(89)	(693)	0
27 % Payment of Admin and Priority Claims	100.0%	100.0%				0.0%		0.0%	100.0%	100.0%	100.0%	100.0%	
28 F Cash Available for Unsecured Claims	\$2,099	\$566	\$234	\$0	\$0	\$0	\$224	\$0	\$60	\$133	\$65	\$304	\$17
29													
30 Projected Unsecured Claims													
31 General Unsecured Against Specific Entities	6,524	1,282	0	742	2,075	141	2	528	170	1,053	246	272	13
32 Western Conference (Pension)	718	718	718	718	718	718	718	718	718	718	718	718	718
33 PBGC (Pension)	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352	7,352
34 Central States (Pension)	19,388	19,388	19,388	19,388	19,388	19,388	19,388	19,388	19,388	19,388	19,388	19,388	19,388
35 Note & Debenture Holders	59,889	59,889	59,889	59,889	59,889	59,889	59,889	59,889	59,889	59,889	59,889	59,889	59,889
36 G Total Unsecured Claims	\$93,871	\$88,629	\$87,347	\$88,089	\$89,422	\$87,488	\$87,349	\$87,875	\$87,517	\$88,400	\$87,593	\$87,619	\$87,360
37													
38 Payment of Unsecured Claims	(2,099)	(566)	(234)	0	0	0	(224)	0	(60)	(133)	(65)	(304)	(17)
39 % Payment of Unsecured Claims	2.2%	0.6%	0.3%	0.0%	0.0%	0.0%	0.3%	0.0%	0.1%	0.2%	0.1%	0.3%	0.0%