THIS IS NOT A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN FOR VCW ENTEPRISES, INC. ACCEPTANCES OR REJECTIONS OF ANY SUCH PLAN MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE UNITED STATES BANKRUPTCY COURT FOR THE EASTERN DISTRICT OF PENNSYLVANIA – READING DIVISION. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL, BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT. THE INFORMATION CONTAINED HEREIN IS SUBJECT TO COMPLETION OR AMENDMENT.

UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA – READING DIVISION

In re: VCW ENTERPRISES, INC. d/b/a M&W PRECAST, f/k/a MODERN PRECAST CONCRETE, INC. Debtor.	Chapter 11 Case No. 12-21304-REF

DISCLOSURE STATEMENT FOR FIRST AMENDED PLAN OF LIQUIDATION PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE PROPOSED BY THE DEBTOR

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DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS AND HOLDERS OF EQUITY INTERESTS SHOULD READ THIS DISCLOSURE STATEMENT AND ALL EXHIBITS HERETO, INCLUDING THE PLAN, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE DISCLOSURE STATEMENT AND THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. THE TRANSMISSION OF THIS DISCLOSURE STATEMENT SHALL NOT CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION STATED SINCE THE DATE HEREOF. AFTER THE DATE HEREOF, THERE CAN BE NO ASSURANCE THAT (A) THE INFORMATION AND REPRESENTATIONS CONTAINED HEREIN WILL BE MATERIALLY ACCURATE, AND (B) THIS DISCLOSURE STATEMENT CONTAINS ALL MATERIAL INFORMATION.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE, AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT WAS PREPARED TO PROVIDE HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR WITH "*ADEQUATE INFORMATION*" (AS DEFINED IN THE BANKRUPTCY CODE) SO THAT THEY CAN MAKE AN INFORMED JUDGMENT ABOUT THE PLAN.

THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, AS A STIPULATION OR AS A WAIVER, BUT, RATHER, AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING THE DEBTOR OR ANY OTHER PARTY, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE LIQUIDATION OR THE PLAN ON HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR.

[continued next page]

I.

INTRODUCTION

A. Overview

On December 6, 2012 VCW Enterprises, Inc. d/b/a M&W Precast, f/k/a Modern Precast Concrete, Inc., West North, LLC and West Family Associates, LLC filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code with the United States Bankruptcy Court for the Eastern District of Pennsylvania – Reading Division. The bankruptcy case of the Debtor and the Dismissed Debtors were jointly administered until the Bankruptcy Court approved the dismissal of the Dismissed Debtors from the Bankruptcy Case. The Debtor is operating its business as a debtor in possession.

This Disclosure Statement is submitted pursuant to section 1125 of the Bankruptcy Code for the solicitation of votes on the Plan filed concurrently with this Disclosure Statement. The Plan is attached to this Disclosure Statement as **Exhibit A**.

This Disclosure Statement describes certain aspects of the Plan, the Debtor's operations, history and significant events that occurred during the Debtor's chapter 11 case, the process relating to confirmation of the Plan by the Bankruptcy Court, and related matters. This introduction is intended solely as a summary of the Plan and is qualified in its entirety by the Plan and the other portions of this Disclosure Statement. If there is any inconsistency between the Plan (including the exhibits and schedules attached thereto and any supplements to the Plan) and the descriptions in the Disclosure Statement, the terms of the Plan (and the exhibits and schedules attached thereto and any supplements to the Plan) will control.

Capitalized terms used in this Disclosure Statement and not otherwise defined herein have the meanings ascribed to them in the Plan.

For a description of the Plan as it relates to Holders of Claims against and Equity Interests in the Debtor, please see Article VI (*"Summary of the Plan"*).

FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THIS DISCLOSURE STATEMENT, THE PLAN, AND THE EXHIBITS THERETO IN THEIR ENTIRETY.

This Disclosure Statement, the Plan and any documents attached or referred to in the Disclosure Statement and the Plan are the only materials that Creditors should use to determine whether to vote to accept or reject the Plan. A Ballot for accepting or rejecting the Plan is being submitted to Holders of Claims that the Debtor believes are entitled to vote to accept or reject the Plan. As indicated below, the Debtor believes that Holders of Claims in Classes 2 and 5 are entitled to vote to accept or reject the Plan.

The last day to vote to accept or reject the Plan is May 24, 2013. To be counted, your Ballot must actually be received by the Debtor by the "Voting Deadline": May 24, 2013 at 5:00 p.m. (prevailing Eastern Time). Any Ballots received after the Voting Deadline will not be counted. Claimants must return their Ballots to the Debtor in accordance with the Voting Instructions that accompany the Ballots.

April 25, 2013 is the "Voting Record Date," which is the date on which the identity of Holders of Claims against the Debtor will be determined for the purpose of establishing an entitlement, if any, to receive certain notices and vote on the Plan.

By the Disclosure Statement Approval Order dated _____ **[__], 2013**, the Bankruptcy Court approved this Disclosure Statement for dissemination to Holders of Claims against the Debtor.

Approval of this Disclosure Statement by the Bankruptcy Court does not indicate that the Bankruptcy Court recommends either acceptance or rejection of the Plan, nor does such approval constitute a determination by the Bankruptcy Court as to the fairness or merits of the Plan.

The Debtor strongly urges Holders of Claims In Class 2 and Class 5 to vote to accept the Plan by completing and returning their Ballots so that they will be received on or before the Voting Deadline: May 24, 2013, 2013, at 5:00 p.m., prevailing Eastern Time.

The Official Committee of Unsecured Creditors of the Debtor has reviewed and supports the Plan and recommends that Holders of Unsecured Claims vote in favor of the Plan.

B. Qualification Concerning Summaries Contained in this Disclosure Statement

This Disclosure Statement contains summaries of certain provisions of the Plan, certain statutory provisions, certain documents related to the Plan, certain events in the chapter 11 case, and certain financial information. Although the Debtor believes that the summaries of the Plan and related document summaries contained herein are fair and accurate, such summaries are qualified to the extent that they do not set forth the entire text of such documents, statutory provisions or financial information. All of the exhibits to the Plan and this Disclosure Statement and other pleadings and orders relating to the Debtor's chapter 11 case are available for inspection during regular business hours (9:00 a.m. to 4:00 p.m. weekdays, except legal holidays) at the Office of the Clerk of the Court, United States Bankruptcy Court for the Eastern District of Pennsylvania – Reading Division, The Madison Building, 400 Washington Street , Reading, PA 19601, or online at www.paeb.uscourts.gov. A PACER password is required to access case information, which can be obtained at www.pacer.psc.uscourts.gov, or by calling 1-800-676-6856.

C. Source of Information Contained in this Disclosure Statement

Factual information contained in this Disclosure Statement has been provided from numerous sources, including (1) the Debtor's books and records, (2) the Debtor's counsel, its professionals and management and (3) pleadings filed with the Bankruptcy Court. The Debtor

does not to warrant or represent that the information contained herein, including the financial information, is without any inaccuracy or omission.

D. Reliance on Disclosure Statement

This Disclosure Statement may not be relied on for any purpose other than to determine whether to vote to accept or reject the Plan, and nothing stated herein shall constitute an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtor or any other party other than proceedings to approve this Disclosure Statement and confirm the Plan, or be deemed evidence of the tax or other legal effects of the Plan on any Debtor or Holders of Claims or Equity Interests. Holders of Claims entitled to vote should read this Disclosure Statement and the Plan carefully and in their entirety and may wish to consult with an attorney or other qualified advisor prior to voting on the Plan.

E. No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtor as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtor has no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

F. Representations and Inducements Not Included in this Disclosure Statement

No representations concerning or related to the Debtor, the Debtor's chapter 11 case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. You should not rely on any representations or inducements made to secure your acceptance or rejection of the Plan not contained in this Disclosure Statement.

Further, the Liquidating Trust Agreement and various of the other agreements or forms referred to herein are exhibits hereto and/or to the Plan and are incorporated herein by reference. The summary of certain provisions of these documents is qualified in its entirety by reference thereto. The descriptions of these documents and the copies of these documents included as exhibits hereto and/or to the Plan have been included to provide information regarding the terms of these documents. These documents contain representations and warranties made by and to the parties thereto as of specific dates. The representations and warranties of each party set forth in each document have been made solely for the benefit of the other party to such document. In addition, such representations and warranties (1) may have been qualified by confidential disclosures made to the other party in connection with such document, (2) may be subject to a materiality standard which may differ from what may be viewed as material by other readers, (3) were made only as of the date of such documents or such other date as is specified therein and (4) may have been included in such documents for the purpose of allocating risk between or among the parties thereto rather than establishing matters as facts.

G. Authorization of Information Contained in this Disclosure Statement

For the purposes of this Disclosure Statement and the confirmation of the Plan, no representations or other statements concerning the Debtor, the Debtor's chapter 11 case, or the Plan, including, but not limited to, representations and statements regarding asset valuation, are authorized by the Debtor, other than those expressly set forth in this Disclosure Statement.

H. Legal or Tax Advice

The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Creditor or Equity Holder should consult his, her, or its own legal counsel and

accountant as to legal, tax and other matters concerning his, her, or its Claim or Interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

I. Forward-Looking Statements

This Disclosure Statement contains forward-looking statements with respect to the Plan. Forward-looking statements include:

- descriptions of plans and litigation;
- projections of income tax and other contingent liabilities, and other financial items; and
- any descriptions of assumptions underlying or relating to any of the foregoing.

Forward-looking statements discuss matters that are not historical facts. Because they discuss future events or conditions, forward-looking statements often include words such as "anticipate," "believe," "estimate," "expect," "intend," "plan," "project," "target," "can," "could," "may," "should," "will," "would" or similar expressions. Forward-looking statements should not be unduly relied upon. They indicate the Debtor's expectations about the future and are not guarantees. Forward-looking statements speak only as of the date they are made and the Debtor has no obligation to update them to reflect changes that occur after the date they are made. There are several factors, many beyond the Debtor's control, which could cause results to differ significantly from expectations. For examples of such factors refer to Article VII, "*Certain Factors to be Considered.*"

II.

THE PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims and Equity Interests

This Disclosure Statement is being transmitted to Holders of certain Claims against and Equity Interests in the Debtor. The primary purpose of this Disclosure Statement is to provide those parties voting on the Plan with adequate information to make a reasonably informed decision with respect to the Plan before voting to accept or to reject the Plan. A discussion and listing of those Holders of Claims that are or are not entitled to vote to accept or reject the Plan are provided herein.

On **_____ [__], 2013**, the Bankruptcy Court entered the Disclosure Statement Approval Order approving this Disclosure Statement, finding that it contains information of a kind and in sufficient detail to enable the Holders of Claims against and Equity Interests in the Debtor that are entitled to vote to make an informed judgment about the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT CONSTITUTES NEITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN, NOR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

IF CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR, WHETHER OR NOT THEY ARE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR

PROPERTY UNDER THE PLAN. THUS, YOU ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT CAREFULLY. IN PARTICULAR, HOLDERS OF IMPAIRED CLAIMS WHO ARE ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ANY EXHIBITS HERETO, THE PLAN, AND ANY EXHIBITS TO THE PLAN CAREFULLY AND IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR TO REJECT THE PLAN.

THIS DISCLOSURE STATEMENT AND THE OTHER MATERIALS INCLUDED IN THE SOLICITATION PACKAGE ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. NO SOLICITATION OF VOTES MAY BE MADE EXCEPT AFTER DISTRIBUTION OF THE SOLICITATION PACKAGE, AND NO PERSON HAS BEEN AUTHORIZED TO DISTRUBTE INFORMATION CONCERNING THE DEBTOR OR THE PLAN OTHER THAN THE INFORMATION CONTAINED HEREIN.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING OR CONTAINS OR MAY CONTAIN ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS.

Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur after the date hereof and that may have a material impact on the information contained in this Disclosure Statement. Further, the Debtor does not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement shall not under any circumstance imply that the information herein is correct or complete as of any time after the date hereof.

B. Who is Entitled to Vote

Only Holders of Claims in Classes that are "impaired" under the Plan are entitled to vote to accept or reject the Plan. Generally, a Claim is impaired if the holder's legal, equitable, or contractual rights are changed under such plan. As indicated below, the Plan divides all Claims and Interests into six (6) Classes. Of these Classes, Class 2 (Secured Claim of M&T Bank) and Class 5 (Genera Unsecured Claims) are impaired. Holders of Claims in Class 2 and Class 5 are therefore entitled to vote to accept or reject the Plan. Holders of Claims in Class 1 (priority non-tax claims), Class 3 (Secured Claims of NMHG/GE) and Class 4 (Secured Claims of Ally) are unimpaired, and are thus deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Holders of Claims in Class 6 (Equity Interests) will receive no distribution under the Plan and are thus deemed to reject the plan. Holders of Claims in Classes 1, 3, 4 and 6 are not entitled to vote on the Plan.

C. Solicitation Package

In addition to approving this Disclosure Statement, the Bankruptcy Court approved certain voting procedures, scheduled the Confirmation Hearing at which the Bankruptcy Court will consider confirmation of the Plan, and approved the form of the Confirmation Hearing Notice. Accompanying this Disclosure Statement are copies of (1) the Plan (**Exhibit A**); (2) the Confirmation Hearing Notice, which provides notice of, among other things, the time for submitting Ballots to accept or reject the Plan, the date, time and place of the hearing to consider confirmation of the Plan and related matters, and the time for filing objections to confirmation of the Plan; and (3) for Creditors whose Claims are classified in an Impaired Class, one or more Ballots (and return envelopes) to be used in voting to accept or to reject the Plan. If you did not receive a Ballot and believe that you should have, please contact the Debtor, its counsel, or Committee Counsel.

D. Voting Procedures, Ballots and Voting Deadline

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. After carefully reviewing the Plan, this Disclosure Statement, and the detailed instructions accompanying your Ballot, please (1) indicate your acceptance or rejection of the Plan by checking the appropriate boxes and providing requested information on the enclosed Ballot and (2) complete and sign your **original** Ballot (copies will not be accepted) and return it in the envelope provided to the Debtor at the address below so that it is *RECEIVED* by the Voting Deadline (as defined below).

FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ACCOMPANYING THE BALLOT AND *RECEIVED* NO LATER THAN THE VOTING DEADLINE, **May 24, 2013, 2013, AT 5:00 P.M.**, PREVAILING EASTERN TIME, BY THE Debtor**,** at the following address:

Via Regular Mail, Overnight Mail or Hand Delivery:

McElroy, Deutsch, Mulvaney & Carpenter, LLP
300 Delaware Avenue, Suite 770
Wilmington, DE 19801
Attn: Susan B. Mullen, Case Administrator

Any Ballot that is executed and returned but does not indicate an acceptance or rejection of the Plan will not be counted.

DO NOT RETURN ANY DEBT OR EQUITY INSTRUMENTS WITH YOUR BALLOT.

If you have any questions about the procedure for voting your Impaired Claim or with respect to the packet of materials that you have received, please contact the Debtor's Counsel, Aaron S. Applebaum, Esquire, at (302) 300-4515 or via email at aapplebaum@mdmc-law.com.

If you wish to obtain, at your own expense (unless otherwise specifically required by Bankruptcy Rule 3017(d)), an additional copy of the Plan, this Disclosure Statement, or any exhibits to such documents, please contact the Debtor's Counsel.

E. Confirmation Hearing and Deadline for Objections to Confirmation

The Bankruptcy Court has scheduled the Confirmation Hearing for **May 30, 2013, at ___:00 p.m. (prevailing Eastern Time),** or as soon thereafter as counsel may be heard, before the Honorable Richard Fehling, United States Bankruptcy Judge, in the United States Bankruptcy Court, The Madison Building, 400 Washington Street, Suite 301, Reading, PA 19601. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing.

The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan must be filed with the Clerk of the Bankruptcy Court, in accordance with the electronic filing requirements as set forth online at www.paeb.uscourts.gov, and served so that they are ***ACTUALLY RECEIVED*** **on or before May 24, 2013, 2013 at 5:00 p.m. (prevailing Eastern Time) by:**

Counsel for the Debtor

McElroy, Deutsch, Mulvaney & Carpenter, LLP
1617 John F. Kennedy Blvd., Suite 1500
Philadelphia, PA 19103
Attn: Barry D. Kleban, Esquire
Aaron S. Applebaum, Esquire

United States Trustee

Office of the United States Trustee for the Eastern District of Pennsylvania
Attn: Dave Adams, Esquire
833 Chestnut Street
Suite 500
Philadelphia, PA 19107

Counsel for the Official Committee of Unsecured Creditors

Ciardi Ciardi & Astin
Attn: Albert A. Ciardi, III, Esquire
Attn: Jennifer E. Cranston, Esquire
One Commerce Square
2005 Market Street, Suite 1930
Philadelphia, PA 19103

III.

OVERVIEW OF THE PLAN

The purpose of the Plan is to liquidate, collect and maximize the Cash value of the remaining assets of the Debtor and make distributions in respect of any Allowed Claims against the Debtor's Estate. The Plan is premised on the satisfaction of Claims through certain direct payments and the creation of the Liquidating Trust (pursuant to the Liquidating Trust Agreement) and distribution of the proceeds raised from the sale and liquidation of the Debtor's remaining assets, claims and causes of action.

On the Effective Date, the Debtor will transfer and assign to the Liquidating Trust substantially all property and assets of the Debtor, not otherwise provided for by direct payment(s) under the Plan. While the Debtor may designate that certain assets remain with the Debtor, proceeds of those assets will either be distributed as set forth in the Plan, or may constitute Liquidating Trust assets. Pursuant to the Plan, the Debtor will pay all Allowed Priority Claims and Administrative Expense Claims that have not previously been paid. Holders of Secured Claims shall receive the treatment set forth in the Plan for each such Holder. All Holders of Allowed General Unsecured Claims shall receive a Pro Rata Share distribution of the assets of the Liquidating Trust. The Holders of Intercompany Claims and Equity Interests shall not receive any distributions from the Liquidating Trust.

The following table divides the Claims against and Equity Interests in the Debtor into six (6) separate Classes and summarizes the treatment for each Class. The table also identifies which Classes are entitled to vote on the Plan based on the Bankruptcy Code. The table indicates an estimated recovery for each Class, expressed as a percentage of the estimated, aggregate Allowed Claims in such Class. Certain unclassified Claims, including Administrative Claims and Priority Tax Claims will be paid in full in Cash to the extent such Claims are Allowed Claims.

The recoveries described in the following table represent the Debtor's best estimates based on the information available at this time, and certain significant assumptions described throughout this Disclosure Statement.

	Summary of Classification and Treatment of Classified Claims and Equity Interests[1]				
Class	**Claim**	**Status**	**Voting Rights**	**Estimated Amount of Allowed Claims**	**Estimated Recovery**
1	Priority Non-Tax Claims	Unimpaired	Deemed to Accept	$0[2]	100%
2	Secured Claim –M&T Bank	Impaired	Entitled to Vote	$13,648,180	Unknown
3	Secured Claims – NMHG/GE	Unimpaired	Deemed to Accept	$23,222.92	100%
4	Secured Claim – Ally	Unimpaired	Deemed to Accept	$60,726	100%
5	General Unsecured Claims	Impaired	Entitled to Vote	$8,735,798	10%
6	Equity Interests	Impaired	Deemed to Reject	n/a	n/a

ALTHOUGH THE DEBTOR BELIEVES FROM ITS REVIEW OF THE CLAIMS THAT ITS ESTIMATION OF CLAIMS AND RECOVERIES IS REASONABLE, THERE IS NO ASSURANCE THAT THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN EACH CLASS WILL NOT MATERIALLY EXCEED THE ESTIMATED AGGREGATE AMOUNTS SHOWN HEREIN. THE DEBTOR IS CONTINUING ITS INVESTIGATION OF THE CLAIMS AND HAS NOT MADE A FINAL DETERMINATION OF ALL THE CLAIMS THAT MAY BE OBJECTED TO, AS SUCH DETERMINATION MAY BE MADE BY THE DEBTOR. THE ACTUAL RECOVERIES UNDER THE PLAN WILL BE DEPENDENT UPON A VARIETY OF FACTORS INCLUDING, BUT NOT LIMITED TO, WHETHER, AND IN WHAT AMOUNT, CONTINGENT CLAIMS, IF ANY, AGAINST THE DEBTOR BECOME NON-CONTINGENT AND FIXED AND WHETHER, AND TO WHAT EXTENT DISPUTED CLAIMS, IF ANY, ARE RESOLVED IN FAVOR OF THE ESTATE RATHER THAN THE CLAIMANT(S). ACCORDINGLY, NO REPRESENTATION CAN BE OR IS BEING MADE WITH RESPECT TO WHETHER EACH ESTIMATED RECOVERY SHOWN IN THE TABLE ABOVE WILL BE REALIZED BY THE HOLDER OF AN ALLOWED CLAIM IN ANY PARTICULAR CLASS.

[1] For further explanation and description of the amounts set forth herein, please see the Liquidation Analysis, attached hereto as Exhibit C.

[2] While three Priority Non-Tax Claims were filed, upon review, the Debtor does not believe that any of such claims are entitled to priority treatment under section 507(a) of the Bankruptcy Code, and will be seeking to classify such claims as General Unsecured Claims.

IV.

HISTORY OF THE DEBTOR AND COMMENCEMENT OF THE CASE

A. Overview of Prepetition Operations

1. Debtor's Business

VCW was a leading manufacturer and distributor of precast concrete structures, pipes and related products, such as storm water and sanitary structures, concrete pipe, box culverts and three-sided bridges, retaining walls, custom structures, modular buildings, septic tanks and various environmental products. Additionally, VCW purchased and resold related products such as steel grating, cast iron manhole covers, aluminum hatches and various construction supplies.

VCW was founded in 1946 as Woodrow W. Wehrung Excavating, and Modern Concrete Septic Tank Company was established in 1951 and incorporated as a "C" Corporation in 1971. Vernon C. Wehrung, Woodrow's son, became President in 1975 and continued in that role through the Petition Date. VCW became an "S" Corporation and officially changed its name to Modern Precast Concrete, Inc., in 1993. The Debtor's name was finally changed to VCW Enterprises, Inc. during the course of the Bankruptcy Case following sale of the Easton Facility to Oldcastle Precast, Inc.

VCW operated from two facilities, a 91,010 square-foot facility in Easton, Pennsylvania (the "Easton Facility") and a 43,784 square-foot facility in Ottsville, Pennsylvania (the "Ottsville Facility"). The real property comprising the Easton Facility was owned by dismissed Debtor West North, and the real property comprising the Ottsville Facility is owned by the S. Blanche Wehrung Trust, a non-debtor. The sole business of West North was to own and lease the Easton Facility to VCW.

Dismissed Debtor West North is a Pennsylvania limited liability company. The sole member of West North is West Family. West North's sole asset of value was the real estate, together with appurtences, fixtures and improvements thereto and/or thereon, on which the Easton Facility sits.

West Family is a Pennsylvania limited liability company. Its members are comprised of members of the Wehrung Family: Vernon Wehrung, Jean Wehrung, Kelly Wehrung, Jeff Wehrung and Jason Wehrung. West Family owns the sole membership interest of West North, and also owned a small parcel of real estate adjacent to the Easton Facility on which sits a small residence and a "polebarn" used as warehouse storage by VCW in connection with its operations at the Easton Facility.

The real property owned by Dismissed Debtors West North and West Family, constituting the only property of notable value owned by each, was sold to Oldcastle during the Bankruptcy Case, and the proceeds allocable to each Dismissed Debtor was paid to M&T Bank, on account of M&T Bank's Secured Claim.

The Easton Facility is a state-of-the-art facility which opened in 2006. Unfortunately, the creation of the Easton Facility required the Debtor and the Dismissed Debtors to take on substantial secured debt, which was followed quickly by industry decline with the recession that

ensued. This unfortunate timing created an "unwinnable" situation for the Debtor where, despite its continued success and certain cost reductions achieved through the closing of a third facility in Bethlehem, Pennsylvania, it was unable to generate sufficient revenues to maintain its debt service, making a sale pursuant to section 363 of the Bankruptcy Code a necessity.

The Debtor was a single source supplier of virtually every precast concrete product needed for residential, commercial/industrial, Department of Transportation ("DOT") and municipality projects. Further, the Debtor was the only manufacturer in a 200-mile radius that produced both precast concrete structures and concrete pipe. VCW maintained a cost-advantage over "poured-in-place" or conventional construction and a competitive advantage because of the diversity of products and the ability to bundle products to achieve lower pricing.

VCW's products were segmented into four product categories: Site & Highway Products, Septic/Environmental Products, Construction Supplies, and Buildings. The Debtor's customers and target market were comprised primarily of excavating contractors, general contractors, electrical contractors, building developers, various state DOT's and municipalities. VCW's customer base was product driven, and as such the company did not have customer concentration. In 2010 and 2011, the Debtor's largest and top 10 customers represented approximately 34.8% and 32.3% of its revenues, respectively.

On a consolidated basis, VCW generated revenues of $23.4 million and $19.4 million and operating EBITDA of $1.4 million and ($382,000) for years 2010 and 2011, respectively. The Proforma Easton Operations (as defined in the Oldcastle APA), generated revenues of $21.9 million and $18.3 million and EBITDA of $1.7 million and $327,000 for 2010 and 2011, respectively, and generated revenue of approximately $21,351,240 million and adjusted EBITDA of $685,565 for 2012.

B. Capital Structure

1. Equity

The Debtor is an S-Corporation. Its shares are held by members of the Wehrung family in the following percentages: Vernon Wehrung: 52.0%; Jean Wehrung: 42.63%; Kelly Wehrung: 1.37%; Jeff Wehrung: 2.00 %; and Jason Wehrung: 2.00%.

2. Debt

a. M&T Bank Pre-Petition Secured Loans

The Debtor and the Dismissed Debtors are indebted under the loan agreements described in more detail below in the aggregate principal amount, as of November 26, 2012, of $13,524,208.30 plus accrued and unpaid interest in the amount of $105,188.28, plus fees and costs, including without limitation fees relating to interest rate swap obligations, to Manufacturers and Traders Trust Company also known as M&T Bank ("M&T Bank"), as assignee of Wilmington Trust FSB and Wilmington Trust Company. M&T Bank is the Debtor's primary secured lender.

On April 6, 2006, M&T Bank made available to the Debtor and the Dismissed Debtors the following credit facilities (collectively, the "April 6 Loan Agreements"):

- A revolving loan from M&T Bank to VCW in the original principal amount of $5,500,000.00 (the "Modern Revolving Loan");
- A term loan from M&T Bank to VCW in the original principal amount of $3,900,000.00 (the "Modern Term Loan #1");
- A term loan from M&T Bank to VCW in the original principal amount of $2,340,000.00 (the "Modern Term Loan #2");
- A term loan from M&T Bank to VCW in the original principal amount of $1,734,000.00 (the "Modern Term Loan #3");
- A construction bridge loan from M&T Bank to West North and West Family Associates ("WFA") in the original principal amount of $2,000,000 (the "West Bridge Loan");
- A construction loan from M&T Bank to West North and WFA in the original principal amount of $3,541,463.00 (the "West Construction Loan"); and
- A term loan from M&T Bank to West North and WFA in the original principal amount of $3,400,000.00 (the "West Term Loan").

As a result of certain Events of Default (as defined in the various loan documents), the Debtor and its co-borrowers and guarantors requested, from time to time, that M&T Bank forbear from exercising its remedies available under the April 6 Loan Agreements, and entered into a forbearance agreement and a series of amendments thereto between the Obligors (as defined therein) and M&T Bank (together with all agreements, documents and instruments executed in connection therewith, the "Forbearance Documents"). The most recent amendment to the forbearance agreement, the ninth in such series, was executed on August 15, 2012, and expired on November 15, 2012.

In connection with the forbearance agreement and the various amendments thereto, the documents comprising the April 6 Loan Agreements were amended from time to time. As of November 26, 2012, the balances due on each of the loans comprising the April 6 Loan Agreements were as follows:

- Modern Revolving Loan: $4,130,000.00 in principal plus $32,122.22 in accrued and unpaid interest
- Modern Term Loan #1: $2,719,682.97 in principal plus $21,153.09 in accrued and unpaid interest
- Modern Term Loan #3: $619,092.97 in principal plus $4,815.17 in accrued and unpaid interest

- West Construction Loan: $3,029,445.20 in principal plus $$23,562.35 in accrued and unpaid interest

- West Term Loan: $3,025,987.16 in principal plus $23,535.45 in accrued and unpaid interest

The Debtor, either by way of being a borrower or a guarantor, is obligated to repay all of the obligations evidenced by the April 6 Loan Agreements, and VCW granted to M&T Bank a security interest in substantially all of its assets to ensure such repayment. Specifically, as security for the payment of all amounts due under the April 6 Loan Agreements and the Forbearance Documents, VCW granted to M&T Bank a first priority security interest against substantially all of its assets.

b. PIDA Pre-Petition Secured Loan

VCW is also indebted to the Pennsylvania Industrial Development Authority ("PIDA"), in the original amount of $2,000,000 (the "PIDA Loan"). On December 14, 2006, PIDA loaned $2,000,000 to VCW and West North, evidenced by a note and secured by an acknowledged second position mortgage on the real property owned by West North (collectively, the documents evidencing the PIDA Loan are referred to as the "PIDA Loan Documents").

The PIDA Loan includes interest at 4.25% per annum, and will mature on December 14, 2021. The PIDA Loan Documents further provide that the mortgage granted to PIDA is second in priority to the first mortgage of Wilmington Trust, predecessor to M&T Bank. This subordination is limited to the amount of indebtedness to M&T Bank in the amount of $3,541,436. All other obligations and security interests in the mortgaged property, including further indebtedness owed to M&T Bank, are subordinate to the PIDA mortgage. As of October 1, 2012, the approximate amount due under the PIDA Loan was $1,533,000.

The only collateral securing the PIDA Loan was the real property at the Debtor's Easton Facility which was owned by Dismissed Debtor West North. This collateral was sold to Oldcastle in connection with the Easton Sale, and a portion of the proceeds therefrom were paid to PIDA in payment of the secured portion of PIDA's claim. Because all of the collateral securing the PIDA Loan has been sold and the proceeds paid to PIDA, the remainder of PIDA's claim against the Debtor is a general unsecured claim. PIDA received $822,784.89 from the proceeds of the Easton Sale on account of its secured claim. It is estimated that PIDA has a resulting unsecured deficiency claim in the amount of $709,534.55.

c. LVEDC/SBA Pre-Petition Secured Loan

VCW is also indebted, through debenture financing, to the Lehigh Valley Economic Development Corporation ("LVEDC"), guaranteed by the United States Small Business Administration ("SBA") in the original amount of $3,204,000 (the "SBA Loan"). On April 13, 2006, LVEDC, guaranteed by the SBA, loaned $3,204,000 to VCW for the purchase and installation of equipment at the Easton Facility, evidenced by a note and secured by a security interest granted to LVEDC in certain of VCW's equipment (collectively, the documents

evidencing the SBA Loan are referred to as the "SBA Loan Documents"). The SBA Loan Documents acknowledge that the security interests granted to LVEDC are subject to the first-priority liens of M&T Bank. The SBA Loan is guaranteed by Dismissed Debtor West Family. As of October 1, 2012, the approximate amount due under the SBA Loan was $2,757,840.26.

The only collateral securing the SBA Loan was certain equipment used by the Debtor in connection with its operations at the Easton Facility. This collateral was sold to Oldcastle in connection with the Easton Sale, and the value received for such collateral did not exceed the acknowledged first-priority liens with respect thereto of M&T Bank. Because all of the collateral securing the SBA Loan has been sold, the claims under the SBA Loan are wholly unsecured, and the SBA Loan is treated as a general unsecured creditor for purposes of the Plan.

d. Other Secured Claims.

NMHG/GE: The Debtor finances and/or leases certain equipment and vehicles from NMHG/GE, and NMHG filed four secured Proofs of Claim with respect thereto. Two of the Proofs of Claim filed by NMHG/GE relate to a capital lease and an operating lease that were paid off by and assumed/assigned to Oldcastle Precast, Inc. pursuant to the Easton Sale Order, and are deemed fully satisfied thereby. The remaining two Secured Claims shall be Allowed as stated on the respectively filed Proofs of Claim, minus any subsequently-made principal payments with respect thereto.

Ally: The Debtor financed the purchase of three motor vehicles from Ally. The Debtor filed a Motion to abandon its interest in such vehicles, and all of Ally's rights were reserved with respect to its collateral. Accordingly, the Ally claims are deemed fully satisfied by Ally's ability to look to its collateral.

e. Trade Debt/Term-Out

The Debtor's unsecured debt is comprised primarily of debt to trade vendors and suppliers of VCW. Notably, in February 2012, VCW, unable to satisfy all such debts as they became due, entered into a "term-out" of a substantial amount of such unsecured debt, in an attempt to pay down such accrued debt over time. As of the Petition Date, the Debtor estimates that approximately $2,260,761 was owing under this term-out. The Debtor estimates that the total amount of general unsecured debt (without allowing for debt entitled to priority under Section 503(b)(9)), is $8,735,978.37.

f. Post-Petition Financing

On the Petition Date, VCW and the Dismissed Debtors filed a Motion requesting authority, *inter alia*, to obtain debtor in possession financing, use cash collateral and provide adequate protection in connection therewith to M&T Bank (the "DIP Financing Motion"). On January 11, 2013, the Court entered the Final Order (A) Authorizing the Debtors to Obtain First-Priority Secured Post-Petition Financing, and (B) Authorizing the Debtors to use Cash Collateral of Existing Secured Lender, and Providing Related Adequate Protection (the "Final DIP Order").

Pursuant to the Final DIP Order, VCW and the Dismissed Debtors were authorized to borrow up to $1.2 million in post-petition financing from M&T Bank (the "DIP Facility"). The funds borrowed under the DIP Facility were to be used to fund the Debtor's operations in the chapter 11 proceeding, and were specifically approved by M&T Bank solely for the purpose of

facilitating the Easton Sale. In total, VCW and the Dismissed Debtors drew down approximately $876,347.47 against the DIP Facility, which was repaid in full upon closing of the Easton Sale.

C. Events Leading to Chapter 11 Filing

The Debtor's need to seek protection under chapter 11 of the Bankruptcy Code resulted from an industry-wide downturn stemming from the recent recession, combined with the increased leverage associated from the construction and start-up costs related to the Easton Facility. The timing of the expansion, coinciding with the downturn of the economy and a corresponding lack of residential and infrastructure spending, left the Debtor in an over-leveraged debt position necessitating a chapter 11 sale and/or reorganization.

The Debtor concluded that it could not continue the business as structured and generate sufficient revenues to timely satisfy its debt obligations. Faced with this reality, the Debtor engaged Griffin Financial Group, LLC and Beane Associates to assist in developing realistic alternatives, including, as appropriate, a sale or a reorganization. Over time, it became clear that a sale of the Easton Facility was the best alternative to a wide-scale liquidation. The Easton Sale carved-out certain assets associated with the Ottsville Facility, and the Debtor hoped to restructure its remaining business at the Ottsville Facility, but was ultimately unsuccessful in obtaining the consent of key parties needed to proceed with such an attempted restructuring. Therefore, in consultation with its principal creditor constituencies, the Debtor agreed to an orderly liquidation of its remaining assets pursuant to the Plan.

D. Prepetition Restructuring Activities

Given the Debtor's excessive debt in relation to its ability to generate sufficient cash flow to service that debt, the Debtor sought to market its assets with the goal of finding a potential purchaser. As a first step in this process, on April 20, 2012 the Debtors retained Griffin Financial Group, LLC, and specifically Thomas G. Whalen of that firm, to market the Debtor's assets and guide the Debtor through the marketing and sale process. Griffin commenced marketing the Debtor's business in April 2012, and as of October 22, 2012, Griffin identified and solicited to a total of two hundred and twelve (212) potential strategic and financial buyers (the "Solicited Buyers") as part of marketing the Debtor's businesses for the sale process.

Of the Solicited Buyers, ninety-seven (97) were considered to be strategic buyers and one hundred fifteen (115) were considered financial buyers, including buyers that have a history of current investment in related or similar industries and/or are special situation/distressed oriented. Griffin received responses from one hundred seventy-six (176) buyers from its initial solicitations, and thirty-five (35) potential buyers signed confidentiality agreements and were then sent offering materials including a Confidential Investment Memorandum (the "CIM").

The remaining buyers, after reviewing the "teaser" materials, either declined to proceed further or otherwise became non-responsive. Of the thirty-five entities who reviewed the CIM, thirteen (13) were considered strategic buyers, seven (7) financial buyers and fifteen (15) special situation/distressed buyers. From among these thirty-five, Griffin received three (3) bids. From this extensive pre-petition marketing process, Oldcastle Precast, Inc. ("Oldcastle") was chosen by the Debtor, in consultation with Griffin, as having submitted the highest and best bid for the purchase of the Debtors' assets. The Oldcastle offer was selected, in large part, because it represented the highest and best offer that was generated after such an extensive marketing effort as well as because of Oldcastle's ability to successfully consummate the contemplated transaction. Oldcastle and the Debtor negotiated an asset purchase agreement (the "APA") for the purchase by Oldcastle of the majority of the assets of the Debtor (as defined more fully in the APA, the "Purchased Assets").

V.

THE CHAPTER 11 CASE

A. Continuation of Business; Stay of Litigation and Enforcement of Creditors' Rights

Since the Petition Date, the Debtor has continued to operate as debtor in possession subject to the supervision of the Bankruptcy Court. Although the Debtor is authorized to operate in the ordinary course of business, transactions out of the ordinary course of business have required Bankruptcy Court approval.

An immediate effect of the Debtor filing its voluntary chapter 11 petition was the imposition of the automatic stay under the Bankruptcy Code, which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by Creditors, the enforcement of liens against property of the Debtor and the continuation of litigation against the Debtor. The automatic stay of an act against property of the Debtor's Estate remains in effect, unless modified by the Bankruptcy Court, until such property no longer is property of the Debtor's Estate; the stay of all other acts encompassed by the automatic stay continues until the earlier of the time the Debtor's chapter 11 case is closed or dismissed.

B. Parties In Interest and Advisors

Described below are the primary parties that have played significant roles in the Debtor's chapter 11 case to date.

1. The Bankruptcy Court

The Debtor's chapter 11 case was filed in the United States Bankruptcy Court for the Eastern District of Pennsylvania – Reading Division, located in Reading, Pennsylvania. The Honorable Richard Fehling, United States Bankruptcy Judge, is presiding over the Debtor's chapter 11 case.

2. Advisors to the Debtor

The Debtor has retained McElroy, Deutsch, Mulvaney & Carpenter, LLP as bankruptcy counsel for the Debtor's chapter 11 case. In addition, the Debtor retained Griffin Financial Group, LLC as investment banker and Beane Associates, Inc. as financial restructuring advisor.

3. The Committee and Its Advisors

On December 18, 2012, the United States Trustee, pursuant to its authority under section 1102 of the Bankruptcy Code, appointed the Committee to serve in the Debtor's chapter 11 case. The Committee was appointed to represent the interests of, and to serve as a fiduciary for, the Debtor's unsecured creditors.

The original members of the Committee were:

- Sika Corporation
- A L Patterson Inc.
- Morgan's Welding
- Essroc Cement Corporation
- ABE Materials - Easton

The Committee's legal counsel is Ciardi Ciardi & Astin, and its financial advisor is EisnerAmper LLP.

C. The Debtor In Possession Credit Facility

On the Petition Date, the Debtors filed the *Motion for Order Authorizing Debtors (I) to Obtain Post-Petition Financing and Granting Security Interests and Superpriority Administrative Expense Status Pursuant to 11 U.S.C. § 364; (II) To Use Cash Collateral Pursuant to 11 U.S.C. § 363; and (III) to Provide Adequate Protection Pursuant to 11 U.S.C. §361*.

On January 11, 2013, the Bankruptcy Court entered the *Final Order (A) Authorizing the Debtors to Obtain First-Priority Secured Post-Petition Financing, and (B) Authorizing the Debtors to Use Cash Collateral of Existing Secured Lender, and Providing Related Adequate Protection*. Pursuant to that order, the Debtors (including the Dismissed Debtors) were authorized to obtain senior secured, superpriority, postpetition DIP financing in the form of a first lien new money superpriority priming credit facility with a maximum outstanding principal amount of up to $1,200,000.00 pursuant to the terms and conditions of the DIP Credit Agreement.

On or about January 25, 2013, all amounts due and owing under the DIP Credit Agreement were repaid in full from proceeds of the sale of the Debtor's Easton Facility, pursuant to the *Order Pursuant to 11 U.S.C. §§ 105(a), 363 and 365 and Federal Rules of Bankruptcy Procedure 2002, 6004 and 6006 Approving Sale of Assets (Including Assumption and Assignment of Contracts) Free and Clear of All Liens, Encumbrances, Claims and Interests*.

D. First Day Orders

The Bankruptcy Court entered certain "first day orders" granting the Debtors various forms of relief to stabilize the business, including:

- *Interim Order Authorizing Debtor (I) to Obtain Post-Petition Financing and Granting Security Interest and Superpriority Administrative Expense Status; (II) to Use Cash Collateral; and (III) to Provide Adequate Protection and Setting Final Hearing on DIP Financing and the Use of Cash Collateral*
- *Order Granting Motions for Entry of Order Directing the Joint Administration of*

Debtors' Chapter 11 Cases and Granting Related Relief

- *Order Authorizing the Motions for an Order (A) Authorizing and Scheduling an Auction at Which the Debtors will Solicit Higher and Better Offers in Connection with the Sale of Certain Assets, (B) Approving the Bid Procedures for Such*
- *Interim Order Re Motion for Entry of Interim and Final Orders Providing for Adequate Assurance of Payment for Future Utility Services and Restraining Utilities from Discontinuing, Altering or Refusing Service*
- *Order Approving Motion for an Order (A) Authorizing the Debtors to Pay Pre-Petition Wages and Salaries and Honor Certain Employee Benefits Including Workers' Compensation Programs, (B) Directing All Banks to Honor Pre-Petition Checks for Payment of Pre-Petition Employee Obligations, and (C) Authorizing the Debtors to Honor Health Insurance Obligations*
- *Order Entered (A) Authorizing Debtors to Remit and Pay Certain Prepetition Sales and Use Taxes and (B) Directing Banks and Other Financial Institutions to Honor Related Checks and Electronic Requests for Payment*
- *Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals*
- *Order Entered Authorizing Debtors to Honor Prepetition Obligations to Customers and Otherwise Continue Customer Programs in the Ordinary Course of Business, and for Other Related Relief*

E. Exclusivity

The Bankruptcy Code grants a debtor an initial period of 120 days after the commencement of a chapter 11 case during which the debtor has the exclusive right to propose and to file a plan of reorganization. If a debtor proposes and files a plan within this initial 120-day exclusivity period, then the debtor has until the end of the period ending on the 180th day after the commencement of a chapter 11 case to solicit and to obtain acceptances of such plan. These exclusive periods may be extended for a limited period of time by an order of the court.

The Debtor filed its petition for relief under chapter 11 of the Bankruptcy Code on the Petition Date, December 6, 2012. Accordingly, the exclusive period to file a plan ends on April 5, 2013. As the Debtor has filed the Plan before April 5, 2013, the last day for the Debtor's exclusive right to solicit acceptances to the Plan is June 4, 2013.

F. Claims Process and Bar Date

1. Schedules and Statements

On January 18, 2013, the Debtor filed with the Bankruptcy Court a statement of financial affairs, and schedules of assets, liabilities and executory contracts and unexpired leases (collectively, the "Schedules").

2. Bar Dates and Objections to Proofs of Claim

The Bankruptcy Court set January 24, 2013 as the deadline for filing proofs of claim requesting payment for administrative expense claims pursuant to section 503(b)(9) of the Bankruptcy Code. The Bankruptcy Court set March 1, 2013 as the general deadline for filing prepetition proofs of claim and June 4, 2013 as the deadline for governmental units to file prepetition proofs of claim. The Bankruptcy Court has directed that requests for payment of

Administrative Claims be filed within thirty (30) days after entry of the Disclosure Statement Approval Order.

The Debtor has filed or anticipates filing objections to filed Claims that the Debtor believes are not entitled to be Allowed Claims, including asserted 503(b)(9) Claims which appear to have been improperly asserted as requests for administrative priority expense status under section 503(b)(9) of the Bankruptcy Code, Priority Non-Tax Claims which appear to have been improperly asserted as requests for priority expense status under section 507(a) of the Bankruptcy Code, or Claims that assert amounts significantly in excess of amounts recorded in the Debtor's books and records. After the Effective Date, any objections to Proofs of Claim will be filed by the Liquidating Trustee.

3. Preparation of Claims Estimates and Recoveries

The Debtor has prepared its estimates of Claims and recoveries by Holders of such Claims based primarily on the following: (a) projections based on anticipated future Claim reconciliations and Claim objections, and (b) other legal and factual analyses unique to particular types of Claims.

The Debtor's estimates of Allowed Claims are identified in the chart set forth in Article III (*"Overview of the Plan"*) above and form the basis of projected recoveries in Classes 1 (Priority Non-Tax Claims), 2 (Secured Claims) and 3 (General Unsecured Claims). Notwithstanding the Debtor's efforts in developing its Claims estimates, the preparation of such estimates is inherently uncertain, and, accordingly, there is no assurance that such estimates accurately will predict the actual amount of Allowed Claims in the Debtor's chapter 11 case. As a result, the actual amount of Allowed Claims may differ materially from the Debtor's Claims estimates contained herein.

G. Estimated Value of Debtor's Assets

After receiving input from its advisors, the Debtor has performed a preliminary analysis of the value of the Debtor's assets. This analysis assumes certain results from the sale of the Debtor's Ottsville Facility and the collectability of the Debtor's outstanding accounts receivable. In addition, the Debtor has estimated the value of its remaining assets, including possible litigation claims. The Debtor's assets include cash, Causes of Action (including Avoidance Actions), the Ottsville Business Assets, accounts receivable and certain amounts carved out from the collateral of M&T Bank for certain purposes (the Carve-Outs).

The Debtor estimates that the range of value of the Debtor's assets is $6 million to $7 million. This valuation is for informational purposes only and relates only to the value of the Debtor's assets as of February 28, 2013 and does not apply to any other period. The valuation is only an estimate of the range of values for the Debtor's assets and is not a guarantee that (1) any particular value within the valuation range ultimately will be realized or (2) a value that is higher or lower than the valuation range will not be realized.

VI.

SUMMARY OF THE PLAN

A. Introduction

This Article provides a summary of the terms and provisions of the Plan, including the classification and treatment of Claims and Equity Interests under the Plan and the means for implementation of the Plan. The summary is qualified in its entirety by reference to the Plan, which is attached to this Disclosure Statement as **Exhibit A**. The statements contained in this

Disclosure Statement include summaries of the provisions contained in the Plan and in documents referred to therein. The statements contained in this Disclosure Statement do not purport to be precise or complete statements of all the terms of the Plan or the documents referred to therein; reference is made to the Plan and to such documents for the full and complete statements of such terms.

The Plan itself and the documents referred to therein control the actual treatment of Claims against and Equity Interests in the Debtor under the Plan and will, upon the Effective Date, be binding upon all Holders of Claims against and Equity Interests in the Debtor, its Estate and other parties in interest.

The structure of the Plan and the distributions to Holders of Claims and Equity Interests thereunder reflect the result of negotiations among the Debtor, the Committee and other stakeholders. After careful review of the estimated recoveries in a chapter 11 reorganization scenario and a chapter 7 liquidation scenario, the Debtor has concluded that the recoveries to Creditors will be maximized by consummating and making distributions pursuant to the Plan. The Debtor believes that its Estate has value that would not be fully realized by Creditors in a chapter 7 liquidation primarily due to: (1) the additional administrative expenses that would be incurred in a chapter 7 liquidation; (2) a "fire sale" of the Debtor's remaining assets, which would not allow full value to be realized on such assets as would be realized under the Plan; and (3) the additional delay in distributions that would occur if the Debtor's chapter 11 case was converted to a case under chapter 7.

Accordingly, the Proponent believes that the Estate is worth more to its stakeholders if the Debtor's liquidation is completed as described above, and distributions are made, under chapter 11 pursuant to the Plan.

B. Overall Structure of The Plan

The Plan provides for both "direct plan payments" as well as the creation of a Liquidating Trust, into which shall be transferred substantially all of the Debtor's remaining assets that have not been either abandoned, sold or disbursed under the Plan prior to the Effective Date. The Liquidating Trust shall liquidate all Liquidating Trust Assets for the benefit of the Debtor's unsecured creditors. Net proceeds generated by the Liquidating Trustee shall be distributed to the Holders of Allowed General Unsecured Claims (Class 5).

The Classes of Claims against and Equity Interests in the Debtor created under the Plan, the treatment of those Classes under the Plan, the means for implementation of the Plan and the Distributions to be made under the Plan are described in more detail below.

C. Classification and Treatment of Claims and Equity Interests under the Plan

1. Classification Generally

Under the Plan, Claims against and Equity Interests in the Debtor are divided into different Classes. Classification of Claims and Equity Interests in the Plan are for all purposes, including voting, confirmation and distribution pursuant to the Plan.

A Claim or Equity Interest shall be deemed classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class only to the extent that any portion of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or Equity Interest is placed in a particular Class only to the extent that such Claim or Equity Interest is Allowed in that Class and has not been paid, released or otherwise settled prior to the Effective Date. Notwithstanding any Distribution provided for in the Plan, no Distribution on account of any

Claim is required or permitted unless and until such Claim becomes an Allowed Claim, which might not occur, if at all, until after the Effective Date.

2. Unclassified Claims Under the Plan

a. Administrative Claims

On, or as soon as reasonably practicable after (i) the Initial Distribution Date, if such Administrative Claim is an Allowed Administrative Claim as of the Effective Date or (ii) the date on which such Administrative Claim becomes an Allowed Administrative Claim or as otherwise determined by the Debtor, each Holder (other than a Professional) of an Allowed Administrative Claim shall receive, in full settlement, satisfaction and release of, and in exchange for, such Allowed Administrative Claim, (a) Cash in an amount equal to the unpaid amount of such Allowed Administrative Claim or (b) such other treatment as may be agreed upon in writing by such Holder and the Debtor, as applicable; provided, however, that the Debtor shall be authorized to pay Allowed Administrative Claims that arise in the ordinary course of the Debtor's business, in full, in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents relating to, such transactions, post-confirmation. All requests for allowance of Administrative Claims must be made, other than for Professional fees, by written motion no later than the Administrative Claims Bar Date. Administrative Claims not paid as of the Effective Date will be paid from the Administrative Claims Reserve.

The Bankruptcy Court previously set January 24, 2013 as the deadline for all holders of Administrative Claims under section 503(b)(9) of the Bankruptcy Code to file 503(b)(9) Claims in the Bankruptcy Case. Any Holder of a 503(b)(9) Claim that did not timely file a 503(b)(9) Claim as of the date hereof shall be forever barred from asserting such 503(b)(9) Claim against the Debtor, its Estate, their respective successors or their respective property, and such Administrative Claim shall be deemed discharged and released as of the Effective Date. Further, the Debtor filed objections to asserted 503(b)(9) Claims to the extent it appeared that such claims were not entitled to administrative expense treatment, and the Bankruptcy Court entered orders disallowing and expunging, or, in certain instances, reducing such asserted 503(b)(9) Claims. Asserted 503(b)(9) Claims filed as of the date hereof which were not objected to, or which were objected to reduced but not expunged, shall be deemed Allowed Administrative Claims in full or as reduced, respectively. Attached hereto as **Exhibit B** is a schedule of all Allowed 503(b)(9) Claims which will be paid in full on the Initial Distribution Date. The total amount of filed 503(b)(9) Claims was $419,130.27. The Debtor anticipates the total amount of Allowed 503(b)(9) Claims will be $109,998.79.

Any further request for allowance of an Administrative Claim in this case must be made, other than for a Professional, by written motion not later than the Administrative Claim Bar Date. Any Objections to such a request must be Filed and served on the requesting party by the later of (i) sixty (60) days after the Effective Date or (ii) thirty (30) days after the Filing of the applicable request for payment of an Administrative Claim. Unless the Debtor or Liquidating Trustee, as applicable, or another party in interest objects to a request for payment of an Administrative Claim within such time period, such Administrative Claim shall be deemed Allowed in the amount requested. If the Debtor, the Liquidating Trustee or another party in interest objects to a request for payment of an Administrative Claim, the Bankruptcy Court shall determine the Allowed amount of such Administrative Claim.

b. Professional Fees

Notwithstanding any other provision of this Plan concerning Administrative Claims, any Professional seeking an award by the Bankruptcy Court of an Allowed Administrative Claim on account of Professional Fees incurred from the Petition Date through and including the Effective Date (i) shall, no later than forty-five (45) days after the Effective Date, File a final application for allowance of compensation for services rendered and reimbursement of expenses incurred through and including the Effective Date and (ii) shall receive, as soon as reasonably practicable after such claim is Allowed, in full settlement, satisfaction and release of, and in exchange for, such Allowed Administrative Claim, Cash in an amount equal to the unpaid amount of such Allowed Administrative Claim in accordance with the Order relating to or allowing any such Administrative Claim. It is estimated that the total Allowed Professional Fees through the Effective Date will be approximately $590,000, exclusive of Professional Fees incurred in connection with the Kinsley Cause of Action.

Any Professional providing services on behalf of the Estate or for the benefit of the Liquidating Trust after the Effective Date may submit invoices to the Liquidating Trustee for compensation for services rendered and reimbursement of expenses provided after the Effective Date. The Liquidating Trustee may pay such Professionals, without further application or Order of the Bankruptcy Court, Cash in an amount equal to the unpaid amount of such post-Effective Date invoices to the extent the Liquidating Trustee agrees that the services thus provided were for the benefit of the Estate and that the amounts requested in such invoices are reasonable. In the event the Liquidating Trustee disagrees with any such post-Effective Date request for payment by a Professional, and the Trustee and the requesting Professional are unable to resolve such dispute consensually, the invoice shall be submitted to the Bankruptcy Court for a final determination as to its Allowance.

Allowed Professional Fees shall be paid from the Professional Fee Carve-Outs, and, in the event the Professional Fee Carve-Outs are insufficient to pay all Allowed Professional Fees, any unpaid amounts may be paid from the Administrative Claims Reserve, as described in Article IV(A) of the Plan.

c. Priority Tax Claims

On, or as soon as reasonably practicable after (i) the Initial Distribution Date, if such Priority Tax Claim is an Allowed Priority Tax Claim as of the Effective Date or (ii) the date on which such Priority Tax Claim becomes an Allowed Priority Tax Claim, each Holder of an Allowed Priority Tax Claim against the Debtor shall receive, (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim, or (2) Cash in an amount agreed to by such Holder and agreed to and paid by the Debtor, provided that such parties may further agree for the payment of such Allowed Priority Tax Claim to occur at a later date without any further notice to or action, order, or approval of the Bankruptcy Court.

The Debtor believes that there are no Priority Tax Claims in this Case, and therefore that no money will be distributed on account of such Claims.

3. Summary of Classes

Pursuant to the Plan, Holders of Claims in Class 1 (Priority Non-Tax Claims), Class 3

(NMHG/GE) and Class 4 (Ally) are unimpaired, and therefore, the Holders of such Claims are "conclusively presumed" to have voted to accept the Plan.

Pursuant to the Plan, Holders of Claims in Class 2 (M&T Bank) and Class 5 (General Unsecured Claims) are impaired and entitled to vote to accept or reject the Plan.

Pursuant to the Plan, Holders of Equity Interests in Class 6 are receiving no distributions under the Plan. A class is deemed to reject a plan under section 1126(g) of the Bankruptcy Code if the holders of claims or interests in such class do not receive or retain property under the plan on account of their claims or equity interests. Holders of Equity Interests in Class 4 are not entitled to vote on the Plan and are deemed to have rejected the Plan.

4. Classification Under the Plan

Class 1 – Priority Non-Tax Claims

(a) Classification: Class 1 consists of Priority Non-Tax Claims.

(b) Treatment: On or as soon as practicable after the Effective Date, to the extent not already paid, each Holder of an Allowed Priority Non-Tax Claim shall receive, in full and final satisfaction of such Claim, one of the following treatments, in the sole discretion of the Debtor or the Liquidating Trustee, as the case may be: (a) full payment in Cash of its Allowed Priority Non-Tax Claim or (b) treatment of its Allowed Priority Non-Tax Claim in a manner that leaves such Claim Unimpaired. It is anticipated that the total Allowed Priority Non-Tax Claims will be $0, as more fully described below.

Three Priority Non-Tax Claims were filed as follows: Claim No. 16 of Emerald Staffing, d/b/a Express Employment; Claim No. 129 of Eagle Eye Products Inc.; and Claim No. 154 of Classic Staffing, Inc. Claim Nos. 16 and 154 appear to improperly request priority treatment, upon application of section 507(d) of the Bankruptcy Code. Claim No. 129 does not specify a basis for priority treatment, and none is readily apparent on the face of the claim. The Debtor intends to file objections to each of these claims, and will request that each be re-classified as General Unsecured Claims

(c) Voting: Class 1 is Unimpaired and Holders of Priority Non-Tax Claims are conclusively deemed to have accepted the Plan.

Class 2 – Secured Claim of M&T Bank

(a) Classification: Class 2 consists of the Secured Claim of M&T Bank.

(b) Treatment: On or after the Confirmation Date, M&T Bank shall be given, without further Order of the Bankruptcy Court, relief from the automatic stay to take possession of and liquidate its collateral, including any collateral which has been transferred to the Liquidating Trust, other than with respect to collateral subject to a non-terminated letter of intent or asset purchase agreement relating to one or more Ottsville Sales. Further, except to the extent that M&T Bank agrees to a different, less favorable treatment, M&T Bank shall receive, in full and final satisfaction of its Allowed Secured Claim:

On or as soon as is practicable after the Effective Date, as Direct Plan Payments:

(i) The Net Ottsville Proceeds;

(ii) The Net Effective Date Cash; and

Concurrently with Distributions by the Liquidating Trustee:

(iii) 95 % of the Net A/R Proceeds.

(c) Payment of the above amounts shall be deemed to fully satisfy M&T Bank's Allowed Secured Claims.

(d) Voting: Class 2 is Impaired and the Holder of the Class 2 Claim is entitled to vote to accept or reject the Plan.

Class 3 – Secured Claims of NMHG/GE

(a) Classification: Class 3 consists of the Allowed Secured Claims of NMHG/GE.

(b) Treatment: Four Claims were filed by NMHG/GE in the Bankruptcy Case, docketed on the Debtor's claims register as Claim Nos. 86, 87, 88 and 89. Claim 87 relates to an operating lease which was assumed and assigned to Oldcastle pursuant to the Easton Sale Order. Claim 88 relates to a capital lease that was paid in full upon closing pursuant to the Easton Sale Order. Accordingly, Claim Nos. 87 and 88 were fully satisfied prior to the Confirmation Date. Claim No. 86 is an Allowed Secured Claim in the amount of $23,222.92, minus all principal payments made in the ordinary course of business after the filing of Proof of Claim No. 86, secured by a vehicle. Claim No. 89 is an Allowed Secured Claim in the amount of $49,303.87, and is secured by equipment. In full and final satisfaction of its Allowed Secured Claims, NMHG/GE shall receive the following treatment:

On or as soon as is practicable after the later of the Effective Date or the date on which the collateral securing Claim No. 86 is sold, as Direct Plan Payments:

(i) Payment of $23,222.92, minus all principal payments made in the ordinary course of business after the filing of Proof of Claim No. 86 in full satisfaction of Claim No. 86;

(ii) The Debtor shall be deemed to have abandoned and permit repossession of the collateral securing Claim No. 89, in full satisfaction thereof.

(c) Voting: Class 3 is Unimpaired and NMHG/GE is conclusively deemed to have accepted the Plan.

Class 4 – Secured Claim of Ally

(a) Classification: Class 4 consists of the Secured Claim of Ally.

(b) Treatment: Prior to the Confirmation Date, the Debtor obtained approval of the Bankruptcy Court to abandon the collateral securing Ally's claim, and Ally's Allowed Secured Claim is fully preserved by Ally's retention of all rights with respect to such collateral.

(c) Voting: Class 4 is Unimpaired and Ally is conclusively deemed to have accepted the Plan.

Class 5 – General Unsecured Claims

(a) Classification: Class 5 consists of General Unsecured Claims.

(b) Treatment: Each Holder of an Allowed General Unsecured Claim shall receive, in full and final satisfaction of such Claim, its Pro Rata Share of the Liquidating Trust Interests.

(c) Payment of the above amounts shall be deemed to fully satisfy General Unsecured Creditors with respect to all claims against the Debtor.

(d) Voting: Class 5 is Impaired, and Holders of General Unsecured Claims are entitled to vote to accept or reject the Plan.

Class 6 – Equity Interests

(a) Classification: Class 6 consists of Equity Interests.

(b) Treatment: Holders of Equity Interests shall neither receive nor retain any property under the Plan. All Equity Interests shall be cancelled and of no further force or effect and all Claims filed on account of Equity Interests shall be deemed disallowed by operation of the Plan.

(c) Voting: Class 6 is Impaired and Holders of Equity Interests are deemed not to have accepted the Plan.

D. Means for Implementation of the Plan

1. Funding of the Plan and the Liquidating Trust

Payments will be made to Creditors, either by the Debtor, as Direct Plan Payments, or by the Liquidating Trustee from Liquidating Trust Assets:

Direct Plan Payments

The following assets shall be deemed Direct Plan Payments, and shall be distributed directly by the Debtor, and shall not constitute Liquidating Trust Assets other than as specifically set forth herein.

1. Net Ottsville Proceeds: Pursuant to Section 1123(b)(4) of the Bankruptcy Code, the Debtor may enter into agreements for one or more Ottsville Sales, which, with the consent of the S. Blanche Wehrung Trust, may include the Ottsville Real Property. The Debtor shall be afforded sixty (60) days from the Confirmation Date to obtain an executed letter of intent from an interested purchaser or purchasers on terms consented to in writing by M&T Bank. The Debtor shall further be afforded one hundred twenty (120) days from the Confirmation Date to close on any or all such sales contemplated hereunder.

All property sold pursuant to an Ottsville Sale or Ottsville Sales shall be conveyed free and clear of liens, claims and encumbrances. 100% of the proceeds attributable to the Ottsville Real Property shall be paid at closing (net of standard closing costs), to M&T Bank. The Net Ottsville Proceeds shall be paid to M&T Bank at the closing of the Ottsville Sale.

In the event that any of the Ottsville Business Assets are not subject to a Letter of Intent within sixty (60) days of the Confirmation Date, or the sale for which has not closed within one hundred twenty (120) days of the Confirmation date, then such Ottsville Business Assets shall, unless such deadline is extended by the Debtor with the agreement of the Committee and M&T Bank, be deemed Liquidating Trust Assets and transferred as soon as is practicable after such time to the Liquidating Trust.

As of the date of filing this Disclosure Statement, the Debtor has received and agreed to a Letter of Intent which would provide for the sale of substantially all of the Debtor's remaining physical assets, including machinery, equipment, fixtures and other real estate improvements, and vehicles. The Debtor is negotiating the terms of an asset purchase agreement with regard to this Letter of Intent, and expects such an agreement to be executed shortly and for closing on such a sale to occur on or shortly after the Effective Date. Notice of this proposed sale will be filed on the docket in the Debtor's Bankruptcy Case, and the Debtor expects to seek specific approval of such sale in the Confirmation Order.

Further, the Debtor expects to have inventory on-hand on the Effective Date, as it expects to continue operating its business until the Effective Date, and may operate following the Effective Date. The Debtor intends to sell such remaining inventory, along with any raw materials related thereto, to the Home Center, with such sale to close on or shortly after the Effective Date. Notice of this proposed sale to the Home Center will be filed on the docket in the Debtor's Bankruptcy Case, and the Debtor expects to seek specific approval of such sale in the Confirmation Order.

2. Net Effective Date Cash: On or as soon as practicable after the Effective Date, Cash from the following sources shall be disbursed to M&T Bank:

(A) 100% of the amounts in the Debtor's operating and payroll checking accounts on the Effective Date, less $15,000 which shall be used to fund the Administrative Claims Reserve (as defined below), and less amounts equal to all checks issued by the Debtor but not cashed or cleared as of the Effective Date. Any such checks that have not cleared as of the date that is ninety (90) days after the Effective Date shall be deemed void and the remaining amounts in such accounts shall be disbursed to M&T Bank.

(B) 100% of the remaining amounts in the 503(b)(9) Account after payment in full of all Allowed 503(b)(9) Claims and the Second General Unsecured Creditor Carve-Out.

(C) 100% of the remaining amounts in the Priority Claim Account after payment in full of all Allowed Priority Non-Tax Claims.

3. Loew Life Insurance Policy: On or as soon as practicable after the Confirmation Date, the Debtor shall cause ownership of the Loew Life Insurance Policy to be transferred to the Home Center. The Loew Life Insurance Policy shall remain for the benefit of James P. Loew, and subject to the liens of M&T Bank. Upon such transfer, the Debtor shall have no further obligations for premium payments on the Loew Life Insurance Policy, and shall release any and all interest in the Loew Life Insurance Policy upon the effectiveness of such transfer.

Liquidating Trust Assets

The following assets shall constitute Liquidating Trust Assets. On the Effective Date, the Liquidating Trust Assets shall be turned over to, and thereafter shall be administered by, the Liquidating Trustee.

1. First General Unsecured Creditor Carve-Out: The First General Unsecured Creditor Carve-Out shall be distributed by the Liquidating Trustee solely to Holders of Allowed General Unsecured Claims, and M&T Bank shall not participate in such distribution.

2. Second General Unsecured Creditor Carve-Out: The Second General Unsecured Creditor Carve-Out shall be distributed by the Liquidating Trustee solely to Holders of Allowed General Unsecured Claims, and M&T Bank shall not participate in such distribution.

3. Third General Unsecured Creditor Carve-Out: The Third General Unsecured Creditor Carve-Out shall be distributed by the Liquidating Trustee solely to Holders of Allowed General Unsecured Claims, and M&T Bank shall not participate in such distribution.

4. Post-Effective Date A/R: 100% of the outstanding accounts receivable of the Debtor not otherwise collected or otherwise addressed or settled by order of the Bankruptcy Court as of the Effective Date. The Liquidating Trustee shall liquidate such accounts receivable. The Net A/R Proceeds shall be distributed by the Liquidating Trustee, by paying 95% of such proceeds to M&T Bank, and 5% of such proceeds, pro rata, to Holders of Allowed General Unsecured Claims.

5. Professional Fee Carve-Outs: 100% of the funds remaining in accounts set aside for Professional Fee Carve-Outs shall be transferred to the Liquidating Trustee and shall be paid to Professionals in accordance with the Interim Compensation Order and any further orders of the Bankruptcy Court with respect to allowance of professional fees. Upon certification that all Professionals have been paid in full for all amounts approved via final fee applications, the remaining amounts in these accounts shall transferred to the Administrative Claim Reserve.

6. Administrative Claim Reserve: The Liquidating Trustee shall create at M&T Bank a separate account for maintenance of the Administrative Claim Reserve, which shall be funded, in part, from the Debtor's Cash on the Effective Date, as set forth above, as well as any excess from the Professional Fee Carve-Outs after payment of all final fee applications. Once funded, the Administrative Claim Reserve shall be used to pay administrative expenses of the Liquidating Trust and Allowed Administrative Claims not already paid as of the Effective Date, other than Professional Fees incurred prior to the Effective Date. After payment of all Allowed Administrative Claims, other than Professional Fees incurred prior to the Effective Date, any remaining amounts in the Administrative Claim Reserve may be used to pay any Allowed Professional Fees incurred prior to the Effective Date, to the extent the amounts reserved through the Professional Fee Carve-Outs are insufficient. Any remainder after payment of all Allowed Administrative Claims, Allowed Professional Fees, and administrative expenses of the Liquidating Trust shall be paid to M&T Bank.

7. Proceeds of Causes of Action: 100% of the proceeds of all Causes of Action, other than the Kinsley Cause of Action and Ordinary Course Collection Actions, minus reasonable costs and expenses incurred to liquidate such Causes of Action, (and except to the extent the Bankruptcy Court has entered an Order with respect to a particular Cause of Action which directs otherwise). Proceeds of Causes of Action shall be first used to pay any administrative expenses of the Liquidating Trust, and any remainder after payment of all such administrative expenses of the

Liquidating Trust incurred for the collection of Trust Assets or litigation shall be paid, pro rata, to unpaid pre-confirmation administrative expenses then to General Unsecured Creditors.

8. Proceeds of Ordinary Course Collection Actions: 100% of the proceeds of all Ordinary Course Collection Actions, net of payment to the Grim Firm of applicable contingency fees as approved in the Grim Employment Order.

9. Proceeds of Kinsley Cause of Action: 100% of the proceeds of the Kinsley Cause of Action, if any, after payment of, as defined in the Kinsley 9019 Motion, Professional Fees and the Net Oldcastle Proceeds.

2. Vesting of Assets and Dissolution

On the Effective Date, the Liquidating Trust Assets shall vest in the Liquidating Trust free and clear of all Claims, Equity Interests, liens, charges or other encumbrances, except as set forth in this Plan. After one hundred eighty (180) days after the Effective Date, or such other date as may be ordered by the Bankruptcy Court or agreed to between the Debtor and the Liquidating Trustee, the Liquidating Trustee is authorized, without the need for any further action or formality which might otherwise be required under applicable non-bankruptcy laws, to dissolve the Liquidating Debtor or to merge the Liquidating Debtor into the Liquidating Trust.

After one hundred eighty (180) days after the Effective Date, or such other date as may be ordered by the Bankruptcy Court or agreed to between the Debtor and the Liquidating Trustee, or as soon as practicable thereafter, and without the need for any further order of the Bankruptcy Court, action or formality which might otherwise be required under applicable non-bankruptcy laws, the Debtor may be (a) dissolved without the need for any filings with the Secretary of State or other governmental official in the Debtor's respective state of incorporation, (b) merged into or with the Liquidating Debtor or the Liquidating Trust, or (c) sold.

On the Effective Date or as soon as practicable thereafter, the Liquidating Debtor or the Liquidating Trustee, as applicable, shall consummate, pursuant to section 1123(a)(5)(D) of the Bankruptcy Code, those transactions and sales of property, if any, approved under the Plan.

On the Effective Date, any provision in any operating agreements, partnership agreements, limited liability company agreements or any other organizational document (as the same may be amended or restated from time to time) of the Debtor requiring dissolution, liquidation, or withdrawal of a member upon insolvency, bankruptcy or the filing of Bankruptcy Cases:

(a) is deemed waived and of no further force and effect and

(b) any action taken to prevent or revoke such potential dissolution or liquidation by the Debtor or Liquidating Debtor or potential withdrawal of any such Debtor or Liquidating Debtor from the applicable limited liability company or partnership is ratified and deemed effective to prevent such dissolution or liquidation and each such Debtor or Liquidating Debtor shall continue its existence regardless of any such provision.

3. Reservation of Rights Regarding Causes of Action

The Debtor and, after the Effective Date, the Liquidating Trustee, on behalf of the Liquidating Trust, reserve the rights to pursue any and all Causes of Action, and the Debtor

hereby reserves the rights of the Liquidating Trust and the Liquidating Trustee, and, as applicable the Grim Firm with respect to Ordinary Course Collection Actions, on behalf of the Liquidating Trust, to pursue, administer, settle, litigate, enforce and liquidate consistent with the terms and conditions of the Plan and the Liquidating Trust Agreement such Causes of Action. The Liquidating Trustee shall, pursuant to Section 1123 of the Bankruptcy Code and all applicable law, have the requisite standing to prosecute, pursue, administer, settle, litigate, enforce and liquidate any and all Causes of Action. After the Effective Date, the Liquidating Trustee, in his sole discretion, may designate Causes of Action as Ordinary Course Collection Actions and may refer such actions to the Grim Firm pursuant to the terms of the Grim Employment Order.

Unless Causes of Action against a Person or Entity are expressly waived, relinquished, released, compromised or settled in the Plan, or any Final Order, the Debtor (before the Effective Date) and the Liquidating Trustee, on behalf of the Liquidating Trust (after the Effective Date), expressly reserve all Causes of Action for later adjudication and therefore, no preclusion doctrine or other rule of law, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or *laches*, shall apply to such Causes of Action upon, after, or as a result of the confirmation or Effective Date of the Plan, or the Confirmation Order. In addition, the Debtor and the Liquidating Trustee, on behalf of the Liquidating Trust and any successors in interest thereto, expressly reserve the right to pursue or adopt any Causes of Action not so waived, relinquished, released, compromised or settled that are alleged in any lawsuit in which the Debtor is a defendant or an interested party, against any Person or Entity, including, without limitation, the plaintiffs and co-defendants in such lawsuits.

4. The Liquidating Trust

a. Establishment and Administration of Liquidating Trust

On the Effective Date, the Liquidating Trust shall be established pursuant to the Liquidating Trust Agreement for the purpose of, among other things, (A) investigating and, if appropriate, pursuing Trust Claims and Causes of Action, other than the Kinsley Cause of Action, (B) administering and pursuing the Liquidating Trust Assets, (C) resolving all Disputed Claims and (D) making all Distributions from the Liquidating Trust as provided for in the Plan and the Liquidating Trust Agreement.

Upon execution of the Liquidating Trust Agreement, the Liquidating Trustee shall be authorized to take all steps necessary to complete the formation of the Liquidating Trust; provided, that, prior to the Confirmation Date, the Debtor, the Committee or the Liquidating Trustee, as applicable, may act as organizers of the Liquidating Trust and take such steps in furtherance thereof as may be necessary, useful or appropriate under applicable law to ensure that the Liquidating Trust shall be formed and in existence as of the Confirmation Date. The Liquidating Trust shall be administered by the Liquidating Trustee in accordance with the Liquidating Trust Agreement. From and after the Effective Date, the Liquidating Trustee shall be vested with the powers of the sole officer and director of the Liquidating Debtor. The Liquidating Trust shall have authority to incur indebtedness in furtherance of its objectives.

It is intended that the Liquidating Trust be classified for federal income tax purposes as a "liquidating trust" within the meaning of Treasury Regulations Section 301.7701-4(d) and as a "grantor trust" within the meaning of Sections 671 through 679 of the Internal Revenue Code**.** In furtherance of this objective, the Liquidating Trustee shall, in its business judgment, make continuing best efforts to minimize the duration of the Liquidating Trust. All assets held

by the Liquidating Trust on the Effective Date shall be deemed for federal income tax purposes to have been distributed by the Debtor on a Pro Rata Share basis to Holders of Allowed General Unsecured Claims and then contributed by such Holders to the Liquidating Trust in exchange for the Liquidating Trust Interests. All Holders have agreed to use the valuation of the assets transferred to the Liquidating Trust as established by the Liquidating Trustee for all federal income tax purposes. The beneficiaries will be treated as the deemed owners of the Liquidating Trust. The Liquidating Trust will be responsible for filing information on behalf of the Liquidating Trust as grantor trust pursuant to Treasury Regulation Section 1.671-4(a).

b. Assets of the Liquidating Trust

On the Effective Date, or as soon as reasonably practicable thereafter, the Debtor will transfer and assign to the Liquidating Trust the Liquidating Trust Assets, which shall be deemed vested in the Liquidating Trust. On and after the Effective Date, the Liquidating Trustee shall have discretion with respect to the timing of distributions of Liquidating Trust Assets.

c. Rights and Powers of the Liquidating Trust and the Liquidating Trustee

The Liquidating Trustee shall be deemed the Estate's representative in accordance with section 1123 of the Bankruptcy Code and shall have all the rights and powers set forth in the Liquidating Trust Agreement, including, without limitation, the powers of a trustee under sections 704 and 1106 of the Bankruptcy Code and Rule 2004 of the Bankruptcy Rules (including without limitation, the right to (i) effect all actions and execute all agreements, instruments and other documents necessary to implement the provisions of the Plan and the Liquidating Trust Agreement; (ii) prosecute, settle, abandon or compromise any Trust Claims or Causes of Action, other than the Kinsley Cause of Action; (iii) make Distributions contemplated by the Plan and the Liquidating Trust Agreement, (iv) establish and administer any necessary reserves for Disputed Claims that may be required; (v) object to Disputed Claims and prosecute, settle, compromise, withdraw or resolve in any manner approved by the Bankruptcy Court such objections; (vi) employ and compensate professionals (including professionals previously retained by the Debtor and/or the Committee) , provided, however, that any such compensation shall be made only out of the Liquidating Trust Assets; and (vii) file all federal, state and local tax returns if necessary.

The Liquidating Trust shall assume any outstanding responsibility of the Debtor under the Plan.

The Liquidating Trustee has full authority to take any steps necessary to administer the Liquidating Trust Agreement, including without limitation, the duty and obligation to liquidate Liquidating Trust Assets, to make Distributions therefrom in accordance with the provisions of this Plan and to pursue, settle or abandon any Trust Claims all in accordance with the Liquidating Trust Agreement.

On the Effective Date, all of the Debtor's evidentiary privileges, including the attorney/client privilege, shall vest in the Liquidating Trust, solely as they relate to Trust Claims. Upon such transfer, the Debtor and its Estate shall have no other further rights or obligations with respect thereto. Privileged communications may be shared among the Liquidating Trustee and the Liquidating Trust Committee without compromising the privileged nature of such communications, in accordance with the "joint interest" doctrine to the extent provided for in a Joint Interest Agreement to be filed with the Bankruptcy Court.

d. Liquidating Trust Interests

i. On the Effective Date, each Holder of an Allowed General Unsecured Claim shall, by operation of the Plan, receive its Pro Rata Share of the Liquidating Trust Interests. Liquidating Trust Interests shall be reserved for Holders of disputed General Unsecured Claims and issued by the Liquidating Trust to, and held by the Liquidating Trustee in a resesrve for disputed Claims pending allowance or disallowance of such Claims. No other entity shall have any interest, legal, beneficial, or otherwise, in the Liquidating Trust, its assets or causes of action upon their assignment and Transfer to the Liquidating Trust.

ii. The Liquidating Trust Interests shall be uncertificated and shall be non-transferable except upon death of the Holder or by operation of law. Holders of Liquidating Trust Interests, in such capacity, shall have no voting rights with respect to such interests. The Liquidating Trust shall have a term of five (5) years from the Effective Date, without prejudice to the rights of the Liquidating Trust Committee to extend such term conditioned upon the Liquidating Trust not becoming subject to the Securities Exchange Act of 1934 (as now in effect or hereafter amended).

e. Appointment of a Liquidating Trustee and the Liquidating Trust Committee

The Liquidating Trustee shall be designated by the Committee, in consultation with the Debtor. The Committee shall file a notice on a date that is not less than ten (10) days prior to the hearing to consider confirmation of the Plan designating the Person who it has selected as Liquidating Trustee. The Person designated as Liquidating Trustee shall file an affidavit demonstrating that such Person is disinterested as defined by section 101(14) of the Bankruptcy Code. The Liquidating Trustee shall have and perform all of the duties, responsibilities, rights and obligations set forth in the Liquidating Trust Agreement.

On or prior to the Confirmation Date, the Committee, in consultation with the Debtor, shall appoint a three (3) member Liquidating Trust Committee. Each member of the Liquidating Trust Committee will be entitled to vote on all matters in accordance with the Liquidating Trust Agreement. Members of the Liquidating Trust Committee will serve without compensation, but will be entitled to reimbursement of reasonable expenses. Members of the Liquidating Trust Committee can be members of the Committee.

The Liquidating Trustee shall serve at the direction of the Liquidating Trust Committee as set forth in the Liquidation Trust Agreement, provided, however, the Liquidating Trust Committee may not direct the Liquidating Trustee or the members of the Liquidating Trust Committee to act in a manner inconsistent with their duties under the Liquidating Trust Agreement and the Plan. The Liquidating Trust Committee may terminate the Liquidating Trustee at any time in accordance with the provisions of the Liquidating Trust Agreement or upon the determination of the Bankruptcy Court on a motion for cause shown.

The Liquidating Trustee, the members of the Liquidating Trust Committee and their professionals shall be exculpated and indemnified pursuant to and in accordance with the terms of the Liquidating Trust Agreement.

f. Liquidating Trust Distributions

Initial Distributions

On the Initial Distribution Date, the Liquidating Trustee shall make Distributions

required to be made under the Plan to Holders of Allowed General Unsecured Claims, and shall make adequate reserves for any disputed Claims.

Interim Distributions

The Liquidating Trustee shall make interim Distributions of Cash (A) to Holders of the Liquidating Trust Interests at least once each calendar year, but solely in accordance with the Liquidating Trust Agreement.

Final Distributions

The Liquidating Trust shall be dissolved and its affairs wound up and the Liquidating Trustee shall make the Final Distributions, upon the earlier of (A) the date which is five (5) years after the Effective Date, and (B) that date when, (I) in the reasonable judgment of the Liquidating Trustee, substantially all of the assets of the Liquidating Trust have been liquidated and there are no substantial potential sources of additional assets for Distribution, and (II) there remain no substantial Disputed Claims. Notwithstanding the foregoing, on or prior to a date not less than six (6) months prior to such termination, the Bankruptcy Court, upon motion by a party in interest, may extend the term of the Liquidating Trust for one or more finite terms based upon the particular facts and circumstances at that time, if an extension is necessary to the liquidating purpose of the Liquidating Trust. The date on which the Final Distributions are made is referred to as the "Trust Termination Date". On the Trust Termination Date, the Liquidating Trustee shall

A. distribute all remaining Cash to the Holders of Liquidating Trust Interests in accordance with the Plan and Liquidating Trust Agreement; and

B. promptly thereafter, request that the Bankruptcy Court enter an order closing the Bankruptcy Case (unless this has already been done).

After Final Distributions have been made in accordance with the terms of the Plan and the Liquidating Trust Agreement, if the amount of remaining cash is of such value that the Liquidating Trustee, after consultation with the Liquidating Trust Committee, determines that it is not commercially reasonable to make further distributions, then the Liquidating Trustee, in the exercise of his reasonable business judgment, may donate such remaining amount to the Philadelphia Consumer Bankruptcy Assistance Project (CBAP)[3]. For any Holder of a Liquidating Trust Interest, no payment will be issued on the Final Distribution if such payment would be less than $10.00.

g. Reporting Requirement of Liquidating Trust

The Liquidating Trust's formation documents will require that bi-annual financial statements or similar reports of the Liquidating Trust be filed with the Bankruptcy Court and made available to any Holder of Liquidating Trust Interests that so requests.

5. Cancellation of Existing Agreements and Existing Common Stock

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, stock, instruments, certificates, and other documents evidencing any Claims or Equity Interests shall be canceled, shall be of no further force, whether surrendered for cancellation or otherwise, and the obligations of the Debtor thereunder or in any way related thereto shall be discharged.

[3] The Proponent further discloses that Barry Kleban, one of the attorneys for the Debtor, is an unpaid board member of CBAP and its President-elect. CBAP is a not-for-profit organization which provides chapter 7 bankruptcy services for residents of Philadelphia who are too poor to afford their own bankruptcy lawyer. CBAP has been designated the recipient of leftover funds from other bankruptcy and class-action cases in the Eastern and Middle Districts of Pennsylvania.

6. Exemption from Certain Fees and Taxes

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant to the Plan shall not be subject to any document recording tax, stamp tax, conveyance fee, intangibles or similar tax, mortgage tax, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment.

E. Procedures for Resolving Disputed Unsecured Claims

1. Prosecution of Objections to Unsecured Claims on and After the Effective Date

On and after the Effective Date, objections to, and requests for estimation of any Claims may be interposed and prosecuted only by the Liquidating Trust. Such objections and requests for estimation shall be served on the respective claimant and filed with the Bankruptcy Court on or before the later of (a) one hundred twenty (120) days after the Effective Date and (b) such other date as may be fixed by the Bankruptcy Court upon a motion filed by the Liquidating Trust. On the Effective Date, all outstanding objections to, and requests for estimation of Claims will vest in the Liquidating Trust.

F. Treatment of Executory Contracts and Unexpired Leases

1. Rejection of Executory Contracts and Unexpired Leases

Any executory contract or unexpired lease which has not expired by its own terms on or prior to the Effective Date, which has not been assumed, assumed and assigned, or rejected with the approval of the Bankruptcy Court, or which the Debtor has obtained the authority to reject but have not rejected as of the Effective Date, or which is not the subject of a motion to assume the same pending as of the Effective Date, shall be deemed rejected by the Debtor on the Confirmation Date, and the entry of the Confirmation Order by the Bankruptcy Court shall constitute approval of such rejection pursuant to sections 365(e) and 1123(b)(2) of the Bankruptcy Code. For avoidance of doubt, any executory contract or unexpired lease being assumed and assigned in connection with the Ottsville Sale shall not be deemed rejected.

2. Rejection Damages Claims

Proofs of all Claims arising out of the rejection of an executory contract or an unexpired lease pursuant to the Plan shall be filed with the Bankruptcy Court and served upon the Liquidating Trust not later than thirty (30) days after the date on which notice of the occurrence of the Confirmation Date has been served. Any such Claims covered by the preceding sentence not filed within such time shall be forever barred from assertion against the Debtor, its Estate, the Liquidating Trust, and their respective properties and interests.

G. Condition Precedent to Confirmation

The Plan shall not be confirmed, and the Confirmation Date shall not be deemed to occur, unless and until the Confirmation Order, in form and substance satisfactory to the Proponent and M&T Bank, has been entered on the docket maintained by the Clerk of the Bankruptcy Court.

1. Conditions Precedent to the Effective Date

The Effective Date shall not occur and the Plan shall not become effective unless and until the following conditions have been satisfied in full:

(A) the Confirmation Order, in form and substance satisfactory to the Proponent and M&T Bank, shall be entered by the Bankruptcy Court, shall become a Final Order, shall be in full force and effect and shall not be subject to a stay or an injunction which would prohibit the transactions under the Plan;

(B) the Confirmation Order shall, among other things, provide that all transfers of property by the Debtor (a) to the Liquidating Trust (i) are or shall be legal, valid, and effective transfers of property, (ii) vest or shall vest the Liquidating Trust with good title to such property free and clear of all liens, charges, claims, encumbrances or interests, except as expressly provided in the Plan or Confirmation Order, (iii) do not and shall not constitute voidable transfers under the Bankruptcy Code or under applicable non-bankruptcy law, (iv) shall be exempt from any transfer, sales, stamp or other similar tax (which exemption shall also apply to the transfers by the Liquidating Trust) and (v) do not and shall not subject the Liquidating Trustee or Holders of Claims to any liability by reason of such transfer under the Bankruptcy Code or under applicable non-bankruptcy law, including, without limitation, any laws affecting successor or transferee liability and (b) to Holders of Claims under the Plan are for good consideration and value;

(C) the final version of the Plan and all of the documents and exhibits contained therein shall have been Filed and in a form and substance satisfactory to the Proponent;

(D) all actions and transfers and all agreements, instruments, or other documents necessary to implement the terms and provisions of the Plan, including all transfers to the Liquidating Trust, shall have been effected or executed and delivered, as applicable, in form and substance satisfactory to the Proponent; and

(E) all authorizations, consents, and regulatory approvals, if any, required by the Proponent in connection with the consummation of the Plan shall have been obtained and not revoked; and

H. Waiver of Conditions

Any of the conditions to Confirmation of the Plan and/or to the Effective Date set forth in Articles VIII.A. and VIII.B. of the Plan, other than entry of the Confirmation Order in form and substance satisfactory to the Proponent, may be waived with the express written consent of the Proponent without leave or order of the Bankruptcy Court, and without any formal action.

I. Satisfaction of Conditions

Any actions required to be taken on the Effective Date shall take place and shall be deemed to have occurred simultaneously, and no such action shall be deemed to have occurred prior to the taking of any other such action. If the Proponent determines that one of the conditions precedent set forth in Articles VIII.A. and VIII.B. of the Plan cannot be satisfied and the occurrence of such condition is not waived or cannot be waived, then the Proponent shall file a notice of the failure of the Effective Date with the Bankruptcy Court.

J. Effect of Nonoccurrence of Conditions

If each of the conditions to occurrence of the Effective Date set forth in Article VIII.B. of the Plan has not been satisfied or duly waived on or before the first Business Day that is 180

days after the Confirmation Date, or such later date as shall be determined by the Proponent, the Confirmation Order may be vacated by the Bankruptcy Court. If the Confirmation Order is so vacated, the Plan shall be null and void in all respects, and nothing contained in the Plan shall constitute a waiver or release of any Claims or Equity Interests against the Debtor or release of any claims or interests by the Debtor or the Estate.

K. Settlement, Release, Injunction and Related Provisions

1. Compromise and Settlement of Claims, Equity Interests and Controversies

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019 and in consideration for the classification, distributions, releases, and other benefits provided pursuant to the Plan, on the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Equity Interests, and controversies resolved pursuant to the Plan or relating to the contractual, legal, and subordination rights that a Holder of a Claim or Equity Interest may have with respect to any Claim or Equity Interest, or any distribution to be made on account of such Claim or Equity Interest. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Equity Interests, and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtor, its Estate, and Holders of Claims and Equity Interests and is fair, equitable, and reasonable. In accordance with the provisions of the Plan, pursuant to Bankruptcy Rule 9019, without any further notice to or action, order, or approval of the Bankruptcy Court, after the Effective Date, the Liquidating Trustee may compromise and settle Claims against the Debtor and its Estate and Trust Claims against other Entities.

2. Preservation of Causes of Action

In accordance with section 1123(b) of the Bankruptcy Code, and except where such Causes of Action have been expressly released, the Liquidating Trustee shall retain and may enforce all rights to commence and pursue, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date and the Liquidating Trustee's rights to commence, prosecute, or settle such Causes of Action shall be preserved notwithstanding the occurrence of the Effective Date. The Liquidating Trustee may pursue such Causes of Action, as appropriate, in accordance with the best interests of the Liquidating Trust beneficiaries. No Entity 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 Debtor or the Liquidating Trustee, as applicable, will not pursue any and all available Causes of Action against them. Except with respect to Causes of Action as to which the Debtor has released any Entity on or prior to the Effective Date, the Debtor or the Liquidating Trustee, as applicable, expressly reserve all rights to prosecute any and all Causes of Action against any Entity, except as otherwise expressly provided in the Plan. Unless any Causes of Action against an Entity are expressly waived, relinquished, exculpated, released, compromised, or settled in the Plan or a Bankruptcy Court order, the Liquidating Trustee expressly reserves all Causes of Action, for later adjudication, and, therefore, no preclusion doctrine, including the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, estoppels (judicial, equitable or otherwise), or laches, shall apply to such Causes of Action upon, after, or as a consequence of the Confirmation or Consummation. Notwithstanding the foregoing, the Kinsley Cause of Action shall not be pursued by the Liquidating Trustee, and shall remain with and be pursued by the Debtor, as set forth in the Kinsley 9019 Motion.

3. Indemnification Obligations

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

4. Releases

a. Releases by the Debtor

For good and valuable consideration, the adequacy of which is hereby confirmed, upon the Effective Date, the Debtor, its Estate and the Liquidating Trust will be deemed to forever release, waive, and discharge all claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, and liabilities whether direct or derivative, liquidated or unliquidated, fixed or contingent, matured or unmatured, disputed or undisputed, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity, or otherwise that are based in whole or in part on any act, omission, transaction, event, or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Bankruptcy Case, the Plan, or the Disclosure Statement, that could have been asserted at any time, past, present, or future, by or on behalf of the Debtor, or its Estate, against (i) each director, officer or employee employed by or serving the Debtor on and after the Petition Date, in its capacity as such, (ii) financial advisor, restructuring advisor, or attorney of the Debtor, in its capacity as such, employed by or serving on and after the Petition Date (iii) the Committee, and each member, financial advisor, restructuring advisor, and attorney of the Committee, in its capacity as such and (iv) M&T Bank, and each financial advisor, restructuring advisor, and attorney for M&T Bank; provided, however, that the foregoing shall not affect the liability or release of any Person that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted fraud, willful misconduct, gross negligence, bad faith, self-dealing, or breach of the duty of loyalty; and shall not be a waiver of any defense, offset or objection to any Claim filed against the Debtor and its Estate by any Person; and further provided, however, that the foregoing shall not constitute a release for any Avoidance Actions which could be brought by the Debtor or the Liquidating Trustee. For clarity, nothing in this

Release shall release, waive or discharge any Person of any Cause of Action under Chapter 5 of the Bankruptcy Code or any state law cause of action relating to transfers, fraudulent transfers or pre-petition management of the Debtor.

b. Releases among the Releasing Parties

NOTWITHSTANDING ANYTHING IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE, IN CONSIDERATION FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE RELEASING PARTIES, THE ADEQUACY OF WHICH IS HEREBY CONFIRMED, THE RELEASING PARTIES, TO THE MAXIMUM EXTENT PERMISSIBLE UNDER APPLICABLE LAW, DISCHARGE AND RELEASE AND SHALL BE DEEMED TO HAVE PROVIDED A FULL DISCHARGE AND RELEASE TO EACH OF THE OTHER RELEASING PARTIES (AND EACH OF THE OTHER RELEASING PARTIES SHALL BE DEEMED FULLY RELEASED AND DISCHARGED BY THE RELEASING PARTIES) AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CLAIMS, INTERESTS, OBLIGATIONS, DEBTS, RIGHTS, SUITS, DAMAGES, REMEDIES, CAUSES OF ACTION, LIABILITIES WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, EQUITY OR OTHERWISE, WHETHER FOR TORT, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS, OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTOR, THE TRANSACTIONS CONTEMPLATED BY THE PLAN, THE BANKRUPTCY CASE, THE PURCHASE, SALE OR RESCISSION OF ANY SECURITY OF THE DEBTOR, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR EQUITY INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTOR AND ANY OF THE OTHER RELEASING PARTIES, THE RESTRUCTURING OF CLAIMS AND EQUITY INTERESTS PRIOR TO OR IN THE BANKRUPTCY CASE, THE NEGOTIATION, FORMULATION, OR PREPARATION OF THE PLAN, THE DISCLOSURE STATEMENT, THE AGENCY AGREEMENTS, THE LIQUIDATING TRUST AGREEMENT, OR RELATED AGREEMENTS, INSTRUMENTS, OR OTHER DOCUMENTS RELATED TO THE BANKRUPTCY CASE, OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT, OR OTHER OCCURRENCE TAKING PLACE ON OR BEFORE THE EFFECTIVE DATE, INCLUDING THOSE THAT ANY OF THE RELEASING PARTIES WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR THAT ANY HOLDER OF A CLAIM OR AN EQUITY INTEREST OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT ON BEHALF OF ANY OF THE RELEASING PARTIES; PROVIDED, HOWEVER, THE FOREGOING SHALL NOT AFFECT THE LIABILITY OF ANY PERSON THAT OTHERWISE WOULD RESULT FROM ANY SUCH ACT OR OMISSION TO THE EXTENT SUCH ACT OR OMISSION IS DETERMINED BY A FINAL ORDER TO HAVE CONSTITUTED FRAUD, WILLFUL MISCONDUCT, GROSS NEGLIGENCE, BAD FAITH, SELF-DEALING OR BREACH OF THE DUTY OF LOYALTY; PROVIDED FURTHER, HOWEVER, THAT THE FOREGOING SHALL NOT RELEASE ANY TRUST CLAIMS (WHICH FOR THE AVOIDANCE OF DOUBT INCLUDES, AMONG OTHER THINGS, AVOIDANCE ACTIONS NOT RELEASED UNDER THE PLAN) AND SHALL NOT BE A WAIVER OF ANY DEFENSE, OFFSET OR OBJECTION TO ANY CLAIM FILED AGAINST THE DEBTOR AND ITS ESTATE BY ANY PERSON. For clarity, nothing in this Release shall release, waive or discharge any Person of any Cause of Action under Chapter 5 of the Bankruptcy Code or any state law cause of action relating to transfers, fraudulent transfers or pre-petition management of the Debtor.

4. Exculpation

The Exculpated Parties shall neither have, nor incur, any liability to any Entity for any act taken or omitted to be taken in connection with, relating to, or arising out of, the Bankruptcy Case, formulating, negotiating, soliciting, preparing, disseminating, implementing, confirming, or effecting the Consummation of the Plan, the Agency Agreements, the Disclosure Statement, the administration of the Plan or the property to be distributed under the Plan or related to the issuance, distribution, and/or sale of any security, or any contract, instrument, release, or other agreement or document created or entered into in connection with the Plan or any other post-petition act taken or omitted to be taken with or in contemplation of the restructuring or liquidation of the Debtor and/or relating to this Bankruptcy Case; provided, however, that the foregoing shall not affect the liability of any Person that otherwise would result from any such act or omission to the extent such act or omission is determined by a Final Order to have constituted fraud, willful misconduct, gross negligence, bad faith, self-dealing, or breach of the duty of loyalty.

VII.

CERTAIN FACTORS TO BE CONSIDERED

ALL HOLDERS OF IMPAIRED CLAIMS AND EQUITY INTERESTS SHOULD READ AND CAREFULLY CONSIDER THE FACTORS SET FORTH BELOW AS WELL AS THE OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN.

A. Financial Information; Disclaimer

Although the Debtor has used its best efforts to ensure the accuracy of the financial information provided in this Disclosure Statement, the financial information contained in this Disclosure Statement has not been audited and is based upon an analysis of data available to the Debtors at the time of the preparation of the Plan and Disclosure Statement. While the Debtor expects that such financial information fairly reflects the financial condition of the Debtor, the Debtor is unable to warrant or represent that the information contained herein and attached hereto is without inaccuracies.

B. Failure to Confirm Plan

Even if the impaired Classes accept or could be deemed to have accepted the Plan, the Plan may not be confirmed by the Bankruptcy Court. Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, (1) that the confirmation of the Plan not be followed by liquidation or a need for further financial reorganization, unless, as is the case here, the Plan provides for such liquidation or reorganization, (2) that the value of distributions to dissenting holders not be less than the value of distributions to such holders if the Debtor was liquidated under chapter 7 of the Bankruptcy Code, and (3) that the Plan and the Debtor, as Proponent of the Plan, otherwise comply with the applicable provisions of the Bankruptcy Code. Although the Debtor believes that the Plan will meet all applicable tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

C. Nonconsensual Confirmation

Pursuant to the "cramdown" provisions of section 1129(b) of the Bankruptcy Code, the Bankruptcy Court can confirm the Plan notwithstanding the nonacceptance of the Plan by an Impaired Class of Claims or Equity Interests if at least one other Impaired Class has accepted the Plan (with such acceptance being determined without including the acceptance of any insider (as defined in section 101(31) of the Bankruptcy Code) in such Class) and, as to each Impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not

discriminate unfairly" and is "fair and equitable" with respect to such Impaired Classes. In accordance with section 1129(a)(8) of the Bankruptcy Code, the Debtor intends to request confirmation of the Plan in accordance with section 1129(b) of the Bankruptcy Code.

Although the Debtor believes that the Plan satisfies the requirements of section 1129(b), there is no guaranty that the Bankruptcy Court will reach that conclusion. Moreover, although the Debtor encourages all Creditors in an Impaired Class to vote in favor of the Plan and the Debtor believes that they are likely to have at least one Impaired Class vote in favor of the Plan, there is no guaranty that this will occur. If no Impaired Class votes in favor of the Plan, the Plan cannot be confirmed as written.

D. Delays of Confirmation or Effective Date

Any delays of either confirmation or effectiveness of the Plan could result in, among other things, increased administrative costs, including professional fee claims. These negative effects of delays of either confirmation or effectiveness of the Plan could endanger the ultimate approval of the Plan by the Bankruptcy Court.

E. Certain Bankruptcy Considerations

Although the Debtor believes that the Plan will satisfy all requirements necessary for confirmation by the Bankruptcy Court, there can be no assurance that the Bankruptcy Court will reach the same conclusion. Moreover, there can be no assurance that modifications of the Plan will not be required for confirmation or that such modifications would not necessitate the resolicitation of votes. In addition, although the Debtor believes that the Effective Date will occur during the second calendar quarter of 2013, there can be no assurance as to such timing.

F. Certain Tax Considerations

There are a number of material United States federal income tax considerations, risks and uncertainties associated with consummation of the Plan. Interested parties should read carefully the discussion set forth in Article VIII of this Disclosure Statement (*"Certain United States Federal Income Tax Consequences of the Plan"*) for a discussion of the material United States federal income tax consequences and risks for Holders of Claims resulting from the transactions occurring in connection with the Plan.

G. The Debtor Has No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtor as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has been no change in the information set forth herein since that date. The Debtor has no duty to update this Disclosure Statement unless otherwise ordered to do so by the Bankruptcy Court.

H. No Representations Outside This Disclosure Statement Are Authorized

No representations concerning or related to the Debtor, the chapter 11 case, or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement should not be relied upon by you in arriving at your decision.

I. Claims Could Be More Than Projected, Assets Could Be Less Than Projected

The Allowed amount of Claims in each Class could be greater than projected, which in

turn, could cause the amount of distributions to creditors to be reduced substantially. Likewise, the amount of cash realized for the liquidation of the Debtor's assets could be less than projected, which could cause the amount of distributions to creditors to be reduced substantially.

J. No Legal Or Tax Advice Is Provided To You By This Disclosure Statement

The contents of this Disclosure Statement should not be construed as legal, business, or tax advice. Each Claim or Equity Interest Holder should consult his, her, or its own legal counsel and accountant as to legal, tax, and other matters concerning his, her, or its Claim or Equity Interest.

This Disclosure Statement is not legal advice to you. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to confirmation of the Plan.

VIII.

CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE PLAN AND THE OWNERSHIP AND DISPOSITION OF PROCEEDS FROM CLAIMS INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN (NON-US) TAX LAWS AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

The following discussion addresses certain United States Federal income tax consequences of the consummation of the Plan. This discussion is based upon the United States Tax Code, as amended, existing and proposed regulations thereunder, current administrative rulings, and judicial decisions as in effect on the date hereof, all of which are subject to change, possibly retroactively. No rulings or determinations by the Internal Revenue Service have been obtained or sought by the Debtor with respect to the Plan. An opinion of counsel has not been obtained with respect to the tax aspects of the Plan. This discussion does not purport to address the federal income tax consequences of the Plan to particular classes of taxpayers (such as foreign persons, s corporations, mutual funds, small business investment companies, regulated investment companies, broker-dealers, insurance companies, tax-exempt organizations and financial institutions) or the state, local or foreign income and other tax consequences of the Plan.

IRS CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH IRS CIRCULAR 230, HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTOR ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS DISCLOSURE STATEMENT IS NOT INTENDED TO OR WRITTEN TO BE USED, AND CANNOT BE USED, BY SUCH HOLDERS FOR THE PURPOSE OF AVOIDING PENALITIES THAT MAY BE IMPOSED ON THEM UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS WRITTEN IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE PLAN; AND (C) SUCH HOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. Federal Income Tax Consequences to Holders of Claims and Interests

A Holder of an Allowed Claim or Equity Interest will generally recognize ordinary

income to the extent that the amount of cash or property received (or to be received) under the Plan is attributable to interest that accrued on a claim but was not previously paid by the Debtor or included in income by the Holder of the allowed claim or interest. A Holder of an Allowed Claim or Equity Interest will generally recognize gain or loss equal to the difference between the Holder's adjusted basis in its claim and the amount realized by the Holder upon consummation of the Plan that is not attributable to accrued but unpaid interest. The amount realized will equal the sum of cash and the fair market value of other consideration received (or to be received).

The character of any gain or loss that is recognized will depend upon a number of factors, including the status of the Holder, the nature of the Claim or Equity Interest in its hands, whether the Claim was purchased at a discount, whether and to what extent the Holder has previously claimed a bad debt deduction with respect to the Claim, and the Holder's holding period of the Claim or Equity Interest. If the Claim or Equity Interest in the Holder's hands is a capital asset, the gain or loss realized will generally be characterized as a capital gain or loss. Such gain or loss will constitute long-term capital gain or loss if the Holder held such Claim or Equity Interest for longer than one year or short-term capital gain or loss if the Holder held such Claim or Equity Interest for one year or less. If the Holder realizes a capital loss, the Holder's deduction of the loss may be subject to limitation.

A Holder of an Allowed Claim or Equity Interest who receives, in respect of its claim, an amount that is less than its tax basis in such claim or equity interest may be entitled to a bad debt deduction under section 166(a) of the Tax Code or a worthless securities deduction under section 165(g) of the Tax Code. The rules governing the character, timing, and amount of these deductions depend upon the facts and circumstances of the Holder, the obligor, and the instrument with respect to which a deduction is claimed. Accordingly, Holders are urged to consult their tax advisors with respect to their ability to take such a deduction if either: (1) the Holder is a corporation; or (2) the Claim or Equity Interest constituted (a) a debt created or acquired (as the case may be) in connection with a trade or business of the Holder or (b) a debt the loss from the worthlessness of which is incurred in the Holder's trade or business. A Holder that has previously recognized a loss or deduction in respect of its claim or equity interest may be required to include in its gross income (as ordinary income) any amounts received under the Plan to the extent such amounts exceed the Holder's adjusted basis in such Claim or Equity Interest.

Holders of Claims who were not previously required to include any accrued but unpaid interest in their gross income on a Claim may be treated as receiving taxable interest income to the extent any consideration they receive under the Plan is allocable to such interest. Holders previously required to include in their gross income any accrued but unpaid interest on a claim may be entitled to recognize a deductible loss to the extent such interest is not satisfied under the Plan. Under the Plan, to the extent that any Allowed Claim entitled to a Distribution is comprised of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for federal income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the Distribution exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

A Holder of a Claim constituting any installment obligation for tax purposes may be required to currently recognize any gain remaining with respect to such obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of section 453b of the Tax Code.

Whether the Holder of Claims or Equity Interests will recognize a loss, a deduction for worthless securities or any other tax treatment will depend upon facts and circumstances that are specific to the nature of the Holder and its Claims or Equity Interests. Accordingly, Holders of Claims and Equity Interests should consult their own tax advisors.

Under backup withholding rules, a Holder of an Allowed Claim may be subject to backup withholding with respect to payments made pursuant to the Plan unless such Holder (i) is a corporation or is otherwise exempt from backup withholding and, when required, demonstrates this fact or (ii) provides a correct taxpayer identification and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of failure to report all dividend and interest income. Any amount withheld under these rules will be credited against the Holder's federal income tax liability. Holders of Claims may be required to establish an exemption from backup withholding or to make arrangements with regard to payment thereof.

B. Federal Income Tax Consequences to Debtor

The Debtor may realize cancellation of debt income to the extent of any debt forgiveness. To the extent there is cancellation of debt income, the same will reduce the Federal tax attributes of the Debtor's operating loss carry-forwards and the tax bases of their assets; if cancellation of debt income exceeds these attributes, it will be exempt from tax.

Pursuant to the Plan, all of the Debtor's remaining assets other than those sold or abandoned prior to the Effective Date will be transferred directly or indirectly to Holders of Allowed Claims in liquidation of the Debtor. For federal income tax purposes, any such assets transferred to the Liquidating Trust will be treated by the Debtor and by Holders of Allowed Claims as having been transferred to Holders of Allowed Claims, with such Holders then transferring the assets to the Liquidating Trust in exchange for beneficial interests in the Liquidating Trust. The Debtor will not retain a beneficial interest in the Liquidating Trust; instead, the beneficial interest in the Liquidating Trust will be held by Holders of Allowed Claims in Class 5. It is intended that the Liquidating Trust thereafter be treated as a liquidating trust and as a grantor trust for federal income tax purposes.

The Debtor's transfer of its assets pursuant to the Plan will constitute a taxable disposition of such assets. It is not known at the present time whether the transfer of the Debtor's assets will result in any gain to the Debtor. If such a transfer results in gain, it is not known at the present time whether the Debtor will have sufficient losses or loss carryforwards to offset that gain. If the transfer results in gain and the Debtor does not have losses or loss carryforwards to offset that gain, the transfer of such assets will result in federal income tax liability.

C. Consequences of the Liquidating Trust

The Liquidating Trust will be organized for the primary purpose of liquidating the assets transferred to it with no objective to continue or engage in the conduct of a trade or business, except to the extent reasonably necessary to, and consistent with, the liquidating purpose of the Liquidating Trust. Thus, the Liquidating Trust is intended to be classified for federal income tax purposes as a "liquidating trust" within the meaning of Treasury Regulation Section 301.7701-4(d). The provisions of the Liquidating Trust Agreement and the Plan are intended to satisfy the guidelines for classification as a liquidating trust that are set forth in Revenue Procedure 94-45, 1994-2 C.B. 684. Under the Plan, all parties are required to treat the Liquidating Trust as a liquidating trust, subject to contrary definitive guidance from the IRS. In general, a liquidating trust is not a separate taxable entity but rather is treated as a grantor trust, pursuant to Sections 671 et seq. of the Tax Code, owned by the persons who are treated as transferring assets to the Trust.

No request for a ruling from the IRS will be sought on the classification of the Liquidating Trust. Accordingly, there can be no assurance that the IRS would not take a contrary position to the classification of the Liquidating Trust. If the IRS were to challenge successfully the classification of the Liquidating Trust as a grantor trust, the federal income tax consequences to the Liquidating Trust and the Holders of Claims could vary from those discussed herein

(including the potential for an entity-level tax).

Each Holder of a beneficial interest in the Liquidating Trust must report on its federal income tax return its allocable share of income, gain, loss, deduction and credit recognized or incurred by the Liquidating Trust. None of the Debtor's loss carryforwards will be available to reduce any income or gain of the Liquidating Trust. Moreover, upon the sale or other disposition (or deemed disposition) of any Liquidating Trust asset, each Holder of a beneficial interest in the Liquidating Trust must report on its federal income tax return its share of any gain or loss measured by the difference between (1) its share of the amount of cash and/or the fair market value of any property received by the Liquidating Trust in exchange for the Liquidating Trust asset so sold or otherwise disposed of and (2) such Holder's adjusted tax basis in its share of the Liquidating Trust asset. The character of any such gain or loss to the Holder will be determined as if such Holder itself had directly sold or otherwise disposed of the Liquidating Trust asset. The character of items of income, gain, loss, deduction and credit to any Holder of a beneficial interest in the Liquidating Trust, and the ability of the Holder to benefit from any deductions or losses, may depend on the particular circumstances or status of the Holder.

Given the treatment of the Liquidating Trust as a grantor trust, each Holder of a beneficial interest in the Liquidating Trust has an obligation to report its share of the Liquidating Trust's tax items (including gain on the sale or other disposition of a Liquidating Trust asset) which is not dependent on the distribution of any cash or other Liquidating Trust assets by the Liquidating Trust. Accordingly, a Holder of a beneficial interest in the Liquidating Trust may incur a tax liability as a result of owning a share of the Liquidating Trust assets, regardless of whether the Liquidating Trust distributes cash or other assets. Although the Liquidating Trust Agreement provides that the Liquidating Trust will generally make distributions of cash at least quarterly, due to the requirement that the Liquidating Trust maintain certain reserves, the Liquidating Trust's ability to make current cash distributions may be limited or precluded. In addition, due to possible differences in the timing of income on, and the receipt of cash from the Liquidating Trust assets, a Holder of beneficial interest in the Liquidating Trust may be required to report and pay tax on a greater amount of income for a taxable year than the amount of cash received by the Holder during the year.

The Liquidating Trust will file annual information tax returns with the IRS as a grantor trust pursuant to Treasury Regulation Section 1.671-4(a) that will include information concerning certain items relating to the holding or disposition (or deemed disposition) of the Liquidating Trust assets (*e.g.*, income, gain, loss, deduction and credit). Each Holder of a beneficial interest in the Liquidating Trust will receive a copy of the information returns and must report on its federal income tax return its share of all such items. The information provided by the Liquidating Trust will pertain to Holders of beneficial interests who received their interests in connection with the Plan.

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

IX.

PROCESS OF VOTING AND CONFIRMATION

The following is a brief summary regarding the requirements for confirmation of the Plan. Holders of Claims and Holders of Equity Interests are encouraged to review the relevant provisions of the Bankruptcy Code or to consult their own attorneys.

A. Statutory Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court shall determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied. If so, the Bankruptcy Court shall enter the Confirmation Order. The Debtor believes that the Plan satisfies or will satisfy the applicable requirements, as follows:

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtor has complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or to be made under the Plan for services or for costs and expenses in or in connection with the Debtor's chapter 11 case has been disclosed to the Bankruptcy Court and any such payment made before the confirmation of the Plan is reasonable or if such payment is to be fixed after the confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court.
- With respect to each Class of Impaired Claims, either each Holder of a Claim in such Class had accepted the Plan or each such Holder will receive or retain under the Plan on account of such Claim property of a value as of the Effective Date of the Plan that is not less than the amount that such Holder would receive or retain if the Debtor was liquidated on such date under chapter 7 of the Bankruptcy Code.
- Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not impaired under the Plan.
- Except to the extent that the Holder of a particular Claim agrees to a different treatment of such Claim, the Plan provides that Allowed Administrative Claims, Allowed Priority Tax Claims, Allowed Non-Tax Priority Claims and Allowed Secured Claims will be paid in full on the Effective Date or as soon thereafter as practicable.
- At least one Class of Impaired Claims (not including any acceptance of the Plan by any Insider (as defined in section 101(31) of the Bankruptcy Code) holding a Claim in such Class) has accepted the Plan.
- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor or any successor to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan.
- All fees of the type described in 28 U.S.C. § 1930, including the fees of the United States Trustee, will be paid as of the Effective Date.

The Debtor believes that (1) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (2) it has complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and (3) the Plan has been proposed in good faith.

B. Best Interests of Creditors Test

Before the Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each Class, that each Holder of a Claim in such Class either (a) has accepted the Plan or (b) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtor liquidated under chapter 7 of the Bankruptcy Code.

In chapter 7 liquidation cases, unsecured creditors and equity interest holders of a debtor are paid from available assets generally in the following order, with no lower class receiving any payments until all amounts due to senior classes have been paid fully or payment has been provided for:

- Secured creditors (to the extent of the value of their collateral).
- Priority creditors.
- Unsecured creditors.
- Debt expressly subordinated by its terms or by order of the Bankruptcy Court.
- Equity interest holders.

Even though the Debtor may operate for a limited time after the Effective Date, this is a liquidating plan. The Debtor has prepared a liquidation analysis, which is attached hereto **Exhibit C**. In any event, whether by the Liquidating Trust, or a chapter 7 trustee, the Debtor's Estate's assets will be liquidated. Accordingly, there is no reorganization value to be calculated, or distribution scenarios related thereto. In addition, the activities of the Liquidating Trust Committee and the Liquidating Trustee after the Effective Date are the very same ones that would be pursued by a chapter 7 trustee. However, unlike a chapter 7 trustee, who may seek to charge statutory fees of up to 3% of disbursements, the members of the Liquidating Trust Committee will not be compensated for their services. Additionally, it is likely that a chapter 7 trustee will retain counsel who would likely be required to spend a significant amount of time and expense becoming familiar with the case – time and expense that would not be required if the Plan is confirmed.

After careful review of the estimated recoveries in a chapter 11 liquidation scenario and a chapter 7 liquidation scenario, the Debtor has concluded that the recoveries to Creditors will be maximized by completing the liquidation of any remaining assets of the Debtor under chapter 11 of the Bankruptcy Code and making distributions pursuant to the Plan. The Debtor believes that the Debtor's Estate has value that would not be fully realized by Creditors in a chapter 7 liquidation primarily because, among other reasons, (i) additional administrative expenses would be incurred in a chapter 7 liquidation, specifically those of a chapter 7 trustee charging statutory fees of up to 3% of disbursements and any costs of counsel to the chapter 7 trustee to become familiar with the facts and circumstances of this case, and (ii) the additional delay in distributions that would occur if the Debtor's chapter 11 case were converted to a case under chapter 7.

C. Plan Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor or any successors to the Debtor under the Plan, unless such liquidation or reorganization is proposed in the Plan. The Plan provides for a liquidation of the Debtor's remaining assets and a distribution of the Cash proceeds to creditors in accordance with the priority scheme of the

Bankruptcy Code and the terms of the Plan and Liquidating Trust Agreement. The Debtor will not be conducting any business operations after the Effective Date.

The ability to make distributions described in the Plan therefore does not depend on future earnings or operations of the Debtor, but only on the orderly liquidation of the Debtor's remaining assets. Accordingly, the Debtor believes that the Plan is feasible and meets the requirements of section 1129(a)(11) of the Bankruptcy Code.

D. Section 1129(b): Unfair Discrimination and the "Fair and Equitable" Test

The Debtor will request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code, and has reserved the right to modify the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification. The Bankruptcy Court may confirm the Plan over the rejection or deemed rejection of the Plan by an Impaired Class of Claims or Equity Interests if the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to such Class.

1. No Unfair Discrimination

The "unfair discrimination" test applies to Impaired Classes of Claims or Equity Interests that are of equal priority and are receiving disparate treatment under the Plan. The test does not require that the treatment of such Classes be the same or equivalent, but only that the treatment be "fair." The Plan does not classify separately Claims against the Debtor, into two or more Impaired Classes of equal priority. Accordingly, there is no basis for any Claimant to assert that the Plan unfairly discriminates. Accordingly, the Plan does not discriminate (let alone unfairly) and satisfies the "unfair discrimination" test. Simply put, all Claims of equal rank are classified in the same Class and are treated equally.

2. Fair and Equitable Test: "Cramdown"

The Bankruptcy Code provides a non-exclusive definition of the phrase "fair and equitable." The Bankruptcy Code establishes "cramdown" tests for dissenting classes of secured creditors, unsecured creditors and equity holders. As to each dissenting class, the test prescribes different standards, depending on the type of claims or equity interests in such class:

Secured Creditors. With respect to each class of secured claims that rejects the plan, the plan must provide (i)(a) that each holder of a Secured Claim in the rejecting class retain the liens securing those claims, whether the property subject to those liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such secured claim and (b) that the Secured Creditor receives on account of its secured claim deferred cash payments having a value, as of the effective date of the plan, of at least the value of the allowed amount of such secured claim; (ii) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims included in the rejecting class, free and clear of such liens, with such liens to attach to the proceeds of the sale, and the treatment of such liens on proceeds under clause (i) or (iii) of this subparagraph; or (iii) for the realization by the Secured Creditor of the "indubitable equivalent" of its Secured Claim.

Unsecured Creditors. With respect to each Impaired Class of unsecured Claims that rejects the plan, the plan must provide (A) that each holder of a claim in the rejecting class will 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 (B) that no holder of a claim or interest that is junior to the claims of such rejecting class will receive or retain under the Plan any property on account of such junior claim or interest.

Equity Interests. With respect to each Impaired Class of equity interests that rejects the

plan, the plan must provide (I) that each holder of an equity interest included in the rejecting class receive or retain on account of that equity interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such equity interest; or (II) that no holder of an equity interest that is junior to the equity interests of such rejecting class will receive or retain under the plan any property on account of such junior interest.

The Debtor believes that the Plan may be confirmed pursuant to the above-described "cramdown" provisions, over the dissent of certain Classes of Claims and Equity Interests, in view of the treatment proposed for such Classes. The Debtor believes that the treatment under the Plan of the Holders of Class 2 and 5 Claims and Class 6 Interests will satisfy the "fair and equitable" test. Additionally, as noted above, the Debtor does not believe that the Plan unfairly discriminates against any dissenting Class because all dissenting Classes of equal rank are treated equally under the Plan.

X.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Liquidation Under Chapter 7

If no chapter 11 plan can be confirmed, the Debtor's chapter 11 case may be converted to a case under chapter 7 of the Bankruptcy Code to liquidate the assets of the Debtor for distribution in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective Holders of Claims against or Equity Interests in the Debtor. However, the Debtor believes that liquidation under chapter 7 would result in lower distributions being made to creditors than those provided for in the Plan because, among other reasons, (1) additional administrative expenses would be incurred in a chapter 7 liquidation, specifically those of a chapter 7 trustee charging statutory fees of up to 3% of disbursements and any costs of counsel to the chapter 7 trustee to become familiar with the facts and circumstances of this case, and (2) the additional delay in distributions that would occur if the Debtor's chapter 11 case were converted to a case under chapter 7.

B. Alternative Plan of Reorganization

The Debtor, with the assistance of its professionals, have considered its options and have concluded that the Plan offers the best and highest recoveries for Creditors. The Debtor has concluded that the Plan provides greater potential recoveries for Creditors than any feasible alternative.

RECOMMENDATION AND CONCLUSION

In the opinion of the Debtor, the Plan is preferable to the alternatives described herein. It provides for larger distribution to the Holders than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to the Holders of Claims. **Accordingly, the Debtor recommends that Holders of Claims entitled to vote to accept or reject the Plan support confirmation of the Plan and vote to accept the Plan.**

Dated: April 25, 2013

Respectfully submitted,

VCW ENTERPRISES, INC. d/b/a M&W PRECAST, f/k/a MODERN PRECAST CONCRETE, INC.

By: _____
James P. Loew, Chief Financial Officer