IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	**Chapter 11**
OTC HOLDINGS CORPORATION, *et al.*,[1]	:	**Case No. 10-12636 (BLS)**
Debtors.	:	**Jointly Administered**

DISCLOSURE STATEMENT UNDER 11 U.S.C. § 1125 IN SUPPORT OF THE DEBTORS' JOINT PLAN OF REORGANIZATION

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THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL A DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT BEEN APPROVED BY THE COURT.

Dated: Wilmington, Delaware
September 24, 2010

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: OTC Holdings Corporation ("Holdings"), a Delaware corporation (0174); Oriental Trading Company, Inc. ("OTC"), a Delaware corporation (5603); OTC Investors Corporation ("Investors"), a Delaware corporation (0180); Fun Express, Inc. ("Fun Express"), a Nebraska corporation (7942); and Oriental Trading Marketing, Inc. ("OT Marketing"), a Nebraska corporation (0923). The location of the Debtors' corporate headquarters and the service address for all the Debtors is 5455 South 90th Street, Omaha, Nebraska 68127.

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THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS PRESENTED ONLY FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE USED BY ANY ENTITY FOR ANY OTHER PURPOSE. NO RECIPIENT OF THIS DISCLOSURE STATEMENT SHOULD CONSTRUE ITS CONTENTS AS PROVIDING ANY LEGAL, BUSINESS, FINANCIAL OR TAX ADVICE. EACH SUCH RECIPIENT SHOULD CONSULT WITH ITS OWN LEGAL, BUSINESS, FINANCIAL AND TAX ADVISORS WITH RESPECT TO ANY MATTER CONCERNING THIS DISCLOSURE STATEMENT, THE SOLICITATION OF VOTES OR THE PLAN AND ANY TRANSACTION CONTEMPLATED BY THE FOREGOING.

THE DEBTORS AND THE FIRST LIEN STEERING COMMITTEE SUPPORT THE PLAN, AND THE DEBTORS URGE ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN TO VOTE TO ACCEPT THE PLAN.

APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT AS CONTAINING "ADEQUATE INFORMATION" UNDER SECTION 1125 OF THE BANKRUPTCY CODE DOES NOT INDICATE THAT THE BANKRUPTCY COURT RECOMMENDS ACCEPTANCE OF THE PLAN. WHILE THE BANKRUPTCY COURT HAS APPROVED THIS DISCLOSURE STATEMENT AS CONTAINING SUFFICIENT INFORMATION TO ENABLE CREDITORS TO MAKE INFORMED JUDGMENTS IN EXERCISING THEIR RIGHT TO VOTE, SUCH APPROVAL DOES NOT CONSTITUTE A GUARANTEE BY THE BANKRUPTCY COURT THAT THE CONTENTS OF THIS DISCLOSURE STATEMENT ARE ACCURATE. NEITHER DOES SUCH APPROVAL CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS AND MERITS OF THE PLAN.

NO PERSON HAS BEEN AUTHORIZED BY THE DEBTORS IN CONNECTION WITH THE SOLICITATION OF VOTES TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION THAT IS NOT CONTAINED IN THIS DISCLOSURE STATEMENT OR THE APPENDICES HERETO OR THAT IS NOT INCORPORATED BY REFERENCE OR REFERRED TO HEREIN. IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION SHOULD NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED BY THE DEBTORS.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY 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, EXHIBITS ANNEXED TO THE PLAN, ANY PLAN SUPPLEMENT, THIS DISCLOSURE STATEMENT AND ALL APPENDICES TO THIS DISCLOSURE STATEMENT. THE TERMS OF THE PLAN GOVERN IN THE EVENT OF ANY INCONSISTENCY WITH THIS DISCLOSURE STATEMENT. ALL APPENDICES TO THIS DISCLOSURE STATEMENT ARE

INCORPORATED INTO AND ARE A PART OF THIS DISCLOSURE STATEMENT AS IF SET FORTH IN FULL HEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER SUCH DATE. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OR ISSUANCE OF SECURITIES PURSUANT TO THE PLAN WILL, UNDER ANY CIRCUMSTANCES, CREATE ANY IMPLICATION THAT THE INFORMATION CONTAINED HEREIN IS CORRECT AT ANY TIME SUBSEQUENT TO THE DATE HEREOF. ALL CREDITORS SHOULD READ CAREFULLY THE "RISK FACTORS" SECTION HEREOF BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. SEE ARTICLE XVI "CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING."

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND IN ITS APPENDICES HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

AS TO CONTESTED MATTERS, EXISTING LITIGATION INVOLVING, OR POSSIBLE ADDITIONAL LITIGATION TO BE BROUGHT BY, OR AGAINST, THE DEBTORS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, A STIPULATION OR A WAIVER, BUT RATHER AS A STATEMENT MADE WITHOUT PREJUDICE SOLELY FOR SETTLEMENT PURPOSES, WITH FULL RESERVATION OF RIGHTS, AND IS NOT TO BE USED FOR ANY LITIGATION PURPOSE WHATSOEVER BY ANY PERSON, PARTY OR ENTITY. AS SUCH, THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NONBANKRUPTCY PROCEEDING INVOLVING THE DEBTORS OR ANY OTHER PARTY IN INTEREST, NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, FINANCIAL OR OTHER EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS AGAINST OR EQUITY INTERESTS IN THE DEBTORS.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND NOT IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NONBANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS NOT BEEN FILED WITH OR REVIEWED BY, AND THE NEW SECURITIES TO BE ISSUED UNDER THE PLAN WILL NOT BE THE SUBJECT OF A REGISTRATION STATEMENT FILED WITH, THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC") OR ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE UNDER THE SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR UNDER

ANY STATE SECURITIES OR "BLUE SKY" LAWS. THIS DISCLOSURE STATEMENT HAS NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR ANY STATE SECURITIES COMMISSION, AND NEITHER THE SEC NOR ANY STATE SECURITIES COMMISSION HAS PASSED UPON THE ACCURACY OR ADEQUACY OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

THE DEBTORS ARE RELYING ON SECTION 1145(a) OF THE BANKRUPTCY CODE TO EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT AND ANY APPLICABLE STATE SECURITIES LAW THE ISSUANCE OF NEW SECURITIES AND THE SHARES OF COMMON STOCK OF NEW HOLDCO TO BE ISSUED UPON ANY EXERCISE OF NEW WARRANTS. SEE ARTICLE XVII "SECURITIES LAW CONSIDERATIONS" AND, FOR INFORMATION ON REGISTRATION RIGHTS TO BE GRANTED TO CERTAIN RECIPIENTS OF NEW SECURITIES, SEE ARTICLE XIV "DESCRIPTION OF NEW HOLDCO COMMON STOCK" AND ARTICLE XV "DESCRIPTION OF NEW WARRANTS."

THIS DISCLOSURE STATEMENT CONTAINS PROJECTED FINANCIAL INFORMATION REGARDING THE DEBTORS AND THE NEW COMPANIES AND CERTAIN OTHER FORWARD-LOOKING STATEMENTS THAT ARE BASED ON CURRENT ESTIMATES AND ASSUMPTIONS. THE WORDS "BELIEVE," "MAY," "WILL," "ESTIMATE," "CONTINUE," "ANTICIPATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS IDENTIFY THESE FORWARD-LOOKING STATEMENTS. SUCH INFORMATION AND STATEMENTS ARE SUBJECT TO INHERENT UNCERTAINTIES AND TO A WIDE VARIETY OF SIGNIFICANT RISKS, INCLUDING, AMONG OTHERS, THOSE SUMMARIZED IN THIS DISCLOSURE STATEMENT. SEE ARTICLE XVI "CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING." CONSEQUENTLY, ACTUAL EVENTS, CIRCUMSTANCES, EFFECTS AND RESULTS MAY VARY SIGNIFICANTLY FROM THOSE INCLUDED IN OR CONTEMPLATED BY THE PROJECTED FINANCIAL INFORMATION AND OTHER FORWARD-LOOKING STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT, WHICH THEREFORE ARE NOT NECESSARILY INDICATIVE OF THE FUTURE FINANCIAL CONDITION OR RESULTS OF OPERATIONS OF THE NEW COMPANIES AND SHOULD NOT BE REGARDED AS REPRESENTATIONS BY THE DEBTORS, THE NEW COMPANIES, THEIR RESPECTIVE ADVISORS OR ANY OTHER PERSON THAT THE PROJECTED FINANCIAL CONDITION OR RESULTS CAN OR WILL BE ACHIEVED. NONE OF THE DEBTORS NOR ANY OF THE NEW COMPANIES UNDERTAKE ANY OBLIGATION TO UPDATE PUBLICLY OR REVISE ANY FORWARD-LOOKING STATEMENTS, WHETHER AS A RESULT OF NEW INFORMATION, FUTURE EVENTS OR OTHERWISE.

Requests for additional copies of this Disclosure Statement, the Plan, the appendices hereto or any of the documents attached hereto or referenced herein or the ballots or any questions about the solicitation and voting process should be directed to the Debtors'

solicitation agent, Kurtzman Carson Consultants LLC, by emailing OTCinfo@kccllc.com, calling (877) 565-8216 or visiting http://www.kccllc.net/OTC.

I.

INTRODUCTION AND SUMMARY

A. BACKGROUND

On August 25, 2010 (the "Commencement Date"), OTC Holdings Corporation ("Holdings"), OTC Investors Corporation ("Investors"), Oriental Trading Company, Inc. ("OTC"), Fun Express, Inc. ("Fun Express") and Oriental Trading Marketing, Inc. ("Marketing") (collectively, the "Debtors" or the "Company") each filed a voluntary petition for relief under Chapter 11 of Title 11 of the United States Code, as amended (the "Bankruptcy Code"), with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

Prior to the commencement of these bankruptcy proceedings (the "Chapter 11 Cases"), the Debtors negotiated and executed a plan support agreement (the "Plan Support Agreement") with certain lenders (the "Consenting Holders") under the First Lien Credit Agreement, dated as of July 31, 2006 (as amended, supplemented or otherwise modified from time to time, the "First Lien Credit Agreement"), among OTC as borrower, JPMorgan Chase Bank, N.A. as administrative agent (the "First Lien Agent") and lenders parties thereto from time to time (along with any affiliate of such lender that entered into an interest rate swap agreement with the Debtors in connection with the First Lien Credit Agreement, the "First Lien Lenders"). Pursuant to the Plan Support Agreement, subject to certain terms and conditions set forth therein, the Consenting Holders agreed, among other things, to support confirmation of, and vote to accept, a plan of reorganization consistent in all material respects with, and on terms and conditions no less favorable than, the terms set forth in the Plan Support Agreement and the plan term sheet attached to the Plan Support Agreement (the "Plan Term Sheet"). A copy of the Plan Support Agreement and the Plan Term Sheet is attached to this Disclosure Statement as Appendix A. The Plan Support Agreement together with the Plan Term Sheet formed the basis for the Plan, and the Consenting Holders have expressed support for the Plan. See Section IV.B "Restructuring – Plan Support Agreement and DIP Facilities."

On September 24, 2010, the Debtors filed with the Bankruptcy Court the Debtors' Joint Plan of Reorganization (including all exhibits and schedules thereto and the documents contained in the Plan Supplement (as defined below), as the same may be amended, supplemented or otherwise modified from time to time, the "Plan"), a copy of which is attached to this Disclosure Statement as Appendix B. Capitalized terms used but not otherwise defined herein have the meanings set forth in the Plan.

This Disclosure Statement is submitted pursuant to Section 1125 of the Bankruptcy Code to holders of claims against and equity interests in the Debtors in connection with (i) the solicitation of acceptances of the Plan and (ii) the hearing to consider confirmation of the Plan scheduled for [ ], 2010, at [ ]:00 [ ].m., New York time. In advance of the hearing on confirmation of the Plan, the Debtors will file all exhibits and schedules to the Plan, and will file a document containing forms of certain agreements to be entered into pursuant to

the Plan (the "Plan Supplement") no later than 10 days prior to the commencement of such hearing.

By order of the Bankruptcy Court dated [ ], 2010 (the "Disclosure Statement Order"), this Disclosure Statement has been approved in connection with the Debtors' solicitation of acceptances of the Plan (the "Solicitation"). The Disclosure Statement Order sets forth in detail the deadlines, procedures and instructions for voting to accept or reject the Plan and for filing objections to confirmation of the Plan, the record date for voting purposes, and the applicable standards for tabulating ballots. In addition, detailed voting instructions accompany each ballot.

B. PERSONS ENTITLED TO VOTE

The Debtors hereby solicit acceptances of the Plan from (a) the holders of claims against any Debtor (other than Investors) arising under, relating to or in connection with the First Lien Credit Agreement, any related agreement or document and the final order approving the Debtors' entry into, and performance under, the Debtors' debtor in possession financing arrangements (the "DIP Order") (such claims, the "First Lien Claims"), (b) the holders of claims against any Debtor (other than Investors) under, relating to or in connection with the Second Lien Credit Agreement, dated as of July 31, 2006 (as amended, supplemented or otherwise modified from time to time, the "Second Lien Credit Agreement"), among OTC, Wilmington Trust, FSB, as successor to Wachovia Bank, National Association, as administrative agent (the "Second Lien Agent") and lenders parties thereto from time to time (the "Second Lien Lenders"), and any related agreement or document (such claims, the "Second Lien Claims"), (c) the holders of unsecured claims against any Debtor (other than Holdings and Investors) other than Administrative Claims, Priority Tax Claims, Priority Claims (each as defined in Section V.C "Plan – Classification and Treatment of Claims and Equity Interests."), Intercompany Claims (as defined below) and the First Lien Claims and the Second Lien Claims (such claims, the "General Unsecured Claims"), (d) the holders of claims against Investors arising under, relating to or in connection with the First Lien Guarantee and Collateral Agreement, dated as of July 31, 2006, by and among OTC, Investors, Fun Express, Marketing and the First Lien Agent (as amended, supplemented or otherwise modified from time to time, the "First Lien Guarantee and Collateral Agreement") (such claims, the "First Lien Guarantee Claims"), (e) the holders of claims against Investors arising under, relating to or in connection with the Second Lien Guarantee and Collateral Agreement, dated as of July 31, 2006, by and among OTC, Investors, Fun Express, Marketing and the Second Lien Agent (as amended, supplemented or otherwise modified from time to time, the "Second Lien Guarantee and Collateral Agreement") (such claims, the "Second Lien Guarantee Claims") and (f) holders of unsecured claims against Holdings and Investors, including claims against Investors arising under the Mezzanine Loan Agreement, dated July 31, 2006 (as amended, supplemented or otherwise modified from time to time, the "Mezzanine Loan Agreement"), among Investors, the lenders parties thereto from time to time, and Wilmington Trust, FSB, as successor to Wachovia Bank, National Association, in its capacity as administrative agent (such claims, the "Mezzanine Claims"), but excluding Administrative Claims, Priority Tax Claims, Priority Claims and Intercompany Claims (such claims, the "Holdings/Investors General Unsecured Claims").

The Plan will impair the claims of each Debtor against any other Debtor (the "Intercompany Claims") as well as the holders of equity interests in all the Debtors (the "Equity Interests"). The holders of Intercompany Claims and Equity Interests will not receive any distribution or retain any property on account of their claims or equity interests under the Plan, are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

Only classes that are impaired under the Plan are entitled to vote to accept or reject the Plan and the holders of claims that are not impaired are conclusively presumed to have accepted the Plan.

Prior to voting, each holder of First Lien Claims, Second Lien Claims, General Unsecured Claims, First Lien Guarantee Claims, Second Lien Guarantee Claims and Holdings/Investors General Unsecured Claims is encouraged to read and consider carefully this Disclosure Statement (including the matters described under Article XVI "Certain Risk Factors to be Considered Prior to Voting.") and the Plan in their entirety.

The Boards of Directors of the Debtors have unanimously approved the Solicitation, the Plan and the transactions contemplated thereby, and accordingly recommend that the holders of First Lien Claims, Second Lien Claims, General Unsecured Claims, First Lien Guarantee Claims, Second Lien Guarantee Claims and Holdings/Investors General Unsecured Claims submit ballots indicating acceptance of the Plan. In addition, a steering committee of the First Lien Lenders (the "First Lien Steering Committee") supports confirmation of the Plan.

C. VOTING PROCEDURES

Each holder of an allowed claim that is entitled to vote to accept or reject the Plan should vote on the accompanying color-coded ballots. Duly completed and executed ballots must be returned in the accompanying pre-addressed envelope or sent to the Debtors' solicitation agent by hand delivery or overnight courier at the following address:

Oriental Trading Company Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245
Email: OTCinfo@kccllc.com
Phone: (877) 565-8216

To be counted, a ballot must be signed and actually received at the address specified above on or before [ ], 2010, at 5:00 p.m., New York time. A ballot that does not indicate either an acceptance or a rejection of the Plan or that indicates both an acceptance and a rejection of the Plan will not be counted. Delivery of a ballot by facsimile or e-mail will not be accepted. For further information on procedures for voting on the Plan, see Article VIII "Voting Procedures."

D. SUMMARY OF THE PLAN

1. Substantive Consolidation

The Plan provides for the substantive consolidation of the estates of certain Debtors. On the Effective Date, Fun Express and Marketing will be deemed merged into OTC and:

- all assets and liabilities of Fun Express and Marketing will be deemed merged into the assets and liabilities of OTC;
- all guarantees of OTC, Fun Express or Marketing of the payment, performance or collection of obligations of any of them will be eliminated and canceled;
- any obligation of OTC, Fun Express or Marketing and all guarantees thereof by any of them will be deemed to be a single claim against all of them;
- all joint obligations of any two or more of OTC, Fun Express or Marketing and all multiple claims against any of OTC, Fun Express or Marketing on account of such joint obligations will be treated and allowed only as a single claim against all of them; and
- each proof of claim filed against any one of OTC, Fun Express or Marketing will be deemed filed only against the consolidated entity and will be deemed a single obligation of the consolidated entity.

The substantive consolidation of the assets and liabilities of OTC, Fun Express and Marketing will not affect the separate legal existence of each such Debtor for tax, regulatory or other purposes, or result in any actual merger or transfer of each such Debtor's assets and liabilities for any purpose (including, without limitation, for tax and state law purposes) other than the administration of the Chapter 11 Cases and the determination of any rights of, and any distributions to, holders of claims or equity interests under the Plan.

In addition, on the Effective Date, Holdings will be deemed, but solely for administration of the Chapter 11 Cases, merged into Investors and:

- all assets and liabilities of Holdings will be deemed merged into the assets and liabilities of Investors;
- all guarantees of Holdings or Investors of the payment, performance or collection of obligations of the other of them will be eliminated and canceled;
- any obligation of Holdings or Investors and all guarantees thereof by the other of them will be deemed to be a single claim against both of them;
- all joint obligations of Holdings and Investors and all multiple claims against either of Holdings or Investors on account of such joint obligations will be treated and allowed only as a single claim against both of them; and

- each proof of claim filed against either Holdings or Investors will be deemed filed only against the consolidated entity and will be deemed a single obligation of the consolidated entity.

The substantive consolidation of the assets and liabilities of Holdings and Investors will not affect the separate legal existence of either such Debtor for tax, regulatory or other purposes, or result in any actual merger or transfer of either of such Debtor's assets and liabilities for any purpose (including, without limitation, for tax and state law purposes) other than the administration of the Chapter 11 Cases and the determination of any rights of, and any distributions to, holders of claims or equity interests under the Plan.

2. Restructuring Transactions

Each of the following entities will be formed on or prior to the effective date of the Plan (the "Effective Date"): (i) a Delaware corporation ("New OTC") that will own, directly or indirectly through one or more subsidiaries, substantially all of the assets of the Debtors as of the Effective Date (the "Transferred Assets") immediately upon the consummation of the asset transfer contemplated by the Plan and described in detail in Section VI.B.b "Means of Implementation of the Plan – Restructuring Transactions – Asset Transfer." (the "Asset Transfer"); (ii) a Delaware corporation that will own all of the shares of common stock of New OTC immediately upon the consummation of the Asset Transfer ("New Midco"); and (iii) a Delaware corporation that will own all of the shares of common stock of New Midco immediately upon the consummation of the Asset Transfer ("New Holdco" and, collectively with New Midco, New OTC and any subsidiary thereof, the "New Companies").

Subject to any modification as may be reflected in the Plan Supplement, on the Effective Date, in connection with the Asset Transfer, (i) the New Companies will enter into the exit credit facility providing financing to the New Companies (the "Exit Facility"); (ii) the New OTC (and certain of its subsidiaries) will assume, among other things, all claims against, and obligations and liabilities of, any Debtor that are not discharged pursuant to the terms of the Plan (such claims, obligations and liabilities, the "Assumed Liabilities"); (iii) New OTC will issue $200 million of new term loans (the "New Term Loans") pursuant to the term loan agreement and any guarantee, security agreement or other agreement to be executed in connection therewith (the "New Term Loan Documents"), to the First Lien Lenders or third party lenders (such lenders, the "New Term Loan Third Party Lenders"), as the case may be, and (iv) New Holdco will (a) issue shares of its common stock, par value $.01 per share (the "New Holdco Common Stock"), constituting 100% of common stock of New Holdco as of the Effective Date, and (on behalf of New OTC and OTC) deliver such shares to the holders of the First Lien Claims and (b) issue warrants to purchase 2.5% of the shares of New Holdco Common Stock, at an enterprise valuation strike price of $427.5 million and with a three year term (the "New Warrants" and, together with the New Holdco Common Stock to be issued on the Effective Date, the "New Securities"), and (on behalf of New OTC and OTC) deliver such warrants to the holders of the Second Lien Claims, pursuant to the warrant agreement between New Holdco and a financial institution reasonably acceptable to New Holdco, as warrant agent (the "New Warrant Agreement"). If New OTC issues the New Term Loans to the New Term Loan Third Party Lenders, cash in the amount of the net proceeds of the New Term Loans (after financing costs and, to the extent not paid with the proceeds of the Exit Facility or available cash, payment of the

claims arising under the Debtors' debtor in possession financing facilities and administrative claims to be paid on the Effective Date (the "New Term Loan Cash Consideration") will be distributed to the holders of the First Lien Claims.

3. Distributions under the Plan

The following table summarizes the classification and treatment of classes of claims and equity interests under the Plan. See Section V.C "Plan – Classification and Treatment of Claims and Equity Interests." The estimated claim amounts and percentage recoveries set forth in the table are based on the Debtors' books and records and reflect the Debtors' estimates of a number of contingent, disputed, unliquidated or otherwise undetermined claims as of the date of this Disclosure Statement. THE ACTUAL AMOUNT OF ALLOWED CLAIMS IN EACH CLASS COULD MATERIALLY EXCEED OR BE MATERIALLY LESS THAN THE ESTIMATED AMOUNT SHOWN IN THE TABLE.

Classification	Estimated Amount of Allowed Claims in Class and Estimated Percentage Recovery under Plan		Treatment under Plan
DIP Facility Claims	$[35,610,759]	100%	Each holder of a DIP Facility Claim will receive, in full satisfaction and discharge of such claim, on the Effective Date, either (i) cash equal to the unpaid portion of such DIP Facility Claim or (ii) such other treatment as to which the Debtors and the holder of such DIP Facility Claim will have agreed upon in writing. Notwithstanding the foregoing, if any letters of credit under the DIP Facility Agreement remain undrawn as of the Effective Date, the Debtors will either, with the consent of the issuing bank: (i) cash collateralize such letters of credit in an amount equal to 105% of the undrawn amount of any such letters of credit; (ii) return any such letters of credit to the issuing bank undrawn and marked "cancelled" or (iii) provide a "back to back" letter of credit to the issuing bank in a form and issued by an institution reasonably satisfactory to such issuing bank, in an amount equal to 105% of the then undrawn amount of such letters of credit.

Classification	Estimated Amount of Allowed Claims in Class and Estimated Percentage Recovery under Plan		Treatment under Plan
Administrative Claims (other than Professional Fee Claims)	$[19,981,000]	100%	Each holder of an Administrative Claim (other than a Professional Fee Claim) that is an Allowed Claim will receive, in full satisfaction and discharge of such claim, cash equal to the unpaid portion of such Administrative Claim on the later of (i) the Effective Date and (ii) the date on which such Administrative Claim becomes an Allowed Claim. However, such holder may be treated on such less favorable terms as may be agreed to by such holder. In addition, Administrative Claims (other than Professional Fee Claims) representing a liability incurred by any Debtor in the ordinary course of its businesses during the Chapter 11 Cases will be paid in accordance with the terms and conditions of the particular transactions and agreements relating to such liability without the need to file or serve any request for payment of such Administrative Claims.

Classification	Estimated Amount of Allowed Claims in Class and Estimated Percentage Recovery under Plan		Treatment under Plan
Priority Tax Claims	$1,075,000	100%	Each holder of a Priority Tax Claim that is an Allowed Claim will, at the sole option of the Debtors or New OTC, as the case may be, (a) receive, on account of such claim, cash equal to the unpaid portion of such Priority Tax Claim on the later of (i) the Effective Date and (ii) the date on which such Priority Tax Claim becomes an Allowed Claim or (b) be paid on account of its Allowed Claim on such less favorable terms as have been or may be agreed to by such holder and the Debtors or New OTC, as the case may be. However, the Debtors or New OTC, as the case may be, will be authorized, at their or its option, to make deferred cash payments on account of any Priority Tax Claim that is an Allowed Claim in the manner and to the extent permitted under Section 1129(a)(9)(C) of the Bankruptcy Code, subject to the option of the Debtors or New OTC, as the case may be, to prepay at any time the entire remaining amount of such Priority Tax Claim in cash.
Class 1: Priority Claims	$1,839,000	100%	Not impaired (deemed to have accepted the Plan, not entitled to vote). Each holder of a Class 1 Claim that is an Allowed Claim will be paid (i) the full amount of such Allowed Claim in cash on the later of (x) the Effective Date, (y) the date on which such claim becomes an Allowed Claim and (z) the date on which such claim becomes payable, or (ii) upon such other less favorable terms as may be agreed to by such holder.

Classification	Estimated Amount of Allowed Claims in Class and Estimated Percentage Recovery under Plan		Treatment under Plan
Class 2: Other Secured Claims	$0	100%	Not impaired (deemed to have accepted the Plan, not entitled to vote). Unless otherwise agreed by any holder of a Class 2 Claim that is an Allowed Claim, each such claim will be (i) unaltered as to its legal, equitable and contractual rights or (ii) otherwise rendered unimpaired pursuant to Section 1124 of the Bankruptcy Code.
Class 3: First Lien Claims	$403,380,000 (subject to adjustment)	[ ]%	Impaired (entitled to vote). On the Effective Date, (i) each holder of a Class 3 Claim will receive its pro rata share of (x) the New Term Loan Cash Consideration or, if the New Term Loans cannot be obtained from New Term Loan Third Party Lenders on terms reasonably acceptable to the Debtors and the First Lien Steering Committee, the $200 million of New Term Loans and (y) 100% of the New Holdco Common Stock issued on the Effective Date and (ii) each holder of a Class 3 Claim will receive any unpaid adequate protection payments due to it pursuant to the DIP Order and will retain any payment received by it pursuant to the DIP Order.
Class 4:. Second Lien Claims	$185,824,934 (plus fees and expenses)	[ ]%	Impaired (entitled to vote). On the Effective Date, each holder of a Class 4 Claim will receive its pro rata share of 100% of the New Warrants issued on the Effective Date.

Classification	Estimated Amount of Allowed Claims in Class and Estimated Percentage Recovery under Plan		Treatment under Plan
Class 5: General Unsecured Claims	$[10,801,000]	[ ]%	Impaired (entitled to vote). On the Effective Date, each holder of a Class 5 Claim that is an Allowed Claim will receive its pro rata share of cash in an amount sufficient to provide each such holder with a percentage recovery on its Class 5 Claim equal to the percentage recovery received by each holder of a Class 4 Claim through the distribution of New Warrants to each such holder on account of its Class 4 Claim.
Class 6: Intercompany Claims	$6,953,639	0%	Impaired (voted to accept the Plan). On the Effective Date, each Class 6 Claim will be extinguished, and each holder of a Class 6 Claim will not be entitled to, and will not receive or retain, any property, interest in property or distribution on account of such claim.
Class 7: First Lien Guarantee Claims	$403,380,000 (subject to adjustment)	[ ]%	Impaired (entitled to vote). On the Effective Date, each holder of a Class 7 Claim will receive its pro rata share of the Holdings Cash.
Class 8: Second Lien Guarantee Claims	$185,824,934 (plus fees and expenses)	[ ]%	Impaired (entitled to vote). On the Effective Date, each holder of a Class 8 Claim will receive its pro rata share of the Holdings Cash.
Class 9: Holdings/Investors General Unsecured Claims	$120,071,268 (plus fees and expenses)	[ ]%	Impaired (entitled to vote). On the Effective Date, each holder of a Class 9 Claim will receive its pro rata share of the Holdings Cash.

Classification	Estimated Amount of Allowed Claims in Class and Estimated Percentage Recovery under Plan	Treatment under Plan
Class 10: Equity Interests	Not estimated 0%	Impaired (deemed to have rejected the Plan, not entitled to vote). On the Effective Date, all Class 10 equity interests will be canceled, and each holder of a Class 10 equity interest will not be entitled to, and will not receive or retain, any property, interest in property or distribution on account of such equity interest.

E. CONFIRMATION HEARING

The Bankruptcy Court has scheduled the hearing to consider the confirmation of the Plan pursuant to Section 1128 of the Bankruptcy Code on [ ], 2010, at [ ]:[ ][ ].m., New York time, before the Honorable Brendan L. Shannon, United States Bankruptcy Judge, in Courtroom 1, 6th Floor, United States Bankruptcy Court, District of Delaware, 824 North Market Street, Wilmington, Delaware 19801. The Bankruptcy Court has directed that any objection to the confirmation of the Plan be served and filed on or before [ ], 2010, at 4:00 p.m., New York time. The confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the confirmation hearing or any subsequent adjourned confirmation hearing. See Article IX "Confirmation and Consummation of the Plan."

F. CONFIRMATION REQUIREMENTS

Section 1122 of the Bankruptcy Code requires that the Plan classify the claims against, and equity interests in, the Debtors.

Only classes that are "impaired" (as defined in Section 1124 of the Bankruptcy Code) under the Plan are entitled to vote to accept or reject the Plan. As a general matter, a class of claims or equity interests is not impaired under the Plan if the Plan does not alter the legal, equitable and contractual rights of the holders of such claims or equity interests. Under Section 1126 of the Bankruptcy Code, holders of claims that are not impaired are conclusively presumed to have accepted the Plan, and holders of claims or equity interests that do not receive or retain any property under the Plan are deemed to have rejected the Plan. See Section V.B "Plan – Voting on the Plan."

The Bankruptcy Code generally requires acceptance of a plan by specified percentages, voting in separate classes, of all classes of impaired claims and equity interests of the Debtors. For purposes of the Bankruptcy Code, a class of impaired claims or equity interests is considered to have accepted a plan if the plan is accepted by (a) creditors in that class holding

at least two-thirds in aggregate dollar amount and more than one-half in number of the allowed claims in that class held by those creditors that have timely voted on the plan or (b) holders of at least two-thirds in amount of the allowed equity interests in that class held by those holders that have timely voted on the plan. Under the Bankruptcy Code, only the votes actually cast to accept or reject a plan will be counted for purposes of determining the acceptance or rejection of the plan by an impaired class of claims or equity interests. Accordingly, a plan could be approved by an impaired class of claims with the affirmative vote of significantly less than two-thirds in dollar amount and one-half in number of the allowed claims in that class.

Under Section 1129(b) of the Bankruptcy Code, however, the Bankruptcy Court may confirm a plan at the debtor's request if (a) at least one class of impaired claims has accepted the plan (with such acceptance determined without including the acceptance of any "insider" in that class) and (b) the plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the plan.

The holders of the First Lien Claims, the Second Lien Claims, the General Unsecured Claims, the Intercompany Claims, the First Lien Guarantee Claims, the Second Lien Guarantee Claims, the Holdings/Investors General Unsecured Claims and the Equity Interests are impaired classes under the Plan. Under the terms of the Plan, the holders of the Intercompany Claims, all of which are Debtors, have voted to accept the Plan. The holders of the First Lien Claims, the Second Lien Claims, the General Unsecured Claims, the First Lien Guarantee Claims, the Second Lien Guarantee Claims and the Holdings/Investors General Unsecured Claims are entitled to vote to accept or reject the Plan. The Debtors intend to seek confirmation of the Plan under Section 1129(b) of the Bankruptcy Code with respect to the holders of the Equity Interests and, if their class votes to reject the Plan, the holders of the Second Lien Claims, the Second Lien Guarantee Claims, the General Unsecured Claims and the Holdings/Investors General Unsecured Claims.

If the requirements set forth in Section 1129(b) of the Bankruptcy Code are met and the Plan is confirmed by the Bankruptcy Court and becomes effective, all holders of impaired claims and impaired equity interests (including those who rejected or were deemed to reject the Plan, and those who did not submit ballots to accept or reject the Plan) will be bound by the terms of the Plan.

For a more detailed description of the requirements for the confirmation of the Plan, see Section IX.B "Confirmation and Consummation of the Plan – Confirmation Requirements."

G. CONDITIONS PRECEDENT TO PLAN CONSUMMATION

It is a condition precedent to the consummation of the Plan that:

- the Plan shall have been confirmed by the Bankruptcy Court and the confirmation order shall have not then be stayed, vacated or reversed;

- New OTC and certain of its affiliates shall have entered into the Exit Facility and all conditions to the effectiveness thereof shall have been satisfied or waived by the parties designated as lenders thereunder, as required thereunder;

- New OTC and certain of its affiliates shall have entered into the New Term Loan Documents and all conditions to the effectiveness thereof shall have been satisfied or waived by the parties designated as lenders thereunder, as required thereunder;

- all of the Debtors' obligations under the DIP Facility Agreement shall have been satisfied in full and discharged as provided in the Plan;

- all other agreements and instruments contemplated by, or to be entered into pursuant to the Plan, including, without limitation, the following documents shall have been executed and delivered, and all conditions to the effectiveness thereof shall have been satisfied or waived as required thereunder: (a) a stockholders agreement to be entered into by New Holdco in favor of all persons and entities that will receive New Securities under the Plan (the "Stockholders Agreement"), (b) a registration rights agreement to be entered into by New Holdco in favor of all persons and entities that will receive New Securities under the Plan (the "Registration Rights Agreement"), (c) the New Warrant Agreement and (d) the governing corporate documents of each of New Holdco, New Midco, New OTC and Fun Express LLC; and

- all authorizations, consents and regulatory approvals required (if any) in connection with the effectiveness of the Plan shall have been obtained.

There can be no assurance these conditions will be satisfied. See Section IX.C "Confirmation and Consummation of the Plan – Conditions to Effectiveness."

H. WAIVER OF CONDITIONS

The Debtors, with the consent of the First Lien Steering Committee, may waive at any time, without notice, leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan, certain conditions precedent to the confirmation or consummation of the Plan.

II.

COMPANY

A. GENERAL

The Debtors are the largest direct marketers and internet retailers of party supplies, novelties, toys and children's arts and crafts in the United States. The Debtors are also the leading direct marketers of school supplies and value-priced home décor and giftware in the

United States. The Debtors market their merchandise to various customer segments, including individual consumers, teachers, schools, churches, non-profit organizations and businesses.

The Debtors market through catalogs and three websites and have extensive in-house merchandise and design expertise to continuously renew their products and expand their categories of products. The Debtors maintain a low-cost overseas sourcing network that was built over decades. They also have call centers to support customer service and warehouse and processing space to provide their products to customers efficiently.

The Debtors' executive offices are located in Omaha, Nebraska. The Debtors own all of their principal facilities, including storage and processing facilities and call centers, except for a storage and processing facility in La Vista, Nebraska.

B. HISTORY

The Debtors were founded by Harry Watanabe in 1932 in Omaha, Nebraska as a single-store wholesale gift shop selling Japanese-imported merchandise, such as lacquer ware and porcelain dolls, primarily to the carnival trade. By 1952, the Debtors had become significant suppliers of redemption prizes for carnival games with over 1,000 products. To expand the business nationally, in 1956, Mr. Watanabe began to market through a price list and catalog.

Beginning in 1986, the Debtors accelerated growth by focusing on the consumer market. The Debtors introduced color photographs, added titles for seasonal offerings, expanded product selection and eventually added a 1-800 number to the call center. In 1999, the Debtors launched an e-commerce enabled website. In 2000, the founding family sold most of its equity in the Debtors to an affiliate of Brentwood Associates, a private equity firm (collectively, "Brentwood").

C. RECAPITALIZATION

On July 31, 2006, The Carlyle Group, a private equity firm, through certain affiliates (collectively, "Carlyle"), invested approximately $260 million to acquire approximately 68% of the equity of Holdings from Brentwood. Through a new fund, Brentwood invested an additional $90 million to acquire approximately 24% of the equity of Holdings. The remaining 8% of the equity of Holdings was retained by management of the Debtors.

D. PRODUCTS AND SEASONALITY

The Debtors sell party supplies, novelties, toys, children's arts and crafts, school supplies and value-priced home décor and giftware. Customers purchase the Debtors' products for various occasions, including holidays, birthdays, school, church and community events, company gatherings and other celebrations as well as everyday gift giving. While the majority of total sales are derived from everyday products, seasonal and holiday themed products represent a large portion of sales and are an important impetus driving customers to purchase the Debtors' products.

The Debtors' merchandising staff is responsible for product sourcing, new product development, assortment planning, catalog and website merchandising and product

pricing. Through a team of product designers, the Debtors design a significant portion of their merchandise in-house, with a typical design to production cycle of four to six months. Only a small fraction of the merchandise offered by the Debtors is sold pursuant to license agreements. The Debtors source a vast majority of their merchandise from outside the United States, primarily from Asia. Substantially all of the Debtors' transactions are conducted in U.S. dollars.

E. CUSTOMERS

The Debtors serve four distinct customer segments: individual consumers, education/non-profit organizations, businesses and national accounts. The Debtors market to individual consumers primarily through the Oriental Trading Company and Terry's Village catalogs. The education/non-profit segment includes schools, teachers, churches, day care providers, youth organizations and fundraising groups. The Debtors target business customers, such as company event planners, business owners, party supply stores and other retailers, through its OTC – Business Edition catalogs. Fun Express serves national account customers which include a variety of businesses that use Fun Express' products for resale through their retail outlets, in their redemption businesses and as promotional premiums.

F. E-COMMERCE

E-commerce is a natural extension of the Debtors' catalog marketing model. E-commerce takes advantage of many aspects of the Debtors' business, including the large number of catalogs mailed, the efficient operating infrastructure and the strong brand loyalty. The Debtors maintain three websites: (i) www.orientaltrading.com, through which OTC merchandise is sold, (ii) www.terrysvillage.com, through which Terry's Village merchandise is sold and (iii) www.funexpress.com, through which OTC merchandise for national accounts is sold. The websites provide convenience to customers by accepting orders 24 hours a day, seven days per week, with online access to order status, providing a powerful search function and allowing customers to control the order entry process.

G. EMPLOYEES

As of the Commencement Date, the Debtors had approximately 1,252 hourly employees and approximately 417 salaried employees in their corporate headquarters, fulfillment centers, call centers and other facilities. As of the Commencement Date, the Debtors had approximately 1,478 employees who were scheduled to work at least 30 hours a week while less than 5% of the employees were temporary, consulting or seasonal employees. During the peak order season of October through December, the Debtors hire additional staff to meet seasonal demand. None of the Debtors' employees are currently covered by a collective bargaining agreement.

H. PROPERTIES

The principal facilities currently owned or leased by the Debtors, including their executive offices, are as follows:

Facility	Function	Address	Owned/ Leased	Land (acres)	Office (sq. ft.)	Warehouse (sq. ft.)	Total (sq. ft.)
Omaha	Storage and order fulfillment, Call Center	4206 South 108th St, Omaha, Nebraska	Owned	37	78,470	371,676	450,146
"I" Street	Storage and order fulfillment	11112 "I" St, Omaha, Nebraska	Owned	8	4,797	325,674	330,471
Underwood	Storage and order fulfillment	26325 Magnolia Rd, Underwood, Iowa	Owned	160	52,453	399,691	452,144
Ralston	Corporate Headquarters	5455 South 90th St, Omaha, Nebraska	Owned	19	64,059	10,984	75,043
"F" Street	Storage and order fulfillment	9101 "F" St, Omaha, Nebraska	Owned	5	14,527	76,959	91,486
Fremont	Call Center	2407 North Colorado Ave, Fremont, Nebraska	Owned	3	13,675	–	13,675
La Vista	Storage and order fulfillment	11201 Giles Rd, La Vista, Nebraska	Leased	138	31,435	706,371	737,806

The lease for the storage facility at La Vista, Nebraska listed above expires July 31, 2025. Management believes that the Debtors' current facilities will be adequate to meet the operational requirements of the Debtors' businesses for the foreseeable future.

I. LEGAL PROCEEDINGS

In the ordinary course of business, the Debtors are party to various lawsuits and legal proceedings arising out of their businesses. The Debtors cannot predict with certainty the outcome of these lawsuits and proceedings. Nevertheless, they do not believe that the outcome of any pending or threatened legal proceedings, except for the matters described below, would have a material adverse effect on their results of operations, cash flows or financial position.

With certain exceptions, the filing of the Chapter 11 Cases operates as a stay with respect to the commencement and continuation of litigation against the Debtors that was or could have been commenced before the Commencement Date. In addition, with respect to litigation stayed by the commencement of the Chapter 11 Cases, the Debtors' liability is subject to discharge in connection with the confirmation of a plan of reorganization, with certain exceptions. Therefore, certain litigation claims against the Debtors may be subject to compromise in connection with the Chapter 11 Cases. Pending and threatened legal proceedings against the Debtors include a lawsuit brought by Parallel Networks, LLC ("Parallel Networks"), a potential lawsuit by NCR, and a North Carolina tax matter described below.

On June 1, 2010, Parallel Networks filed a lawsuit in the United States District Court for the Eastern District of Texas against 57 companies, including OTC, alleging that certain functions of the defendants' websites infringe a business process patent owned by Parallel Networks. Parallel Networks' Complaint seeks, among other things, a permanent injunction enjoining defendants from alleged infringement. On July 29, 2010, OTC filed an Answer and Counterclaim to the Parallel Networks' Complaint. The Answer denies each of the allegations asserted against OTC and asserts several affirmative defenses, including that the patent at issue is invalid. On August 24, 2010, Parallel Networks filed a notice advising the court that the case was ready for a scheduling conference. To the extent that this proceeding is not resolved or dismissed without prejudice prior to the Effective Date, this proceeding will continue after the Effective Date in the forum in which it was initiated. If Parallel Networks were to prevail on its injunctive claim, the functionality of the Debtors' websites may be impaired. It is unclear what effect such potential impairment would have on the Debtors' profitability and financial position following the Effective Date. The Debtors believe that Parallel Networks' allegations are without merit and intend to vigorously defend against each of them.

On January 28, 2009, the Debtors received a letter from NCR, which alleged that NCR was the owner of more than 35 patents covering various e-commerce activities. NCR's letter further claimed that, because the Debtors engaged in e-retailing activities, they were required to obtain licenses from NCR. Since then, the Debtors and NCR have been negotiating the terms of a resolution of NCR's claims. The Debtors believe that NCR's allegations are without merit, and if NCR were to file a lawsuit against the Debtors, they would vigorously defend against NCR's claims. However, if NCR were to prevail in such a potential lawsuit, a

finding for NCR could have a material adverse effect on the functionality of the Debtors' websites and could lead to the Debtors' inability to market and sell their products through their websites.

On August 14, 2009, the Debtors received a letter from the North Carolina Department of Revenue (the "DoR") instructing them to remit "all sales and use taxes due to [North Carolina] for the period August 1, 2003 to the present." In addition, in a December 21, 2009 letter, the DoR informed the Debtors that it wished to begin a sales and use tax examination. In a series of letters, the Debtors informed the DoR of their position that they do not have any sales or use tax obligations to the state of North Carolina in part because the legal authority on which the DoR purported to rely does not apply retroactively as the DoR contended. If the DoR were to impose a tax assessment against the Debtors, the Debtors would vigorously protest such assessment. However, if the DoR were to prevail in administrative proceedings, the Debtors would be required to remit the amount of the assessment in order to appeal the administrative ruling to North Carolina state court.

J. CAPITAL STRUCTURE

1. DIP Facility Agreement

The Debtors are party to the Credit and Guarantee Agreement, dated as of August 27, 2010, among the Debtors, JPMorgan Chase Bank, N.A., as administrative agent (the "DIP Agent"), and the lenders parties thereto from time to time (the "DIP Lenders") (as amended, supplemented or otherwise modified from time to time, the "DIP Facility Agreement"), which provides for a term loan facility of $33.5 million and a revolving credit facility of $6.5 million (including a $5 million letter of credit sub-facility). Loans under the DIP Facility Agreement bear interest at LIBOR (with a floor of 2%) plus 5.75% or the base rate (with a floor of 3%) plus 4.75%. The DIP Facility Agreement terminates on the earlier to occur of (a) the consummation of the Plan and (b) the six-month anniversary of the closing date under the DIP Facility Agreement.

All of the Debtors are obligors under the DIP Facility Agreement and their obligations under the DIP Facility Agreement are secured by first priority liens on substantially all of the assets of the Debtors (subject to certain non-primed liens), excluding the proceeds of any avoidance actions.

As of September 23, 2010, borrowings (including letters of credit) in the aggregate amount of $35,390,000 were outstanding under the DIP Facility Agreement.

2. First Lien Credit Agreement

On July 31, 2006, OTC entered into the First Lien Credit Agreement with the First Lien Agent and the First Lien Lenders. The First Lien Credit Agreement provided for a term loan facility of $410 million and a revolving credit facility of $50 million (including a $20 million letter of credit sub-facility), which was reduced to $15 million (including the letter of credit sub-facility) on March 25, 2010. Loans under the First Lien Credit Agreement bear interest at LIBOR (with a floor of 3%) plus 6.75% or the base rate (with a floor of 4%) plus 5.75%.

As described in more detail in Article IV "Restructuring," in 2009 and 2010 the Debtors and the First Lien Lenders entered into a series of waivers and amendments with respect to the First Lien Credit Agreement. In addition, on August 23, 2010, certain First Lien Lenders extended loans in the amount of $2.5 million under the First Lien Credit Agreement (the "LIFO Loans"), which were repaid with the proceeds of the initial borrowing under the DIP Facility Agreement.

The obligations under the First Lien Credit Agreement are guaranteed by Investors, Fun Express and Marketing and, as of the Commencement Date, were secured by first priority liens on substantially all of the assets of each of OTC, Fun Express, Marketing and Investors (including a pledge of all of the shares of OTC, Fun Express and Marketing).

As of the Commencement Date, the aggregate amount outstanding under the First Lien Credit Agreement and related documents was approximately $403,380,000 in respect of loans made (other than the LIFO Loans), and interest rate hedges provided, by the First Lien Lenders and accrued but unpaid consent fees. Specifically, as of the Commencement Date, and excluding the LIFO Loans, the aggregate principal amount outstanding under the term loan facility of the First Lien Credit Agreement was $383.6 million. Additionally, as of the Commencement Date, approximately $13.0 million of revolving loans were outstanding under the First Lien Credit Agreement. OTC is also party to interest rate hedges entered into in connection with the First Lien Credit Agreement, under which OTC would have been obligated for a termination amount of approximately $4.2 million if such agreements had been terminated as of the Commencement Date.

3. Second Lien Credit Agreement

On July 31, 2006, OTC entered into the Second Lien Credit Agreement with the Second Lien Agent and the Second Lien Lenders. The Second Lien Credit Agreement provided for a term loan facility of $180 million. Loans under the Second Lien Credit Agreement bear interest at the LIBOR plus 6% or the base rate plus 5%.

The obligations under the Second Lien Credit Agreement are guaranteed by Investors, Fun Express and Marketing and, as of the Commencement Date, were secured by second priority liens on substantially all of the assets of each of OTC, Fun Express, Marketing and Investors (including a pledge of all of the shares of OTC, Fun Express and Marketing), junior to the liens granted to the First Lien Agent for the benefit of the First Lien Lenders.

As of the Commencement Date, $185,824,934 was outstanding under the Second Lien Credit Agreement, including $180.0 million in principal amount and approximately $5.8 million in accrued but unpaid interest.

4. Intercreditor Agreement

The First Lien Agent, on behalf of the First Lien Lenders, and the Second Lien Agent, on behalf of the Second Lien Lenders, together with the Debtors, are party to the Intercreditor Agreement, dated as of July 31, 2006 (the "Intercreditor Agreement"). The Intercreditor Agreement governs the priority, and the parties' respective rights in respect, of the

First Lien Agent's and the Second Lien Agent's respective security interests in and liens on the common collateral pledged to such parties by the Debtors.

Pursuant and subject to the Intercreditor Agreement, prior to the payment in full in cash of all amounts owing to the First Lien Lenders, the Second Lien Lenders waived certain rights to exercise remedies with respect to the common collateral, are subject to the turnover provisions contained therein, and consented to other matters applicable in the context of a Chapter 11 proceeding relating to, among other things, postpetition financing, the use of cash collateral, adequate protection, any sale of assets and the terms of any plan of reorganization.

5. Mezzanine Loan Agreement

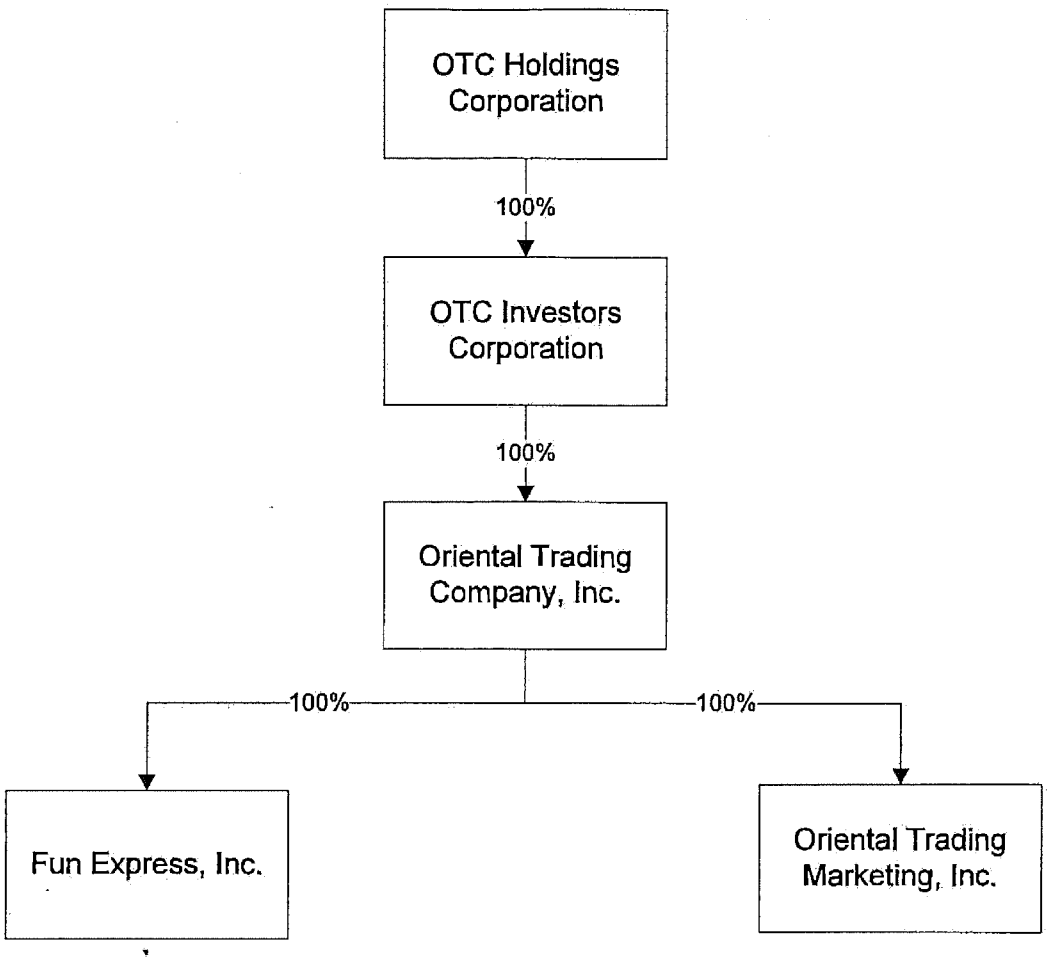
On July 31, 2006, Investors entered into the Mezzanine Loan Agreement with Wilmington Trust FSB (as successor agent to Wachovia Bank, National Association), as administrative agent, and the Mezzanine Lenders. Investors is a holding company whose only asset is the stock of OTC, and the obligations of Investors under the Mezzanine Loan Agreement are not secured by the assets of, or guaranteed by, any of the other Debtors.

The Mezzanine Loan Agreement provided for a term loan facility of $70 million. Loans accrue interest at a rate of 13.50% per annum, which is payable by capitalizing such interest until January 1, 2011 and thereafter is payable in cash. As of the Commencement Date, the aggregate amount outstanding under the Mezzanine Loan Agreement was $120,071,268.

6. Equity

As of the Commencement Date, 154,696 shares of common stock of Holdings and 363,865 shares of preferred stock of Holdings were outstanding. Of these, 257,665 shares of preferred stock and 10 shares of common stock (together representing approximately 68% of the outstanding shares of common stock of Holdings on an as-converted basis) were owned by Carlyle and 90,000 shares of preferred stock (representing approximately 24% of the outstanding shares of common stock of Holdings on an as-converted basis) were owned by Brentwood. The management of the Debtors owned the remaining 8% of the outstanding shares of common stock of Holdings (on an as-converted basis).

The chart on the following page summarizes the Debtors' corporate structure.


OTC Holdings Corporation
100%
OTC Investors Corporation
100%
Oriental Trading Company, Inc.
100%
100%
Fun Express, Inc.
Oriental Trading Marketing, Inc.

III.

EXECUTIVE OFFICERS

A. CURRENT EXECUTIVE OFFICERS

Set forth below are the names, positions and biographical information of the current executive officers of the Debtors.

Name	Positions
Sam Taylor	Chief Executive Officer
Steven Mendlik	Chief Financial Officer
Dana Fuller	Senior Vice President and Chief Information Officer
Sydney Johnson-Gorrell	Senior Vice President and Chief Talent Officer
Chris Merritt	Senior Vice President, Supply Chain Operations
Brian Moen	Senior Vice President, E-commerce
David Johnson	Senior Vice President, Marketing
Carol Norman	Senior Vice President, Merchandising
John Lanman	Vice President and General Manager of Fun Express
Robert Siffring	Vice President and General Counsel
Brian Breen	Treasurer

Sam Taylor was named Chief Executive Officer in 2008. Prior to being employed by the Debtors, Mr. Taylor served as Senior Vice President of Consumer Direct for Hewlett-Packard Co. (2006 – 2007); Senior Vice President of Online Stores and Marketing for Best Buy (2004 – 2006); Vice President of e-commerce and International for Lands' End (2000 – 2004); European Regional Director and Director of Strategic Planning for Disney (1995 – 2000); and was a consultant with Bain and Company (1986 – 1995).

Steven Mendlik has been Chief Financial Officer since April 2002. Before serving as the Chief Financial Officer, Mr. Mendlik was the Controller from 1992 to 2001. Prior to joining the Debtors, he was employed as a CPA in the audit and mergers and acquisitions groups of Deloitte & Touche from 1988 to 1992.

Dana Fuller joined the Debtors in January, 2009 as Senior Vice President and Chief Operating Officer and assumed the position of Chief Information Officer in January 2010. Before joining the Debtors, Mr. Fuller served as Senior Vice President and Chief Information Officer for Estee Lauder (2002 – 2009) and as Senior Vice President and Chief Information Officer for Ryder Systems (1997 – 2002).

Sydney Johnson was named Senior Vice President and Chief Talent Officer in February 2009. Before joining the Debtors, Ms. Johnson was Vice President of Human Resources for Brooks Sports, Inc.; Vice President of Global Human Resources for Shurgard Self Storage; and Senior Vice President of Human Resources and Administration for Wizards-of-the-Coast.

Chris Merritt joined the Debtors in September 2007 as Vice President of Operations and became Senior Vice President, Supply Chain Operations in January 2010. Before joining the Debtors, Mr. Merritt worked for Kurt Salmon Associates (1992 – 2007) as a consulting partner.

Brian Moen joined the Debtors in 2004 and was promoted to Senior Vice President, E-Commerce in 2010. Prior to joining the Debtors, Mr. Moen led marketing efforts for Overton and held management roles in Danmark International and Northern Tool and Equipment.

David Johnson joined the Debtors as Senior Vice President, Marketing in May 2010. He previously served as Founder and President of Crosspoint Marketing (2009 – 2010); was the Executive Vice President, Direct Marketing and E-Commerce for School Specialty, Inc. (2004 – 2009) and has served in various positions at Land's End, Inc (1989 – 2004) including five years as Vice President of Direct Marketing.

Carol Norman joined the Debtors as Vice President, Merchandising in 2009 and became Senior Vice President, Merchandising in 2010. Prior to joining the Debtors, Ms. Norman served as Chief Merchandising Officer for Curves International (2007 – 2009) and was Vice President and General Merchandise Manager for Dots Stores, Inc. and Cracker Barrel Old Country.

John Lanman joined the Debtors as Vice President and General Manager for Fun Express in 2008. Prior to joining the Debtors, Mr. Lanman was General Manager for Gallery Marketing Group (2007 – 2008) and Vice President and General Manager of Blythe HomeScents International (2002 – 2007).

Robert Siffring joined the Debtors as Corporate Attorney in 1995, was promoted to General Counsel in 1997, and was promoted to Vice President and General Counsel in 2007. Prior to joining the Debtors, Mr. Siffring was a principal at the law firm of Fitzgerald, Schorr, Barmettler & Brennan.

Brian Breen was named Treasurer in February, 2010. Prior to joining the Debtors, Mr. Breen was CFO, Treasurer and Secretary for The Service Companies, Inc. (2008 – 2009); served in various roles at Simmons Bedding Company (1996 – 2008) including Senior Vice President, Treasurer & SVP Shared Services Center; was Controller for Six Flags Theme Park (1995 – 1996); and was Director of Corporate Accounting for Haverty Furniture Cos., Inc. (1992 – 1994). Mr. Breen is a Certified Treasury Professional.

B. CERTAIN COMPENSATION

1. Severance Arrangements

Certain senior executives of the Debtors are party to severance agreements with the Debtors pursuant to which the executive would be entitled to a severance payment of up to 12 months of base salary in the one year following event that the executive's employment is terminated without cause within the closing date of a change in control transaction. A "change in control transaction" means (i) the sale of all or substantially all of the assets of OTC, (ii) the

consummation of a plan of reorganization of OTC pursuant to the Bankruptcy Code, or (iii) any other transaction as a result of which persons who were stockholders of OTC immediately prior to such transaction cease to own immediately thereafter, directly or indirectly, more than 50% of the combined voting power of OTC's then outstanding voting securities.

The agreement becomes null and void if it is not assumed by the acquirer of OTC's assets in the change in control transaction or the board of directors of OTC or its successor (as composed immediately following a change in control transaction) terminates the agreement for any reason. In addition, the agreement becomes null and void if a change in control transaction does not occur on or before December 31, 2010. Payment of severance is subject to the executive's execution of a customary release as well as agreement not to interfere with the Debtors' business relationships for 12 months following termination of employment and a confidentiality covenant. The severance agreement supersedes any prior severance arrangements between the Debtors and the executive. [The Plan provides that these severance agreements (a) will be amended, as applicable, in a manner agreed to by the Debtors and the First Lien Steering Committee, (b) will be deemed, and treated as, executory contracts for purposes of the Plan and (c) as of the Effective Date, will be assumed by the Debtors as so amended and assigned to the New Companies.]

2. Key Employee Performance Incentive Plan

Prior to the Commencement Date, the Debtors established the Key Employee Performance Incentive Plan ("KEPIP") in order to (i) align the interests of OTC's key employees with the interests of OTC and its creditors; (ii) focus the key employees' attention and efforts on a successful change in control transaction by December 31, 2010; (iii) incentivize the key employees to achieve the cumulative Q1 and Q2 earnings before interest, taxes, depreciation and amortization ("EBITDA") plan of OTC (the aggregate maximum amount of bonuses that would be payable under the KEPIP would not exceed 1.5% of the cumulative Q1 and Q2 EBITDA plan); (iv) incentivize the key employees to maintain a level of outstanding services to OTC through the date on which a transaction is consummated; (v) incentivize the key employees to successfully transition OTC's business as needed or appropriate following the consummation of a transaction; and (vi) appropriately compensate the key employees for their continued dedication and hard work during OTC's current restructuring process. The total amount payable under the KEPIP is $450,000. There are 14 participants in the KEPIP.

Payment of any bonus under the KEPIP is contingent upon the satisfaction of two specific performance criteria. First, no bonus will be payable under the KEPIP unless a change in control transaction occurs on or before December 31, 2010. Second, no bonus will be payable under the KEPIP unless the following EBITDA goals are achieved: (x) 100% of the participants' bonuses will become earned and payable if the cumulative Q1 and Q2 EBITDA plan is achieved; (y) 50% of the participants' bonuses will become earned and payable if at least 90% (but less than 100%) of the cumulative Q1 and Q2 EBITDA plan is achieved (and the remaining portion of each participant's bonus will be forfeited); and (z) none of the bonuses will become earned and payable if less than 90% of the cumulative Q1 and Q2 EBITDA plan is achieved (and the entire bonus will be forfeited). The cumulative Q1 and Q2 EBITDA plan is $30,177,000.

Unless the participant's employment terminates before the date of payment, 50% of any earned bonus will be paid to the participant within 10 days following the date on which a change in control transaction is consummated (or if later, the last day of the second fiscal quarter of OTC) and the remaining 50% of such bonus will be paid to the participant within 10 days following the six month anniversary of the date on which the transaction is consummated. If a participant's employment is terminated without cause prior to the payment of any portion of his or her bonus, the participant will be paid the unpaid portion of the earned bonus within 10 days following the last to occur of (x) the last day of OTC's second fiscal quarter, (y) the date on which a change in control transaction is consummated and (z) the date on which the participant's employment terminates.

The KEPIP will be null and void in the event that any acquirer of substantially all assets of OTC does not assume the KEPIP for any reason. In addition, the board of directors (as composed immediately following any other change in control transaction) may, prior to any payment required under the KEPIP, terminate or amend the KEPIP for any reason. [The Plan provides that the KEPIP (a) will be amended, as applicable, in a manner agreed to by the Debtors and the First Lien Steering Committee, (b) will be deemed, and treated as, executory contracts for purposes of the Plan and (c) as of the Effective Date, will be assumed by the Debtors as so amended and assigned to the New Companies.]

C. PROPOSED DIRECTORS AND EXECUTIVE OFFICERS

The board of directors of New Holdco following the confirmation of the Plan will consist initially of seven members, six of whom will be designated by the First Lien Steering Committee. The chief executive officer of New Holdco will be the seventh director. The identities of the members of the initial board of directors and officers of New Holdco have not been determined as of the date of this Disclosure Statement and will be disclosed in the Plan Supplement. To the extent that any such person is an insider (as defined in Section 101(31) of the Bankruptcy Code), the nature of any compensation for such person will also be disclosed prior to the confirmation hearing. The initial board of directors of New Holdco will appoint directors of the New Companies other than New Holdco to serve in their respective capacities after the Effective Date until replaced or removed in accordance with the respective governing corporate documents of each such New Company.

IV.

RESTRUCTURING

A. EVENTS LEADING TO BANKRUPTCY

The Debtors have experienced and continue to experience financial difficulties due primarily to significant industry specific cost increases and a severe economic downturn that has adversely affected retail markets and consumer confidence. As a result of the economic downturn, the Debtors' revenues have declined and their operations can no longer support their highly-leveraged capital structure. To assist in addressing the Debtors' leveraged capital structure, in November 2008, the Debtors retained Jefferies & Company, Inc. ("Jefferies") as their financial advisor.

As a result of their declining results of operations and leveraged capital structure, the Debtors failed to satisfy certain financial covenants set forth in the First Lien Credit Agreement with respect to the fiscal quarter ended on December 27, 2008. To afford the Debtors time to stabilize their operations and formulate a restructuring plan (including a possible new investment from their principal shareholders) and continued access to the revolving credit facility under the First Lien Credit Agreement, the Debtors and the First Lien Lenders entered into a series of waivers and amendments with respect to the First Lien Credit Agreement and certain related agreements and, on May 1, 2009, entered into a longer term waiver and amendment pursuant to which the First Lien Lenders agreed to waive compliance with these financial covenants through April 4, 2010. This waiver was subsequently extended to August 25, 2010 through several further waivers and amendments with the First Lien Lenders to permit the Debtors continued access to the revolving credit facility under the First Lien Credit Agreement while the Debtors pursued various strategic alternatives as described further below.

In addition, in connection with the last waiver and amendment under the First Lien Credit Agreement, on August 23, 2010, certain First Lien Lenders extended the LIFO Loans in the amount of $2.5 million to the Debtors to provide them with sufficient liquidity through the commencement of the Chapter 11 Cases and the closing of the debtor in possession financing (the "DIP Facilities"). The extension of the DIP Facilities was conditioned on the repayment of the LIFO Loans with the proceeds of the initial borrowing under the DIP Facilities. As described below, the First Lien Lenders agreed to provide the LIFO Loans to allow the Debtors to postpone the commencement of the Chapter 11 Cases by one week to fully explore the possibility of a consensual restructuring plan.

In April 2010, with a view to formulating a consensual restructuring plan to delever the Debtors' balance sheet, the Debtors and their advisors initiated discussions with the First Lien Lenders and the Second Lien Lenders and their respective advisors. To oversee this restructuring process and evaluate and negotiate any proposed transaction, on April 23, 2010, the board of directors of OTC (the "Board") formed a special committee of independent directors unaffiliated with the Debtors' shareholders (the "Special Committee").

On April 30, 2010, the Debtors provided a written proposal for a standalone restructuring to the First Lien Steering Committee and an ad hoc committee of the Second Lien Lenders which reported to hold more than two-thirds of the loans outstanding under the Second Lien Credit Agreement (the "Ad Hoc Committee"). Following the delivery of this proposal, the Debtors and their advisors spent a considerable amount of time discussing the proposal with the First Lien Steering Committee and the Ad Hoc Committee and their respective advisors and encouraged them to provide the Debtors with counter-proposals. As a result, each of the First Lien Steering Committee and the Ad Hoc Committee proposed its own standalone restructuring plan for the Debtors. Following delivery of these proposals, the Debtors, the First Lien Steering Committee and the Ad Hoc Committee continued to negotiate in an effort to reach a consensual standalone restructuring plan. During these negotiations, the Debtors provided the advisors to the First Lien Steering Committee and the Ad Hoc Committee with regular access to the Debtors' management and extensive due diligence materials, including the Debtors' five-year business plan. Notwithstanding the efforts of all parties, as a result of differences in view concerning valuation and other issues, these negotiations failed to produce an agreement on a standalone restructuring plan.

Consequently, the Debtors, with assistance from their advisors, initiated a comprehensive review of various strategic alternatives, and solicited input from the First Lien Steering Committee and the Ad Hoc Committee. In light of the differences in view among the Debtors' lenders concerning valuation and related matters and the breakdown in negotiations over a standalone restructuring over these issues, the Debtors concluded that a sale process (by testing competing views on valuation against the actual market for the Debtors' assets) was the course of action most likely to create a dynamic with potential to lead to a consensual transaction. In addition, the Debtors were hopeful that a sale process would attract a purchaser or new investor and thereby produce a transaction with a higher value than might be achieved in a standalone restructuring. With support from the First Lien Steering Committee and the Ad Hoc Committee, the Debtors promptly initiated a comprehensive two-stage marketing process developed with assistance from Jefferies in an effort to maximize the value of the Debtors for the benefit of all stakeholders.

On June 17, 2010, Jefferies began contacting potential third party buyers and preparing a confidential information memorandum to be distributed to interested parties. Over 70 potential bidders, including financial and strategic buyers, were contacted. Thirty-four of these parties executed confidentiality agreements and received the confidential information memorandum and, except in the case of certain strategic buyers that competed with the Debtors, access to an electronic data room. Of these 34 parties, seven submitted preliminary indications of interest on or about July 9, 2010. After careful review of the preliminary indications of interest, the Debtors invited five bidders into the second round during which the bidders were permitted to conduct further due diligence, including access to a comprehensive data room, site visits to the Debtors' offices and distribution centers and participation in management presentations.

Ultimately, three parties submitted offers to acquire the Debtors by the August 10, 2010 bid deadline. All of the offers were below the amount required to pay in full the Debtors' obligations to the First Lien Lenders. In addition, all of the offers contained various contingencies, requiring further business and legal due diligence and the availability of necessary financing. Notably, one of the bids was submitted by an affiliate of the holder of a substantial portion of the Debtors' obligations under the Second Lien Credit Agreement.

During the two-month marketing process, the Debtors exhausted the remaining availability under their revolving credit facility, with the outstanding balance under the revolving credit facility increasing from $0 to approximately $13 million. As a result, the Debtors faced an immediate liquidity crisis. August through October is the Debtors' peak period for receiving shipments of goods that will be sold during the holiday shopping season. Absent the availability of additional liquidity through the DIP Facilities, the Debtors would not be able to meet their inventory needs and would suffer sales losses during the peak holiday shopping season. Moreover, due in part to news reports concerning the uncertainty of the Debtors' future, some of the Debtors' major vendors had demanded stricter trade terms from the Debtors. As a result, the Debtors determined that they needed immediate access to additional financing in order to maintain their operations and preserve the value of their business.

B. PLAN SUPPORT AGREEMENT AND DIP FACILITIES

After the August 10 deadline, the Debtors reviewed the results of the marketing process and their liquidity situation with both the First Lien Steering Committee and the Ad Hoc Committee. The First Lien Steering Committee indicated to the Debtors that, while none of the three bids submitted were acceptable, the First Lien Lenders were willing to negotiate a standalone plan with the Debtors and to provide a $40 million debtor in possession facility to fund the Debtors' continued operations in Chapter 11. The Debtors promptly commenced negotiations with the First Lien Steering Committee on the terms of a debtor in possession facility and a standalone plan.

The discussions between the Debtors and the First Lien Steering Committee culminated in the execution of the Plan Support Agreement between the Debtors and the Consenting Holders. Under the Plan Support Agreement, the Consenting Holders agreed to support confirmation of the Plan and vote to accept the Plan, which is in form and substance consistent in all material respects with, and on terms and conditions no less favorable than, the terms set forth in the Plan Support Agreement and the Plan Term Sheet. Certain of the First Lien Lenders also agreed to provide the DIP Facilities.

During the negotiation of the Plan Support Agreement and the Plan Term Sheet, the Debtors and the First Lien Steering Committee continued discussions with members of the Ad Hoc Committee. In fact, the Debtors postponed the commencement of the Chapter 11 Cases by one week in order to fully explore the possibility of an agreement and, as described above, certain First Lien Lenders provided the LIFO Loans to facilitate that effort. Unfortunately, the efforts to reach agreement with the Ad Hoc Committee prior to the commencement of the Chapter 11 Cases were unsuccessful. Nonetheless, the Debtors continued to engage in discussions with members of the Ad Hoc Committee after the Commencement Date to reach an agreement concerning the restructuring of the Debtors.

The Debtors decided to proceed with the restructuring plan contemplated by the Plan Term Sheet because it is superior in a number of material respects to the bids submitted in the sale process and the other alternatives available to the Debtors. In the Debtors' estimation, the restructuring plan provides the Debtors' creditors with greater aggregate value than these other alternatives. Moreover, because the Plan Support Agreement is not subject to further diligence or financing requirements, the restructuring plan (and the value inherent in it) is less contingent than the bids received in the marketing process. Further, as already noted, certain of the First Lien Lenders had agreed to provide the DIP Facilities.

Given the immediacy of the Debtors' financing needs, the liens on the Debtors' prepetition assets and the resulting inability to prime the First Lien Lenders' liens and the absence of any proposals to provide postpetition financing on a junior basis, the Debtors determined that the DIP Facilities provided the most advantageous, if not the only available, financing for the Debtors. Finally, the Debtors believe that they need to implement the restructuring contemplated by the Plan Support Agreement promptly since the instability of a protracted and uncertain process would erode confidence of the Debtors' employees, customers and vendors in the viability of the Debtors' business and would significantly damage the value of the Debtors' business, to the detriment of all stakeholders.

Significantly, the Plan Support Agreement expressly recognizes that the Debtors will retain a "fiduciary out." The Plan Support Agreement provides that the Debtors may terminate the agreement if their board of directors, in the exercise of its fiduciary duties, determines in good faith that a Business Combination (as defined in the Plan Support Agreement, and including a sale of substantially all of the Debtors' assets) is more favorable to the Debtors' estates and creditors and other stakeholders than the restructuring contemplated by the Plan Term Sheet.

Consequently, the Debtors commenced the Chapter 11 Cases to implement the restructuring contemplated by the Plan Support Agreement, while at the same time fully retaining the right to continue exploring the potential for a different transaction or plan that the Debtors conclude in the exercise of their fiduciary duties would better maximize the value of their estates and provide greater recoveries to their creditors and other stakeholders.

C. BANKRUPTCY FILING AND FIRST DAY ORDERS

On the Commencement Date, in addition to the voluntary petitions for relief filed by the Debtors under Chapter 11 of the Bankruptcy Code, the Debtors filed a number of first day motions (the "First Day Motions") with the Bankruptcy Court. Thereafter, The Bankruptcy Court entered several orders approving the First Day Motions (the "First Day Orders"), among other things, to prevent interruptions to the Debtors' businesses, enhance confidence among suppliers, customers and employees as to the likelihood of the Debtors' successful emergence from the Chapter 11 Cases, and provide access to much needed working capital.

1. Administrative Motions

To facilitate a smooth and efficient administration of the Chapter 11 Cases and to reduce the administrative burden associated therewith, the Bankruptcy Court entered procedural orders authorizing the joint administration of the Chapter 11 Cases and granting the Debtors an extension of time to file their Schedules. The Debtors expect to file their Schedules with the Bankruptcy Court on or before October 24, 2010. Shortly after the Schedules are filed, the Debtors expect to file a motion requesting that the Bankruptcy Court establish deadlines for filing proofs of claim in the Chapter 11 Cases.

2. Debtor in Possession Financing

On the Commencement Date, the Debtors requested Bankruptcy Court approval of the DIP Facilities on an interim basis. On August 26, 2010, the Bankruptcy Court entered an order authorizing the Debtors to enter into the DIP Facilities and access up to $22.5 million under the DIP Facilities and use the cash collateral of the First Lien Lenders and the Second Lien Lenders on an interim basis pursuant to the terms of such order. On September 20, 2010, the Bankruptcy Court entered a final order authorizing the Debtors to access the full amount of the DIP Facilities and use the cash collateral of the First Lien Lenders and the Second Lien Lenders on a final basis pursuant to the terms of such order. The DIP Facilities terminate on the earlier to occur of (a) the consummation of the Plan and (b) the six-month anniversary of the closing date of the DIP Facilities. Pursuant to the terms of the DIP Facilities, with certain permitted variances, any expenditure to be made by the Debtors must be consistent with the budget

approved by the DIP Lenders. For a description of the principal terms of the DIP Facilities, see Section II.J.1 "Company – Capital Structure – DIP Facility Agreement."

3. Stabilizing Operations

Recognizing that any interruption of the Debtors' business, even for a brief period, would negatively impact customer, supplier and employee relationships as well as revenue and profits, the Debtors filed a number of First Day Motions to stabilize their operations. Thereafter, the Bankruptcy Court entered a number of First Day Orders authorizing the Debtors to pay certain prepetition claims and obligations and continue certain existing programs affecting customers, suppliers and employees.

a. Payment of Claims of Critical Vendors; Carriers and Shippers and the Customs Service

The Debtors rely on certain vendors, including foreign vendors, to provide goods and services that are critical to the Debtors' business. The Debtors must be able to secure an uninterrupted supply of necessary goods and services so that they can continue their operations as usual and seamlessly provide their products to customers. Therefore, the Bankruptcy Court entered a First Day Order authorizing the Debtors to pay prepetition claims of certain critical vendors in an aggregate amount of no more than $8 million on an interim basis. On September 17, 2010, the Debtors obtained a final order authorizing them to pay their critical vendors in an aggregate amount of no more than $15 million. In addition, the Bankruptcy Court authorized the Debtors to pay certain prepetition claims of shippers, common carriers and other lien claimants and the U.S. Customs Service.

b. Continuation of Cash Management System and Intercompany Transactions

Because of the administrative hardship that any operating changes would impose on the Debtors, as a First Day Order, the Bankruptcy Court authorized the Debtors to continue using their existing cash management system, bank accounts and checks and, on an interim basis, maintain their existing investment practices. In addition, the Bankruptcy Court granted the Debtors express authority to engage in intercompany transactions on a postpetition basis. To ensure that no Debtor will fund, at the expense of its creditors, the operations of another entity, the Bankruptcy Court accorded administrative expense priority status to all postpetition accounts from a Debtor to another Debtor as a result of ordinary course intercompany transactions.

c. Payment of Prepetition Employee Wages, Compensation and Employee Benefits

The Bankruptcy Court granted the Debtors authority to pay all accrued but unpaid amounts in respect of employee wages, salaries and bonuses and to continue employee benefit programs in the ordinary course of the Debtors' businesses. The Debtors' employee benefit programs include: (i) medical, dental, vision, life and disability insurance; (ii) paid time off plans; (iii) a 401(k) plan; (iv) a tuition assistance program; (v) flexible spending accounts; and (vi) other miscellaneous employee programs. The Bankruptcy Court also permitted the Debtors

to pay all accrued but unpaid expense reimbursements, payroll taxes and deductions, and amounts owed to the Debtors' payroll and employee benefits administrators.

d. Honoring Prepetition Obligations under Customer Programs and Credit Card Agreements

The Bankruptcy Court entered a First Day Order granting the Debtors authority to continue, in the ordinary course of their businesses, various programs currently in place for their customers, which are designed to respond to competitive pressures, maintain customer loyalty and increase sales. The Debtors are also permitted to pay fees to credit card companies and processors and an online payment processor and allow them to set off chargebacks against any amounts owed to the Debtors.

e. Adequate Assurance to Utility Companies

The Bankruptcy Court entered interim and final orders (i) determining that any utility companies that provide utility services to the Debtors have been provided with adequate assurance of payment within the meaning of Section 366 of the Bankruptcy Code; (ii) approving the Debtors' proposed adequate assurance and adequate assurance procedures; (iii) prohibiting such utility companies from altering, refusing or discontinuing services on account of prepetition amounts outstanding, the filing of the Chapter 11 Cases or any perceived inadequacy of the Debtors' proposed adequate assurance; and (iv) determining that the Debtors are not required to provide any additional adequate assurance beyond what is proposed.

f. Payment of Sales, Use, Franchise and Property Taxes

The Bankruptcy Court entered a First Day Order authorizing the Debtors to pay all prepetition sales, use, franchise and property taxes owed to any taxing authority, including any taxes and assessments subsequently determined upon audit to have accrued during the period prior to the Commencement Date.

g. Payment of Obligations under Premium Finance Agreement and Insurance Programs

The Debtors were granted authority to (i) make all installment payments under a premium finance agreement as such installment payments come due; (ii) continue all of the Debtors' insurance programs (including workers' compensation insurance programs) in the ordinary course of business; and (iii) pay prepetition obligations in respect of the premium finance agreement and the insurance programs, including, without limitation, premiums, claims, deductibles, excess, retrospective adjustments and administrative fees.

4. Employment and Compensation of Advisors

To assist the Debtors in carrying out their duties as debtors in possession and to otherwise represent the Debtors' interests in the Chapter 11 Cases, the Bankruptcy Court entered final orders, authorizing the Debtors to retain and employ the following advisors: (a) Jefferies, as financial advisor to the Debtors; (b) Debevoise & Plimpton LLP, as counsel to the Debtors; (c) Young Conaway Stargatt & Taylor, LLP, as local counsel to the Debtors; (d) Kurtzman

Carson Consultants LLC, as notice, claims and solicitation agent to the Debtors; (e) Protiviti, Inc., as restructuring consultant to the Debtors; (f) Deloitte Tax LLP, as tax consultant to the Debtors; and (g) PricewaterhouseCoopers LLP, as technology consultant to the Debtors. Pursuant to the final order authorizing the retention of Jefferies, the Bankruptcy Court approved a fixed monthly fee of $125,000 and a restructuring fee of $4 million, payable upon consummation of the Plan, subject to a credit for up to 50% of certain monthly fees paid.

In addition, the Bankruptcy Court approved the Debtors' motion to retain and compensate certain professionals utilized in the ordinary course of the Debtors' business on terms substantially similar to those in effect prior to the Commencement Date, without requiring those professionals to file separate retention applications and fee applications. On September 17, 2010, the Bankruptcy Court entered an order approving certain procedures for the interim compensation and reimbursement of expenses to professionals retained in the Chapter 11 Cases.

5. Formation of Creditors' Committee

At a meeting of the Debtors' creditors held on September 8, 2010, the United States Trustee for the District of Delaware (the "U.S. Trustee"), pursuant to Section 1102 of the Bankruptcy Code, appointed an Official Committee of Unsecured Creditors (the "Committee") consisting of Quad Graphics, Yeko Trading Limited, Google Inc., Intertek Testing Services, Lucky Worldwide Trading Co. Ltd., Omniglow, LLC and Experian. Soon thereafter, the Committee retained Cooley LLP ("Cooley") as its counsel and FTI Consulting Inc. ("FTI") as its financial advisor. On [ ], 2010, the Bankruptcy Court approved the Committee's applications to retain Cooley and FTI.

V.

PLAN

The Plan is a joint plan of reorganization of the Debtors. It sets forth in detail the terms of the restructuring of claims against and equity interests in the Debtors and provides for its implementation. The following discussion of the Plan is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the provisions of the Plan, a copy of which is attached as Appendix B. In the event of any inconsistency between the provisions of the Plan and this Disclosure Statement, the provisions of the Plan are controlling.

A. BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself and its creditors and equity holders. In addition to permitting rehabilitation of the debtor, another goal of Chapter 11 is to promote equality of treatment of creditors and equity holders of equal rank with respect to the distribution of the debtor's assets. In furtherance of these two goals, upon the filing of a petition for relief under Chapter 11, Section 362 of the Bankruptcy Code generally provides for an automatic stay of substantially all acts and proceedings against

the debtor and its property, including all attempts to collect debts or enforce liens that arose prior to the commencement of the debtor's case under Chapter 11.

The consummation of a plan of reorganization is the principal objective of a Chapter 11 case. A plan of reorganization sets forth the means for satisfying claims against, and equity interests in, a debtor. Unless a trustee is appointed, only the debtor may file a plan during the first 120 days of the case. After the 120-day exclusive period has expired, a creditor or any other party in interest may file a plan, unless the debtor files a plan within its exclusive period. If the debtor files a plan within its exclusive period, the debtor is given 60 additional days to solicit acceptances of its plan. Section 1121(d) of the Bankruptcy Code permits the Bankruptcy Court to extend or reduce the debtor's exclusive period and 60-day solicitation period upon a showing of adequate "cause," provided that the periods may not be extended beyond a date that is 18 months after the Commencement Date, in the case of the exclusive period, and 20 months after the Commencement Date, in the case of the solicitation period. The Debtors filed the Chapter 11 Case on August 25, 2010. The Debtors' statutory exclusive period extends to December 23, 2010, unless extended by the Bankruptcy Court. Because the Debtors filed the Plan within the exclusive period, the 60-day solicitation period expires on February 21, 2011, unless extended by the Bankruptcy Court.

Confirmation of a plan of reorganization by a Bankruptcy Court makes the plan binding upon the debtor, any issuer of securities under the plan, any person acquiring property under the plan and any creditor or equity holder of the debtor. Subject to certain limited exceptions provided by the Bankruptcy Code, and except as specifically provided in the plan of reorganization, the confirmation order discharges the debtor from any debt that arose prior to the date of the confirmation order and substitutes the obligations specified in the Plan for those debts.

See Article VIII "Voting Procedures" and Article IX "Confirmation and Consummation of the Plan."

B. VOTING ON THE PLAN

1. General

Section 1122 of the Bankruptcy Code requires that the Plan classify the claims against, and equity interests in, the Debtors. Only classes that are "impaired" (as defined in Section 1124 of the Bankruptcy Code) under the Plan are entitled to vote to accept or reject the Plan. As a general matter, a class of claims or equity interests is not impaired under the Plan if the Plan does not alter the legal, equitable and contractual rights of the holders of such claims or equity interests. Under Section 1126 of the Bankruptcy Code, holders of claims that are not impaired are conclusively presumed to have accepted the Plan and holders of claims or equity interests that do not receive or retain any property under the Plan are deemed to have rejected the Plan.

The Bankruptcy Code generally requires acceptance of the Plan by specified percentages, voting in separate classes, of all classes of impaired claims and equity interests of the Debtors. For purposes of the Bankruptcy Code, a class of impaired claims or equity interests

is considered to have accepted the Plan if (a) the Plan is accepted by creditors in that class holding at least two-thirds in aggregate dollar amount and more than one-half in number of the allowed claims in that class held by those creditors that have timely voted on the Plan or (b) holders of at least two-thirds in amount of the allowed equity interests in that class held by those holders that have timely voted on the Plan (as to any such class, the "Requisite Acceptances"). Under the Bankruptcy Code, only the votes actually cast to accept or reject the Plan will be counted for purposes of determining the acceptance or rejection of the Plan by an impaired class of claims or equity interests. Accordingly, the Plan could be approved by an impaired class of claims with the affirmative vote of less than two-thirds in dollar amount and one-half in number of the allowed claims in that class.

Under Section 1129(b) of the Bankruptcy Code, however, the Bankruptcy Court may confirm the Plan at the Debtors' request if (a) at least one class of impaired claims has accepted the Plan (with such acceptance determined without including the acceptance of any "insider" in that class) and (b) the Plan does not "discriminate unfairly" and is "fair and equitable" with respect to each class of claims or equity interests that is impaired under, and has not accepted, the Plan. See Section IX.B "Confirmation and Consummation of the Plan – Confirmation Requirements."

2. Classes Entitled to Vote

This Disclosure Statement is furnished to the holders of impaired claims against the Debtors that are entitled to vote to satisfy the requirements of the Bankruptcy Code. The following classes of claims are impaired under the Plan and are entitled to vote for its acceptance or rejection:

Class 3 – First Lien Claims

Class 4 – Second Lien Claims

Class 5 – General Unsecured Claims

Class 7 – First Lien Guarantee Claims

Class 8 – Second Lien Guarantee Claims

Class 9 – Holdings/Investors General Unsecured Claims

Under the terms of the Plan, the holders of Intercompany Claims, all of which are Debtors, have voted to accept the Plan.

3. Classes Not Entitled to Vote

The following classes of claims are not impaired under the Plan and are deemed to have accepted the Plan:

Class 1 – Priority Claims

Class 2 – Other Secured Claims

The following class of equity interests is impaired under the Plan and is deemed to have rejected the Plan because it is not receiving any distribution under the Plan:

Class 10 – Equity Interests

The Debtors intend to seek confirmation of the Plan under Section 1129(b) of the Bankruptcy Code with respect to Class 10. See Section IX.B "Confirmation and Consummation of the Plan – Confirmation Requirements."

IF THE PLAN IS CONFIRMED BY THE BANKRUPTCY COURT, EACH HOLDER OF AN ALLOWED CLAIM IN A CLASS WILL RECEIVE, ON ACCOUNT OF SUCH ALLOWED CLAIM, THE SAME CONSIDERATION AS THE OTHER MEMBERS OF SUCH CLASS HOLDING AN ALLOWED CLAIM, WHETHER OR NOT SUCH HOLDER WAS ENTITLED TO VOTE OR VOTED TO ACCEPT THE PLAN. MOREOVER, UPON CONFIRMATION, THE PLAN WILL BE BINDING ON ALL CREDITORS AND EQUITY HOLDERS REGARDLESS OF WHETHER OR NOT SUCH CREDITORS OR EQUITY HOLDERS WERE ENTITLED TO VOTE OR VOTED TO ACCEPT THE PLAN.

C. CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS

1. General

The Plan provides for the classification and treatment of the claims of the creditors of the Debtors allowed under Section 502 of the Bankruptcy Code (each such creditors' claim, an "Allowed Claim").

An Allowed Claim is a claim to the extent that it has not been withdrawn, paid in full or otherwise deemed satisfied in full and proof of which has been filed on or before the applicable deadline by which a proof of claim must be filed as established by an order of the Bankruptcy Court (or, if not filed by such deadline, any claim filed with leave of the Bankruptcy Court after notice and a hearing), or, if no proof of claim is filed, which claim has been or hereafter is listed by the Debtors on the Schedules as liquidated in amount, not disputed and not contingent and, in all cases, a claim (or any portion thereof) as to which no objection to allowance or request for estimation has been interposed on or before the Effective Date or the expiration of such other applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court or as to which any objection to its allowance has been withdrawn, settled or has been denied by a final order or resolved by any other method approved by the Bankruptcy Court. Notwithstanding the foregoing, any claim that is expressly allowed in a liquidated amount in the Plan, including, without limitation, the DIP Facility Claims pursuant to Section 2.1 of the Plan, the First Lien Claims pursuant to Section 3.3 of the Plan, the Second Lien Claims pursuant to Section 3.4 of the Plan, the First Lien Guarantee Claims pursuant to Section 3.7 of the Plan, the Second Lien Guarantee Claims pursuant to Section 3.8 of the Plan and the Mezzanine Claims pursuant to Section 3.9 of the Plan, is an Allowed Claim. With respect to the DIP Facility Claims, Section 2.1 of the Plan provides that the DIP Facility

Claims are deemed Allowed Claims. With respect to the First Lien Claims and the First Lien Guarantee Claims, Section 3.3 and Section 3.7 of the Plan provide that the First Lien Claims and the First Lien Guarantee Claims are deemed Allowed Claims and will not be subject to disallowance, recoupment, subordination, recharacterization or reduction of any kind, including pursuant to Section 502(d) of the Bankruptcy Code. With respect to the Second Lien Claims and the Second Lien Guarantee Claims, Section 3.4 and Section 3.8 of the Plan provide that the Second Lien Claims and the Second Lien Guarantee Claims are deemed Allowed Claims and will not be subject to disallowance, recoupment, recharacterization, reduction or (except as set forth in the Intercreditor Agreement) subordination of any kind, including pursuant to Section 502(d) of the Bankruptcy Code. Unless otherwise specified in the Plan or in the final order allowing such claim, an "Allowed Claim" does not include interest on the amount of such claim maturing or accruing from and after the Commencement Date, or any punitive or exemplary damages, or any fine, penalty or forfeiture.

If an objection to a claim is made, the validity and amount of such claim will be resolved as described under Section VII.C "Summary of Other Provisions of the Plan—Procedures of Resolving Objections to Claims."

The Debtors are required under Section 1122 of the Bankruptcy Code to classify the claims and equity interests of their respective creditors and equity holders into classes that contain claims and equity interests that are substantially similar to the other claims or equity interests in such class. The Plan designates nine classes of claims and one class of equity interests. This classification takes into account the differing nature and priority under the Bankruptcy Code and other applicable laws of the various claims against and equity interests in the Debtors.

While the Debtors believe that they have classified all claims and equity interests in compliance with the provisions of Section 1122 of the Bankruptcy Code, it is possible that a party in interest may challenge such classification of claims or equity interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In such event, it is the present intention of the Debtors to modify the Plan to provide for any reasonable classification required by the Bankruptcy Court for confirmation of the Plan and to use the votes received pursuant to the Solicitation, to the extent permitted by the Bankruptcy Court, for the purpose of obtaining the approval of the class or classes of which the parties casting such vote are ultimately deemed to be a member.

The following summary of distributions under the Plan does not purport to be complete and is subject to and qualified in its entirety by reference to the Plan attached as Appendix B.

2. DIP Facility Claims

A "DIP Facility Claim" is a claim (or any portion thereof) against any Debtor arising under the DIP Facility Agreement (including fees, expenses and attorneys' fees). The DIP Facility Claims will be deemed Allowed Claims for all purposes under the Plan in the aggregate principal amount (including letters of credit) outstanding under the DIP Facility

Agreement as of the Effective Date, plus all accrued and unpaid interest and any fees, expenses or attorneys' fees owing by the Debtors under the DIP Facility Agreement.

Pursuant to the Plan, each holder of a DIP Facility Claim will receive, in full satisfaction and discharge of such claim, on the Effective Date, either (i) cash equal to the unpaid portion of such DIP Facility Claim or (ii) such other treatment as to which the Debtors and the holder of such DIP Facility Claim will have agreed upon in writing.

Notwithstanding the foregoing, if any letters of credit under the DIP Facility Agreement remain undrawn as of the Effective Date, the Debtors will either, with the consent of such issuing bank: (i) cash collateralize such letters of credit in an amount equal to 105% of the undrawn amount of any such letters of credit; (ii) return any such letters of credit to the issuing bank undrawn and marked "cancelled"; or (iii) provide a "back to back" letter of credit to the issuing bank in a form and issued by an institution reasonably satisfactory to such issuing bank, in an amount equal to 105% of the then undrawn amount of such letters of credit.

3. Administrative Claims

An "Administrative Claim" is a claim against any Debtor for an administrative expense of the kind described in Section 503(b) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a) of the Bankruptcy Code, including, without limitation, the actual and necessary costs and expenses of preserving the estate of any Debtor incurred after the Commencement Date, claims for fees and expenses of professional retained in the Chapter 11 Cases and fees, if any, due to the U.S. Trustee under 28 U.S.C. § 1930(a)(6).

Pursuant to the Plan, each holder of an Administrative Claim (other than a Professional Fee Claim (as defined below)) that is an Allowed Claim will receive, in full satisfaction and discharge of such claim, cash equal to the unpaid portion of such Administrative Claim on the later of (i) the Effective Date and (ii) the date on which such Administrative Claim becomes an Allowed Claim. However, such holder may be treated on such less favorable terms as may be agreed to by such holder. In addition, Administrative Claims (other than Professional Fee Claims) representing a liability incurred by any Debtor in the ordinary course of its businesses during the Chapter 11 Cases will be paid in accordance with the terms and conditions of the particular transactions and agreements relating to such liability without the need to file or serve any request for payment of such Administrative Claims.

Except as otherwise provided in the Plan, unless previously filed, requests for payment of Administrative Claims (other than Professional Fee Claims) must be filed and served on the Debtors and New OTC and their respective counsel no later than 30 days after the Effective Date in accordance with the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order. Holders of Administrative Claims that are required to file and serve a request for payment of such Administrative Claims and that do not file and serve such a request by such date will be forever barred from asserting such Administrative Claims against the Debtors, the New Companies or their respective property, and such Administrative Claims will be deemed barred as of the Effective Date. Objections to such requests must be filed and served on the Debtors and New OTC and their respective counsel and the requesting party by the later of (i) 90 days after the Effective Date and (ii) 60 days after the filing of the

applicable request for payment of Administrative Claims. New OTC may request (and the Bankruptcy Court may grant) an extension of such deadline by filing a motion with the Bankruptcy Court, based on a reasonable exercise of its business judgment. A motion seeking to extend the deadline to objection to any Administrative Claim will not be deemed an amendment to the Plan.

4. Priority Tax Claims

A "Priority Tax Claim" means any claim against any Debtor for any tax to the extent that it is entitled to priority in payment under Section 507(a)(8) of the Bankruptcy Code. Pursuant to the Plan, each holder of a Priority Tax Claim that is an Allowed Claim will, at the sole option of the Debtors or New OTC, as the case may be, (a) receive, on account of such claim, cash equal to the unpaid portion of such Priority Tax Claim on the later of (i) the Effective Date and (ii) the date on which such Priority Tax Claim becomes an Allowed Claim or (b) be paid on account of its Allowed Claim on such less favorable terms as have been or may be agreed to by such holder and the Debtors or New OTC, as the case may be. However, the Debtors or New OTC, as the case may be, will be authorized, at their or its option, to make deferred cash payments on account of any Priority Tax Claim that is an Allowed Claim in the manner and to the extent permitted under Section 1129(a)(9)(C) of the Bankruptcy Code, subject to the option of the Debtors or New OTC, as the case may be, to prepay at any time the entire remaining amount of such Priority Tax Claim in cash.

5. Professional Fee Claims

A "Professional Fee Claim" means any claim against any Debtor asserted by a professional for compensation or reimbursement of fees and expenses in connection with the Chapter 11 Cases for services provided or expenses incurred on or after the Commencement Date and prior to and including the Confirmation Date.

Professionals requesting compensation or reimbursement of Professional Fee Claims or otherwise required to file fee applications by order of the Bankruptcy Court for services rendered prior to the Confirmation Date must file with the Bankruptcy Court and serve pursuant to the notice provisions of the order of the Bankruptcy Court establishing procedures for the professional compensation an application for final allowance of compensation and reimbursement of expenses no later than forty-five (45) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the approval of the Bankruptcy Court. Only the Professional Fee Claims that are approved by the Bankruptcy Court will be owed and required to be paid under the Plan.

6. Class 1 – Priority Claims

A "Priority Claim" is any claim against any Debtor (or portion thereof), other than an Administrative Claim or a Priority Tax Claim, to the extent that it is entitled to priority under Section 507(a) of the Bankruptcy Code.

Pursuant to the Plan, each holder of a Class 1 Claim that is an Allowed Claim will be paid (i) the full amount of such Allowed Claim in cash on the later of (x) the Effective Date, (y) the date on which such claim becomes an Allowed Claim and (z) the date on which such

claim becomes payable, or (ii) upon such other less favorable terms as may be agreed to by such holder.

Class 1 is unimpaired and is conclusively presumed pursuant to Section 1126(f) of the Bankruptcy Code to have accepted the Plan and therefore are not entitled to vote to accept or reject the Plan.

7. Class 2 – Other Secured Claims

Class 2 consists of any claim of a holder against any Debtor, other than the First Lien Claims and the Second Lien Claims, that is secured by a security interest or lien on property in which any Debtor has an interest (which security interest or lien is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law) (a) to the extent of the value of such holder's interest in such Debtor's interest in the property, determined pursuant to Section 506(a) of the Bankruptcy Code or (b) subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the amount subject to setoff. Class 2 includes, without limitation, claims secured by mechanic's, materialman's, warehouseman's or carrier's liens on miscellaneous personal property.

Unless otherwise agreed by any holder of a Class 2 Claim that is an Allowed Claim, pursuant to the Plan, each such claim will be (i) unaltered as to its legal, equitable and contractual rights or (ii) otherwise rendered unimpaired pursuant to Section 1124 of the Bankruptcy Code. The Plan does not alter the rights of any holder of an Allowed Claim in Class 2 in any collateral securing such Allowed Claim as of the Commencement Date and the liens securing each such Allowed Claim are hereby ratified and confirmed.

Class 2 is unimpaired and is conclusively presumed pursuant to Section 1126(f) of the Bankruptcy Code to have accepted the Plan and therefore are not entitled to vote to accept or reject the Plan.

8. Class 3 – First Lien Claims

Class 3 consists of all claims of the First Lien Lenders and the First Lien Agent against any Debtor (other than Investors) arising under, relating to, or in connection with, the First Lien Credit Agreement and any guarantee, security agreement or other agreement executed in connection therewith, including, without limitation, all claims of the First Lien Lenders and the First Lien Agent arising under relating to or in connection with the DIP Order and termination amounts owing under interest rate swap agreements entered into in connection with the First Lien Credit Agreement.

The First Lien Claims will be deemed Allowed Claims in Class 3 in the aggregate amount of $403,380,000 (subject to adjustment to reflect actual termination of the interest rate swap agreements entered into in connection with the First Lien Credit Agreement).

Pursuant to the Plan, on the Effective Date, (i) each holder of a Class 3 Claim will receive its pro rata share of (x) the New Term Loan Cash Consideration or, if the New Term Loans cannot be obtained from New Term Loan Third Party Lenders on terms reasonably acceptable to the Debtors and the First Lien Steering Committee, the $200 million of the New

Term Loans and (y) 100% of the New Holdco Common Stock issued on the Effective Date and (ii) each holder of First Lien Claims will receive any unpaid adequate protection payments due to it pursuant to the DIP Order. In addition, each holder of a First Lien Claim will retain any payment received by it pursuant to the DIP Order.

Class 3 is impaired and is entitled to vote to accept or reject the Plan.

9. Class 4 – Second Lien Claims

Class 4 consists of all claims of the Second Lien Lenders and the Second Lien Agent against any Debtor (other than Investors) arising under the Second Lien Credit Agreement and any guarantee, security agreement or other agreement executed in connection therewith, including, without limitation, all claims of the Second Lien Lenders and the Second Lien Agent arising under the Second Lien Guarantee and Collateral Agreement, all accrued and unpaid interest and any fees and expenses (including fees and expenses of attorneys and advisors) owing thereunder.

The Second Lien Claims will be deemed Allowed Claims in Class 4 in the aggregate amount of $185,824,934 plus any accrued but unpaid fees and expenses arising under the Second Lien Credit Agreement prior to the Commencement Date.

Pursuant to the Plan, on the Effective Date, each holder of a Class 4 Claim will receive its pro rata share of 100% of the New Warrants issued on the Effective Date.

Class 4 is impaired and is entitled to vote to accept or reject the Plan.

10. Class 5 – General Unsecured Claims

Class 5 consists of all unsecured Claims against any Debtor (other than Holdings and Investors) other than Administrative Claims, Priority Tax Claims and claims in Classes 1, 3, 4 and 6. Class 5 claims generally consist of the claims of trade creditors and customers for products and services provided to and by the Debtors (other than Holdings and Investors) prior to the Commencement Date, claims of employees in excess of their Class 1 claims and other contract claims and damage claims, including claims, if any, for damages arising from the rejection of executory contracts and unexpired leases subsequent to the Commencement Date. Pursuant to the Plan, on the Effective Date, each holder of a Class 5 Claim that is an Allowed Claim will receive its pro rata share of cash in an amount sufficient to provide each such holder with a percentage recovery on its Class 5 Claim equal to the percentage recovery received by each holder of a Class 4 Claim through the distribution of New Warrants to each such holder on account of its Class 4 Claim.

The Debtors expect to file a motion requesting that the Bankruptcy Court establish deadlines for filing proofs of claim in the Chapter 11 Cases, including by holders of claims in Class 5, shortly after the Schedules are filed, which is expected to occur on or before October 24, 2010.

Class 5 is impaired and is entitled to vote to accept or reject the Plan.

11. Class 6 – Intercompany Claims

Class 6 consists of all claims of any Debtor against any other Debtor.

Pursuant to the Plan, on the Effective Date, each Class 6 Claim will be extinguished, and each holder of a Class 6 Claim will not be entitled to, and will not receive or retain, any property, interest in property or distribution on account of such claim.

All Class 6 Claims are held by the Debtors, each of which has voted to accept the Plan.

12. Class 7 – First Lien Guarantee Claims.

Class 7 consists of all claims of the First Lien Lenders and the First Lien Agent against Investors arising under, relating to, or in connection with, the First Lien Guarantee and Collateral Agreement. The First Lien Guarantee Claims will be deemed Allowed Claims in Class 7 in the aggregate amount of $403,380,000 (subject to adjustment to reflect actual termination of the interest rate swap agreements entered into in connection with the First Lien Credit Agreement).

Pursuant to the Plan, on the Effective Date, each holder of a Class 7 Claim will receive its pro rata share of cash in the approximate amount of $135,633, held in accounts in the name of Holdings at U.S. Bank National Association (the "Holdings Cash").

Class 7 is impaired and is entitled to vote to accept or reject the Plan.

13. Class 8 – Second Lien Guarantee Claims

Class 8 consists of all claims of the Second Lien Lenders and the Second Lien Agent against Investors arising under, relating to, or in connection with, the Second Lien Guarantee and Collateral Agreement. The Second Lien Guarantee Claims will be deemed Allowed Claims in Class 8 in the aggregate amount of $185,824,934 plus any accrued but unpaid fees and expenses arising under the Second Lien Credit Agreement prior to the Commencement Date.

Pursuant to the Plan, on the Effective Date, each holder of a Class 8 Claim will receive its pro rata share of the Holdings Cash.

Class 8 is impaired and is entitled to vote to accept or reject the Plan.

14. Class 9 – Holdings/Investors General Unsecured Claims

Class 9 consists of all unsecured claims against Holdings and Investors, including claims of lenders under the Mezzanine Loan Agreement and Wilmington Trust, FSB, as successor to Wachovia Bank, National Association, in its capacity as administrative agent, under the Mezzanine Loan Agreement, against Investors arising under the Mezzanine Loan Agreement but excluding Administrative Claims, Priority Tax Claims, Priority Claims and Intercompany Claims. The Mezzanine Claims will be deemed Allowed Claims in Class 9 in the aggregate

amount of $120,071,268 plus any accrued but unpaid fees and expenses arising under the Mezzanine Loan Agreement prior to the Commencement Date.

Pursuant to the Plan, on the Effective Date, each holder of a Class 9 Claim will receive its pro rata share of the Holdings Cash.

Class 9 is impaired and is entitled to vote to accept or reject the Plan.

15. Class 10 – Equity Interests

Class 10 consists of all equity interests, including any option, warrant or other agreement requiring the issuance of an equity interest, of any Debtor that was authorized, issued or outstanding prior to the Effective Date.

Pursuant to the Plan, on the Effective Date, all Class 10 equity interests will be canceled, and each holder of a Class 10 equity interest will not be entitled to, and will not receive or retain, any property, interest in property or distribution on account of such equity interest.

Class 10 is impaired and is conclusively presumed pursuant to Section 1126(g) of the Bankruptcy Code to have rejected the Plan and therefore will not be entitled to vote to accept or reject the Plan.

VI.

MEANS OF IMPLEMENTATION OF THE PLAN

A. FORMATION OF NEW COMPANIES

Each New Company will be (and will be permitted to be) formed on or prior to the Effective Date. Fun Express will (and will be permitted to) form Fun Express LLC, a Nebraska limited liability company, with Fun Express as the sole member, on or prior to the Effective Date.

B. RESTRUCTURING TRANSACTIONS

Subject to any modification as may be reflected in the Plan Supplement, the following transactions will have occurred on the Effective Date.

a. Fun Express Asset Transfer

On the Effective Date and immediately prior to the Asset Transfer described in paragraph b below, the following transactions will have occurred by operation of the Plan without any further documentation or any action of any person or entity unless otherwise specified in the Plan:

- Marketing will have distributed any and all Transferred Assets owned by it to OTC.

- Fun Express will have contributed any and all Transferred Assets owned by it to Fun Express LLC (the "Fun Express Asset Transfer").

- Fun Express LLC will have assumed the Assumed Liabilities relating to the Transferred Assets contributed to it pursuant to the Fun Express Asset Transfer.

- Fun Express will have distributed all interests in Fun Express LLC to OTC.

b. Asset Transfer

On the Effective Date and immediately after the transactions described in paragraph a above, the following transactions will have occurred by operation of the Plan without any further documentation or any action of any person or entity unless otherwise specified in the Plan:

- OTC will have transferred, assigned and conveyed to New OTC any and all Transferred Assets (including all equity interests in Fun Express LLC and all Transferred Assets distributed by Marketing to OTC as described above) in exchange for (i) the assumption by New OTC of all of the Assumed Liabilities (other than those assumed by Fun Express LLC), (ii) the New Term Loans or the New Term Loan Cash Consideration, as the case may be, and (iii) the New Securities (such transfer, assignment and conveyance, collectively, the "Asset Transfer").

- Simultaneously with the Asset Transfer:

(A) In exchange for, and simultaneously with the issuance of 100 shares of common stock, par value $.01 per share, constituting all of the outstanding equity interests in New Midco immediately upon the consummation of the Asset Transfer (the "New Midco Common Shares"), New Holdco will (and New OTC and OTC will authorize New Holdco to) (i) issue the New Securities and (ii) deliver (on behalf of New OTC and OTC) (x) the New Holdco Common Stock issued on the Effective Date to holders of First Lien Claims pursuant to the Plan and (y) the New Warrants to holders of Second Lien Claims pursuant to the Plan.

(B) In exchange for, and simultaneously with the issuance of the New Securities, New Midco will issue the New Midco Common Shares to New Holdco.

(C) In exchange for, and simultaneously with the issuance of, the New Securities, New OTC will issue 100 shares of common stock, par value $.01 per share, constituting all of the outstanding equity interests in New OTC immediately upon the consummation of the Asset Transfer (the "New OTC Common Shares"), to New Midco.

(D) New Midco will have authorized New OTC to enter into the Asset Transfer (including, for the avoidance of doubt, the transfer of the New Securities to OTC in consideration for the Asset Transfer).

(E) New OTC will, in the connection with the Asset Transfer, (i) have assumed the Assumed Liabilities (other than those assumed by Fun Express LLC) and thereafter be responsible for the payment, performance or discharge of such Assumed Liabilities at such time when such payment, discharge or performance is due or required, (ii) enter into the Exit Facility and (iii) execute and deliver the New Term Loan Documents and issue the New Term Loans and, if applicable, distribute (on behalf of OTC) the New Term Loan Cash Consideration to the First Lien Lenders, in accordance with and pursuant to the Plan.

After the Asset Transfer, New OTC will be renamed as "Oriental Trading Company, Inc."

For a summary of the most important terms of each of the Exit Facility, the New Term Loans and the New Securities, see Article XII "Description of Exit Facility," Article XIII "Description of New Term Loans," Article XIV "Description of New Holdco Common Stock" and Article XV "Description of New Warrants."

For all tax purposes, (i) the Asset Transfer will be treated as a taxable sale of all Transferred Assets by the Debtors to New OTC, (ii) New Holdco will be treated as contributing the New Securities to New Midco in exchange for the New Midco Common Shares and (iii) New Midco will be treated as contributing the New Securities to New OTC in exchange for the New OTC Common Shares. The aggregate amount of cash paid by New OTC (on behalf of OTC) on the Effective Date, the Assumed Liabilities (other than those being paid in cash on the Effective Date) and the New Term Loans outstanding as of the Effective Date or the New Term Loan Cash Consideration, as the case may be, and the value of the New Securities as of the Effective Date will be allocated among the Transferred Assets in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. The Debtors and the New Companies will report (including by filing tax reports and returns and IRS Form 8594) in a manner consistent with such treatments and allocation.

C. SUBSTANTIVE CONSOLIDATION

The Plan provides for the substantive consolidation of the estates of certain Debtors.

1. OTC, Fun Express and Marketing

On the Effective Date, Fun Express and Marketing will be deemed merged into OTC and:

- all assets and liabilities of Fun Express and Marketing will be deemed merged into the assets and liabilities of OTC;
- all guarantees of OTC, Fun Express or Marketing of the payment, performance or collection of obligations of any of them will be eliminated and canceled;

- any obligation of OTC, Fun Express or Marketing and all guarantees thereof by any of them will be deemed to be a single claim against all of them;

- all joint obligations of any two or more of OTC, Fun Express or Marketing and all multiple claims against any of OTC, Fun Express or Marketing on account of such joint obligations will be treated and allowed only as a single claim against all of them; and

- each proof of claim filed against any one of OTC, Fun Express or Marketing will be deemed filed only against the consolidated entity and will be deemed a single obligation of the consolidated entity.

The substantive consolidation of the assets and liabilities of OTC, Fun Express and Marketing will not affect the separate legal existence of each such Debtor for tax, regulatory or other purposes, or result in any actual merger or transfer of each such Debtor's assets and liabilities for any purpose (including, without limitation, for tax and state law purposes) other than the administration of the Chapter 11 Cases and the determination of any rights of, and any distributions to, holders of claims under the Plan.

2. Holdings and Investors

In addition, on the Effective Date, Holdings will be deemed, but solely for administration of the Chapter 11 Cases, merged into Investors and:

- all assets and liabilities of Holdings will be deemed merged into the assets and liabilities of Investors;

- all guarantees of Holdings or Investors of the payment, performance or collection of obligations of the other of them will be eliminated and canceled;

- any obligation of Holdings or Investors and all guarantees thereof by the other of them will be deemed to be a single claim against both of them;

- all joint obligations of Holdings and Investors and all multiple claims against either of Holdings or Investors on account of such joint obligations will be treated and allowed only as a single claim against both of them; and

- each proof of claim filed against either Holdings or Investors will be deemed filed only against the consolidated entity and will be deemed a single obligation of the consolidated entity.

The substantive consolidation of the assets and liabilities of Holdings and Investors will not affect the separate legal existence of either such Debtor for tax, regulatory or other purposes, or result in any actual merger or transfer of either of such Debtor's assets and liabilities for any purpose (including, without limitation, for tax and state law purposes) other than the administration of the Chapter 11 Cases and the determination of any rights of, and any distributions to, holders of claims or equity interests under the Plan.

D. CONTINUED CORPORATE EXISTENCE

Except as otherwise provided in the Plan, each Debtor will continue to exist after the Effective Date as a separate corporate entity, with all of the powers of a corporation under applicable law in the jurisdiction in which it is incorporated or otherwise formed and pursuant to its certificate or articles of incorporation and by-laws or other organizational documents in effect prior to the Effective Date. On or after the Effective Date, each Debtor, in its sole and exclusive discretion, is authorized to take such action as permitted by applicable law as such Debtor may determine is reasonable and appropriate, including, but not limited to, causing: (a) a Debtor to be merged into another Debtor, or its subsidiary or affiliate; (b) a Debtor to be dissolved without the necessity for any other or further actions to be taken by or on behalf of such dissolving Debtor or any payments to be made in connection therewith, subject to the filing of a certificate of dissolution with the appropriate governmental authorities; (c) the legal name of a Debtor to be changed; or (d) the closing of a Debtor's case on the Effective Date or any time thereafter.

E. MANAGEMENT/BOARDS OF DIRECTORS

Prior to the Confirmation Date, in accordance with Section 1129(a)(5) of the Bankruptcy Code, the Debtors will disclose in the Plan Supplement (a) the identity and affiliations of any individual proposed to serve, after the Effective Date, as a director or officer of the Debtors or the New Companies and (b) the identity of any "insider" (as such term is defined in Section 101(31) of the Bankruptcy Code) who will be employed and retained by the Debtors or the New Companies and the nature of any compensation for such insider. The new board of directors of New Holdco (the "New Board") will consist initially of 7 members, 6 of whom will be designated by the First Lien Steering Committee and 1 of whom will be the chief executive officer of New Holdco. The election of the New Board will be approved by the Bankruptcy Court in the Confirmation Order. Thereafter the New Board will be elected in accordance with the governing corporate documents of New Holdco.

The New Board will appoint directors of the New Companies other than New Holdco to serve in their respective capacities after the Effective Date until replaced or removed in accordance with the respective governing corporate documents of each New Company.

F. MANAGEMENT INCENTIVE PLAN

On the Effective Date, New Holdco will be authorized to establish and implement the management equity incentive plan of the New Companies (the "Management Incentive Plan"). Awards granted thereunder may be in the form of stock options, stock appreciation rights, restricted stock, and other forms of equity-based awards, as determined by the New Board. The Management Incentive Plan will be promulgated by the New Board for the benefit of such members of management, employees and directors of the New Companies as are designated by the New Board, or a committee of the New Board, in its sole and absolute discretion, on such terms as to timing of issuance, manner and timing of vesting, duration, individual entitlement and all other terms, as such terms are determined by the New Board in its sole and absolute discretion. The Management Incentive Plan may be amended or modified from time to time by the New Board. All decisions as to entitlement to participate after the Effective Date in any equity or equity-based plans will be within the sole and absolute discretion

of the New Board or a committee designated by the New Board. New Holdco will reserve shares of New Holdco Common Stock for distributions of equity incentive awards to be granted under the Management Incentive Plan, which number of shares will represent up to [ ]%[2] of the New Holdco Common Stock to be issued and outstanding on the Effective Date.

Any pre-existing understandings, either oral or written, between the Debtors and any current or former member of management, any employee, or any other person as to entitlement to (i) any pre-existing equity or equity-based awards or (ii) participate in any pre-existing equity incentive plan, equity ownership plan or any other equity-based plan will be null and void as of the Effective Date and will not be binding on the New Companies on or following the Effective Date.

G. NEW TERM LOAN DOCUMENTS

On the Effective Date, the New Term Loan Documents will become effective. New OTC will be authorized to execute the New Term Loan Documents and issue the New Term Loans on the Effective Date and each of the other New Companies will be authorized to guarantee the New Term Loans pursuant to the New Term Loan Documents. If the New Term Loans are issued to the First Lien Lenders, on the Effective Date, the New Companies will execute the New Term Loan Documents, as applicable, and holders of First Lien Claims will become parties to and bound by the New Term Loan Documents, regardless of whether any such holder actually executes the New Term Loan Documents. If the New Term Loans are provided by the New Term Loan Third Party Lenders, then on the Effective Date, the New Companies and such New Term Loan Third Party Lenders will execute the New Term Loan Documents, as applicable. The New Term Loans issued pursuant to the New Term Loan Documents and all obligations under the New Term Loan Documents will be paid as set forth in the New Term Loan Documents.

The Debtors, in consultation with the First Lien Steering Committee, will use reasonable best efforts to obtain the New Term Loans from New Term Loan Third Party Lenders. In the event that the New Term Loans cannot be obtained from New Term Loan Third Party Lenders on terms reasonably acceptable to the Debtors and the First Lien Steering Committee, then the New Term Loans will be issued to the First Lien Lenders.

H. AUTHORIZATION AND ISSUANCE OF NEW SECURITIES

Subject to and in compliance with the Plan and any applicable Plan Document, (i) the governing corporate documents of New Holdco will be authorized and will become effective on the Effective Date, (ii) New Holdco will issue on the Effective Date the New Holdco Common Stock, (iii) New Holdco will issue on the Effective Date the New Warrants and (iv) New Holdco will reserve for issuance shares of New Holdco Common Stock for distributions of equity-based awards granted under the Management Incentive Plan. The number

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[2] To be determined prior to the hearing concerning the Disclosure Statement.

of shares of New Holdco Common Stock that will be issued pursuant to clause (ii) above will be set forth in the Plan Supplement.

The New Holdco Common Stock distributed on the Effective Date to holders of Class 3 Claims will be subject to dilution based upon (i) the exercise of the New Warrants pursuant and subject to the terms of the New Warrant Agreement, if applicable, (ii) the issuance of New Holdco Common Stock and the grant of equity-based awards pursuant to the Management Incentive Plan and (iii) the issuance of any other shares of New Holdco Common Stock pursuant to the governing corporate documents of New Holdco after the Effective Date.

New Holdco will enter into the Registration Rights Agreement and the Stockholders Agreement, in substantially the forms to be filed with the Plan Supplement, for the benefit of persons and entities receiving New Securities under the Plan. On the Effective Date, New Holdco will execute the Registration Rights Agreement and the Stockholders Agreement, as applicable, and all persons or entities receiving New Securities under the Plan will become parties to and bound by the terms of the Registration Rights Agreement and the Stockholders Agreement, as applicable, regardless of whether any such person or entity actually executes the Registration Rights Agreement and the Stockholders Agreement, as applicable.

I. PLAN SUPPLEMENT

The Plan Supplement will be filed with the clerk of the Bankruptcy Court at least ten (10) days prior to the commencement of the confirmation hearing. Upon such filing, the Plan Documents (as defined below) and any other document included in the Plan Supplement may be inspected via the Bankruptcy Court's electronic filing system at https://ecf.deb.uscourts.gov or at www.kccllc.net/OTC. Holders of claims or equity interests may obtain a copy of any document included in the Plan Supplement from the Debtors' solicitation agent, Kurtzman Carson Consultants LLC, by emailing OTCinfo@kccllc.com or calling (877) 565-8216. The Debtors reserve the right, with the prior consent of the First Lien Steering Committee, to alter, amend or modify the Plan Supplement or any of the Plan Documents at any time prior to the Effective Date.

J. CORPORATE ACTIONS

On the Effective Date, all actions contemplated by the Plan will be deemed authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects (subject to the provisions of the Plan), including, without limitation, all of the transactions contemplated by Article 5 of the Plan. Each of the matters provided for under the Plan involving the corporate structure of any Debtor or any New Company and any other transaction reasonably necessary to facilitate the consummation of the Plan will be deemed to have occurred and will be in effect pursuant to the Bankruptcy Code, and will be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by the shareholders or the directors of any of the Debtors or any New Company. On the Effective Date, the appropriate officers of the Debtors and the New Companies are authorized and directed to execute and to deliver the documentation of the Exit Facility and any guarantees, security agreements and other agreements to be executed as of the Effective Date in connection with the Exit Facility (the "Exit Facility Documents"), the New Term Loan Documents, the

Stockholders Agreement, the Registration Rights Agreement, the New Warrant Agreement and the governing corporate documents of each of New Holdco, New Midco, New OTC and Fun Express LLC (collectively, the "Plan Documents") and any other agreements, documents and instruments contemplated by the Plan or the Plan Documents in the name and on behalf of the Debtors or the New Companies, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan or to otherwise comply with applicable law.

New OTC will be entitled, and be authorized without any further documentation or any action of any person or entity, to act on behalf of each Debtor with respect to or in connection with any matter relating to taxes (for which the Debtors' related liabilities are included in the Assumed Liabilities) or tax returns of any Debtor relating thereto (including, without limitation, preparation and filing of any such tax return, audit, examination, investigation, proceeding or other dispute relating to any such tax or tax return and settlement of any dispute with any taxing authority relating to any such tax or tax return).

VII.

SUMMARY OF OTHER PROVISIONS OF THE PLAN

A. EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption and Assignment of Executory Contracts and Unexpired Leases

a. Assumption and Assignment

The Bankruptcy Code gives the Debtors the power, after the commencement of the Chapter 11 Cases, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Generally, an executory contract is a contract under which material performance (other than the payment of money) is still due by each party. Except as otherwise provided in the Plan, on the Effective Date, the Debtors will assume, and, in the case of each Debtor other than Fun Express, assign to New OTC, all executory contracts and unexpired leases in connection with the Asset Transfer pursuant to Section 365 of the Bankruptcy Code or, in the case of Fun Express, assign to Fun Express LLC in connection with the Fun Express Asset Transfer pursuant to Section 365 of the Bankruptcy Code, unless such contracts or leases (i) were assumed or rejected, or renegotiated and either assumed or rejected on renegotiated terms, pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) were entered into by the Debtors during the pendency of the Chapter 11 Cases, (iii) are subject to a motion to reject, or a motion to approve renegotiated terms and to assume or reject on such renegotiated terms, that has been filed and served prior to the Effective Date, or (iv) are set forth in a schedule, as an executory contract or unexpired lease to be rejected, filed by the Debtors as part of the Plan Supplement. As of the date of this Disclosure Statement, the Debtors intend to reject (i) the Consulting Agreement, dated as of July 31, 2006, among Holdings, OTC, TC Group IV, L.L.C., Brentwood Private Equity III, LLC and Brentwood Private Equity IV, LLC and (ii) any equity incentive plans of any Debtor. Under the Plan, the Debtors reserve the right, at any time prior to the Confirmation Date, to add any executory contract or unexpired lease to the schedule of contracts and leases to be rejected. The Debtors will provide notice of

any amendments to such schedule to the non-Debtor parties to the executory contracts or unexpired leases affected thereby and to those parties entitled to notice pursuant to Bankruptcy Rule 2002.

Entry of the Confirmation Order will constitute approval, pursuant to Section 365 of the Bankruptcy Code, of the assumption and assignment or rejection of executory contracts and unexpired leases as provided for in the Plan. All executory contracts and unexpired leases assumed and assigned as provided for in the Plan will, upon assignment to New OTC or Fun Express LLC (as the case may be) or any subsequent assignment to any subsidiary thereof, be valid, binding and in full force and effect and enforceable by New OTC or Fun Express LLC (as the case may be) or such subsidiary in accordance with their respective terms (except as otherwise modified by the provisions of the Plan or by any order of the Bankruptcy Court), notwithstanding any provision of any executory contract or unexpired lease (including those of the type described in Sections 365(b)(2) and 365(f) of the Bankruptcy Code) or other legal restriction that prohibits, restricts or conditions such assignment or transfer.

b. Cure Payments, Etc.

All cure payments that may be required under Section 365(b)(1) of the Bankruptcy Code in connection with the assumption and assignment of an executory contract or an unexpired lease will be made on the Effective Date, as soon as practicable thereafter or as otherwise agreed to by the counterparty whose executory contract or unexpired lease is being assumed. However, in the event of a dispute concerning (i) the amount of any cure payment, (ii) the ability of New OTC or Fun Express LLC (as the case may be) or any subsidiary thereof to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the executory contract or the unexpired lease to be assumed and assigned or (iii) any other matter pertaining to the assumption and assignment of an executory contract or an unexpired lease, New OTC, Fun Express LLC or such subsidiary, as the case may be, will make such cure payment or provide such assurance, as required, in accordance with final orders of the Bankruptcy Court or upon such other terms as the parties to such executory contract or unexpired lease may otherwise agree.

2. Employee Compensation and Benefit Programs

[Except as set forth in Section 5.6(b) of the Plan, all of the Debtors' existing compensation and benefit agreements, plans, policies and programs applicable to their employees, officers and non-employee directors (including, without limitation, healthcare plans, disability plans, paid-time off plans, life and disability insurance plans, expense reimbursement policies, employment and severance agreements, offer letters, the OTC Retention Plan and the OTC Key Employee Performance Incentive Plan) that are set forth on a schedule to be included in the Plan Supplement (a) will be amended, as applicable, in a manner agreed to by the Debtors and the First Lien Steering Committee, (b) will be deemed, and treated as, executory contracts for purposes of the Plan and (c) as of the Effective Date, will be assumed by the Debtors as so amended and assigned to the New Companies pursuant to Sections 365 and 1123 of the Bankruptcy Code.]

3. Rejection

A claim under an executory contract or an unexpired lease that has been rejected will constitute a Class 2 Claim, if secured, or a Class 5 Claim, if unsecured, to the extent such claim is an Allowed Claim. All claims arising out of the rejection of executory contracts and unexpired leases must be filed within thirty (30) days after the date of entry of an order of the Bankruptcy Court approving such rejection. The Plan bars any claims not filed within such time from being asserted against the Debtors and their estates and the New Companies.

4. Director and Officer Liability Insurance Policies

As of the Effective Date, the Debtors will assume all of the insurance policies for directors and officers' liability maintained by the Debtors as of the Commencement Date pursuant to Section 365(a) of the Bankruptcy Code.

B. DISTRIBUTIONS

1. Distributions to Distribution Agent

On the Effective Date, New OTC and New Holdco (on behalf of the Debtors) will transmit or cause to be transmitted to the person or entity selected by the Debtors to act as distribution agent under the Plan (the "Distribution Agent") cash, the New Term Loans and, if applicable, the New Term Loan Cash Consideration, and the New Securities to make the distributions and payments required by the Plan to be made on the Effective Date.

a. Distributions

The Distribution Agent will be responsible for making all of the distributions required to be made by the Debtors or New OTC, as the case may be, under the Plan. All costs and expenses in connection with such distributions, including, without limitation, any fee and expense of the Distribution Agent, will be borne by New OTC. The Distribution Agent will have the right to employ one or more sub-agents on such terms and conditions as the Distribution Agent and such sub-agent(s) will agree, subject to approval of the Debtors and New OTC. No Distribution Agent will be required to provide any bond or surety or other security in connection with the making of any distributions pursuant to, and the performance of its duties under, the Plan, unless otherwise ordered by the Bankruptcy Court.

b. Dates of Distributions

The Distribution Agent will make each required distribution by the date stated in the Plan with respect to such distribution. Except the distributions to the First Lien Lenders and the Second Lien Lenders, any distribution required to be made on the Effective Date will be deemed to be made on such date if made as soon as practicable after such date and, in any event, within thirty (30) days from such date. Any distribution required to be made on the date on which a claim becomes an Allowed Claim will be deemed to be made on such date if made on the nearest Distribution Date occurring after such date.

c. Manner of Payment

At the sole option of the Distribution Agent, cash distributions required to be paid by the Debtors on the Effective Date may be made in cash, by wire transfer or by a check drawn on a domestic bank, and such payment will be deemed made when the check or wire transfer is transmitted. Distribution of New Term Loans and New Securities will be made by the issuance and delivery of such New Term Loans and New Securities. Distribution of the New Term Loan Cash Consideration, if applicable, will be made in cash or by wire transfer.

d. Distributions to First Lien Lenders, Second Lien Lenders and Mezzanine Lenders

All distributions to the First Lien Lenders, the Second Lien Lenders and the Mezzanine Lenders will be made on the Effective Date.

2. Undeliverable Distributions

If a distribution is returned to the Distribution Agent as undeliverable, the Plan requires the Distribution Agent to hold such distribution but does not require the Distribution Agent to take any further action with respect to the delivery of the distribution unless and until the Distribution Agent is notified in writing of the then current address of the person or entity entitled to receive the distribution. Unless and until the Distribution Agent is so notified, such distribution will be deemed to be "Unclaimed Property." The Distribution Agent is not entitled to vote any New Securities that the Distribution Agent holds as undeliverable.

3. Old Securities, First Lien Credit Agreement, Second Lien Credit Agreement and Mezzanine Loan Agreement

a. Rights of Holders of Old Securities

As of the Effective Date, (a) all common stock and preferred stock of Holdings (the "Old Securities") will be deemed automatically canceled and deemed void and of no further force or effect, without any further action on the part of any person or entity, and (b) the Debtors' obligations under such Old Securities will be deemed discharged.

b. Rights of Holders of First Lien Claims, First Lien Guarantee Claims, Second Lien Claims, Second Lien Guarantee Claims and Mezzanine Claims

On the Effective Date, the First Lien Credit Agreement, the Second Lien Credit Agreement and the Mezzanine Loan Agreement will be deemed canceled, discharged, terminated and of no further force and effect; provided, however, that any obligations of the First Lien Lenders under the First Lien Credit Agreement to indemnify the First Lien Agent that are expressly stated to survive the payment in full of the First Lien Claims will so survive. Notwithstanding the foregoing, such cancellation will not impair the rights of any holder of a First Lien Claim, a Second Lien Claim or a Mezzanine Claim to receive distributions on account of such claim under the terms of the Plan. Except as expressly set forth in the first sentence of Section 10.5 of the Plan, nothing in the Plan will constitute a waiver or modification of any

party's rights and obligations under the Intercreditor Agreement, which will remain in full force and effect notwithstanding the confirmation and consummation of the Plan.

c. Cancellation of Liens

Except as otherwise provided in the Plan, on the Effective Date, any lien or security interest securing any Secured Claim, including without limitation, any liens created under the DIP Facility Agreement or the DIP Order, will be deemed released, and the holder of such Secured Claim will be authorized and directed to release any collateral or other property of any Debtor (including without limitation, any cash collateral) held by such holder and to take such actions as may be requested by such Debtor to evidence the release of such lien or security interest, including, without limitation, the execution, delivery and filing or recording of such releases as may be requested by such Debtor.

d. Fractional Securities and Rounding of Payments

No fractional share of New Holdco Common Stock will be issued on the Effective Date and no New Warrant to purchase a fractional share of New Holdco Common Stock will be issued under the Plan. Each holder of a claim otherwise entitled to receive a number of shares of New Holdco Common Stock issued on the Effective Date that includes a fractional share or a New Warrant that is exercisable to purchase a fractional share of New Holdco Common Stock will receive a share of New Holdco Common Stock or a New Warrant that has been rounded down to the next whole number of shares (if such fraction is less than one-half) or rounded up to the next whole number of shares (if such fraction is equal to, or greater than, one-half). Notwithstanding the foregoing, whenever rounding to the next lower whole number would result in such person or entity receiving no shares of New Holdco Common Stock or a New Warrant that is not exercisable to purchase any shares of New Holdco Common Stock, such person or entity will receive one share of New Holdco Common Stock or a New Warrant that is exercisable to purchase one share of New Holdco Common Stock, as applicable.

Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment will reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down. To the extent that cash remains undistributed as a result of the rounding of such fraction to the nearest whole dollar, such cash will be treated as "Unclaimed Property."

e. Compliance with Tax Requirements

The Debtors, the New Companies and the Distribution Agent are required to comply with all withholding and reporting requirements imposed by federal, state or local taxing authorities in connection with making distributions pursuant to the Plan. With respect to any person or entity from whom a tax identification number, certified tax identification number or other tax information required by law to avoid withholding has not been received by the Debtors, the New Companies or the Distribution Agent, the Debtors, the New Companies or the Distribution Agent is permitted to, at their sole option, withhold the amount required to be withheld out of the cash, the New Term Loans and, if applicable, the New Term Loan Cash Consideration, or the New Securities distributable to such person or entity and distribute the

balance to such person or entity or decline to make any distribution to such person or entity until the applicable tax information is received.

f. Distribution of Unclaimed Property

If any person or entity entitled to receive cash or New Securities pursuant to the Plan is not known to the Debtors or the New Companies on the Effective Date or on such other date on which such person or entity becomes eligible for distribution of such cash or New Securities, such cash or New Securities will be deemed to be "Unclaimed Property." Nothing contained in the Plan requires the Debtors or the New Companies (or the Distribution Agent) to attempt to locate such person or entity. The Unclaimed Property will be set aside and (in the case of cash) held in a segregated interest-bearing account to be maintained by the Distribution Agent.

If such person or entity presents itself within one year from the Confirmation Date, the Unclaimed Property distributable to such person or entity, without interest or dividends earned thereon, will be paid or distributed to such person or entity on the next Distribution Date (as defined in the Plan). If such person or entity does not present itself within one year from the Confirmation Date, any such Unclaimed Property and accrued interest and dividend earned thereon will become the property of, and will be released to, New OTC. In addition, the claim of any other holder to such property or interest in property will be discharged and forever barred notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary.

g. Setoff

Each of the Debtors and New OTC may, but is not required to, setoff against or recoup from any claim against any Debtor and the distribution to be made pursuant to the Plan in respect of such claim (other than the DIP Facility Claims, the First Lien Claims, the First Lien Guarantee Claims, the Second Lien Claims, the Second Lien Guarantee Claims and the Mezzanine Claims, which claims are not subject to setoff, recoupment or reduction of any kind, including pursuant to Section 502(d) of the Bankruptcy Code), any claims of any nature which such Debtor or New OTC may have against the holder of such claim against the Debtors. Neither the failure by any Debtor or New OTC to effect such a setoff nor the allowance of any claim against the Debtors will constitute a waiver or a release of any claim which such Debtor or New OTC may have against the holder of such claim against the Debtors.

h. Distribution Record Date

Only holders of record of Class 3 Claims, Class 4 Claims, Class 7 Claims, Class 8 Claims or Mezzanine Claims as of the Confirmation Date or such other date designated in the Confirmation Order as the distribution record date (the "Distribution Record Date") will be entitled to receive distributions provided for with respect to the applicable class of claims under the Plan.

i. Allocation of Plan Distributions between Principal and Interest

To the extent that any Allowed Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution will, to the extent permitted by applicable law, be allocated to the portion of the claim representing the principal amount and then, to the extent that the consideration exceeds such principal amount, to the portion of the claim representing accrued but unpaid interest.

C. PROCEDURES FOR RESOLVING OBJECTIONS TO CLAIMS

1. Objections to Claims

a. Deadline to Object to Claims

Prior to the Effective Date, the Debtors will be responsible for pursuing any objection to the allowance of any claim against them. From and after the Effective Date, New OTC will have the right to pursue, and be responsible for pursuing, any objection to the allowance of any claim against the Debtors. Unless another date is established by the Bankruptcy Court or the Plan, any objection to a claim is required to be filed with the Bankruptcy Court and served on the person or entity holding such claim within one hundred and twenty (120) days from the Effective Date. New OTC may request (and the Bankruptcy Court may grant) an extension of such deadline by filing a motion with the Bankruptcy Court, based upon a reasonable exercise of its business judgment. Any motion seeking to extend the deadline to object to any claim will not be deemed an amendment to the Plan. Any objections to, or other proceedings contesting the allowance of, any claims may be litigated to judgment, settled or withdrawn, in New OTC's sole discretion. New OTC may settle any such objections or proceedings without Bankruptcy Court approval or may seek Bankruptcy Court approval without notice to any person or entity other than the holder of the applicable claim.

b. Claims That are Not Timely Filed

Any proof of claim relating to a claim filed after the applicable bar date will be automatically disallowed as a late filed claim, without any action by the Debtors or New OTC, unless and until the party filing such claim obtains the written consent of the Debtors or New OTC to file such claim late or obtains an order of the Bankruptcy Court, upon written motion on notice to the Debtors or New OTC, that permits the late filing of the claim. In the event any proof of claim is permitted to be filed after the applicable bar date by such written consent or order, New OTC will have one hundred eighty (180) days from the date of such consent or order to object to such claim, which deadline may be extended by the Bankruptcy Court on motion of New OTC without a hearing or notice to any party.

2. Treatment of Disputed Claims

a. No Distribution Pending Allowance

If any portion of a claim is a Disputed Claim (as defined in the Plan), no payment or distribution provided for under the Plan will be made on account of the portion of such claim that is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim.

However, the payment or distribution provided for under the Plan will be made on account of the portion of such claim that is an Allowed Claim.

b. Distribution after Allowance

On the next Distribution Date following the date on which a Disputed Claim becomes an Allowed Claim, the Distribution Agent will distribute to the holder of such claim any cash that would have been distributable to such holder if such claim had been an Allowed Claim on the Effective Date.

c. Reserves for Disputed Claims

In the event that Disputed Claims are pending, the Distribution Agent may establish reserves for such Disputed Claims in an amount equal to 100% of the distributions to which holders of such Disputed Claims would be entitled under the Plan if the Disputed Claims were Allowed Claims or in such lesser amount as may be approved by the Bankruptcy Court upon application by New OTC. The aggregate property to be distributed to holders of Allowed Claims on any Distribution Date will be adjusted to reflect such reserves.

D. MISCELLANEOUS PROVISIONS

1. Payment Date

Whenever any payment or distribution to be made under the Plan is due on a day other than a Business Day, such payment or distribution will instead be made, without interest, on the immediately following Business Day.

2. Governing Law

Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law is applicable, or to the extent an exhibit to the Plan or Plan Supplement provides otherwise (in which case the governing law specified therein will be applicable to such exhibit), the rights, duties and obligations arising under the Plan are governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof to the extent that the application of the law of another jurisdiction would be required thereby.

3. Successors and Assigns

The rights, duties and obligations of any person or entity named or referred to in the Plan will be binding upon and will inure to the benefit of, the successor and assigns of such person or entity.

4. Committee

Except as otherwise provided in the Plan, on the Effective Date, the Committee will cease to exist and its members, employees or agents (including, without limitation, attorneys, investment bankers, financial advisors, accountants and other professionals) will be

released and discharged from any further authority, duties, responsibilities and obligations relating to, arising from, or in connection with the Committee. The Committee will continue to exist after such date solely with respect to all applications filed pursuant to Sections 330 and 331 of the Bankruptcy Code seeking payment of fees and expenses incurred by any professional, and any appeals of the Confirmation Order.

5. Severability of Plan Provisions

If, prior to the Confirmation Date, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, will, with the consent of the Debtors and the First Lien Steering Committee have the power to interpret, modify or delete such term or provision (or portions thereof) to make it valid, enforceable or confirmable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision will then be operative as interpreted, modified or deleted. Notwithstanding any such interpretation, modification or deletion, the remainder of the terms and provisions of the Plan will in no way be affected, impaired or invalidated by such interpretation, modification or deletion. The Confirmation Order will constitute a judicial determination and will provide that each term and provision, as it may have been interpreted, modified or deleted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

6. No Waiver

Except to the extent that it is an Allowed Claim, the failure of any Debtor to object to any claim for purposes of voting will not be deemed a waiver of such Debtor's or any New Company's right to object to or examine such claim, in whole or in part.

7. Payment of Postpetition Interest and Attorneys' Fees

Unless otherwise expressly provided in the Plan, allowed by order of the Bankruptcy Court or required by applicable bankruptcy law, the Debtors are not required to pay to any holder of a claim any interest or any attorneys' fees with respect to such claim accruing on or after the Commencement Date.

8. Post-Effective Date Fees and Expenses

From and after the Confirmation Date, the Debtors and the New Companies will be authorized to employ and pay any professional, in the ordinary course of business without the necessity for any notice to or approval by the Bankruptcy Court.

9. Exemption from Certain Transfer Taxes and Recording Fees

Pursuant to Section 1146(a) of the Bankruptcy Code, any transfer from a Debtor to a New Company or to any entity in accordance with, in contemplation of, or in connection with the Plan or pursuant to: (a) the Asset Transfer or the Fun Express Asset Transfer, (b) the issuance, transfer or exchange of the New Term Loans or the New Securities under or in connection with the Plan, (c) the creation or recording of public record of any mortgage, deed of trust or other security interest, (d) the making or assignment of any lease or sublease or (e) the

making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, will not be subject to any document recording tax, stamp tax, conveyance fee, sales or use tax, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar tax or governmental assessment. In addition, the Confirmation Order will direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment. The Plan provides that the Asset Transfer and the Fun Express Asset Transfer will qualify as occasional or casual sales for the purposes of Nebraska sales and use taxes and Iowa sales and use taxes.

10. Statutory Fees

All fees payable under Chapter 123 of 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the hearing to consider confirmation of the Plan, are required to be paid on the Effective Date. Any such fees accrued after the Effective Date are required to be paid when due pursuant to such Section 1930 until the entry of a final decree or the conversion or dismissal of the Chapter 11 Cases.

11. Further Documents and Action

The Debtors and the New Companies are authorized to execute, and are authorized to file with the Bankruptcy Court, such agreements and other documents (on terms reasonably satisfactory to the First Lien Steering Committee), take or cause to be taken such action, and deliver such documents or information as may be necessary or appropriate to effect and further evidence the terms and conditions of the Plan and to consummate the transactions and transfers contemplated by the Plan. The Debtors and the New Companies, and all other parties, will execute any and all documents and instruments that must be executed under or in connection with the Plan in order to implement the terms of the Plan or to effectuate the distributions under the Plan so long as such documents and instruments are reasonably acceptable to such party or parties.

12. Reservation of Rights

If the Plan is not confirmed by the Confirmation Order, or if the Plan is confirmed and does not become effective, the rights of all parties in interest in the Chapter 11 Cases are and will be reserved in full. Any concessions or settlements reflected herein, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Chapter 11 Cases is bound or deemed prejudiced by any such concession or settlement.

13. Inconsistencies

In the event that the terms or provisions of the Plan are inconsistent with the terms and provisions of the Exhibits to the Plan or documents executed in connection with the Plan, the terms of the Plan control.

14. Compromise of Controversies

In consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all claims against the Debtors and controversies resolved under the Plan. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval of such compromise and settlement under Bankruptcy Rule 9019.

15. Exemption from Securities Laws

The issuance of the New Holdco Common Stock on the Effective Date and the New Warrants (and New Holdco Common Stock for which such New Warrants are exercisable) and any other securities issued pursuant to the Plan and any subsequent sales, resales or transfers or other distributions of any such securities will be authorized under Section 1145 of the Bankruptcy Code and will be exempt from any federal or state securities laws registration requirements as of the Effective Date without any further act or action by any person or entity.

16. Restrictions on Certain Persons Owning Old Securities

Unless otherwise ordered by the Bankruptcy Court, pursuant to the Confirmation Order (a) any person or entity owning any Old Securities that is treated as a "5-percent shareholder" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended, are enjoined from conveying, assigning, selling, transferring or otherwise disposing of any Old Securities (including, without limitation, granting an option with respect to such Old Securities) to any person or entity at any time prior to the Effective Date and (b) any person or entity owning any Old Securities that is treated as a "50-percent shareholder" within the meaning of such Section 382 are enjoined from claiming a worthless stock deduction with respect to any Old Securities held by such person or entity (or otherwise treating such Old Securities as worthless for U.S. federal income tax purposes) for any taxable year of such person or entity ending prior to the Effective Date. Conveying, assigning, transferring or otherwise disposing of any Old Securities or claiming any worthless stock deduction with respect to any Old Securities or treating any Old Securities as worthless in any tax report or return in violation of the Plan will be null and void ab initio.

E. MODIFICATION OR WITHDRAWAL OF THE PLAN

1. Modification of Plan

Section 1127 of the Bankruptcy Code allows the Debtors to amend the Plan at any time prior to the Confirmation Date. Therefore, at any time prior to the Confirmation Date, the Debtors may, with the prior consent of the First Lien Steering Committee, supplement, amend or modify the Plan. If circumstances so warrant, after the Confirmation Date but prior to substantial consummation of the Plan, the Debtors or the New Companies may, with the prior consent of the First Lien Steering Committee, apply to the Bankruptcy Court, pursuant to Section 1127 of the Bankruptcy Code, to modify the Plan or waive any of the conditions thereto. The Bankruptcy Court, after notice and hearing, however, would then have to confirm the Plan as modified. The Debtors reserve the right to amend or modify the terms of the Plan in accordance with the provisions of Section 1127 of the Bankruptcy Code, if and to the extent that the Debtors

determine that such amendments or modifications are necessary or desirable in order to complete the transactions contemplated by the Plan.

After the Confirmation Date, the Debtors or the New Companies may, with the prior consent of the First Lien Steering Committee, apply to remedy defects or omissions in the Plan, or the Confirmation Order or to reconcile inconsistencies in the Plan or the Confirmation Order.

A holder of a claim that has voted to accept the Plan will be deemed to accept the Plan as altered, amended or modified so long as such alteration, amendment or modification does not materially and adversely change the treatment of the claim of such holder. Otherwise, the Debtors or the New Companies may alter, amend or modify the treatment of claims if the holders of the claims that have voted to accept the Plan agree or consent to such alteration, amendment or modification, or as ordered by the Bankruptcy Court.

2. Withdrawal of Plan

The Debtors reserve the right, upon written notification filed by the Debtors with the Bankruptcy Court and served upon the First Lien Agent, the Committee and the U.S. Trustee, to revoke and withdraw the Plan at any time before the Confirmation Date or, if the conditions precedent to the consummation of the Plan cannot be satisfied for any reason after the Confirmation Date, at any time up to the Effective Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan will be deemed null and void. In such event, nothing contained herein will be deemed to constitute a waiver or release of any claims by or against the Debtors or any other person or entity or to prejudice in any manner the rights of the Debtors or any person or entity in any further proceedings involving the Debtors. In the event that the Plan is revoked or withdrawn subsequent to the Confirmation Date but prior to the Effective Date, (a) the Confirmation Order will be vacated, (b) no distributions under the Plan will be made, (c) the Debtors and all holders of claims and equity interests will be restored to the status quo ante as of the day immediately preceding the date of such withdrawal or revocation as though the Confirmation Date had never occurred and (d) all of the Debtors' obligations with respect to the claims and equity interests will remain unchanged and nothing contained herein will be deemed to constitute a waiver or release of any claims by or against the Debtors or any other person or entity or to prejudice in any manner the rights of the Debtors or any person or entity in any further proceedings involving the Debtors.

VIII.

VOTING PROCEDURES

On [ ], 2010, the Bankruptcy Court entered the Disclosure Statement Order approving the adequacy of this Disclosure Statement and approving procedures for the Solicitation (the "Solicitation Procedures"). A copy of the Solicitation Procedures is attached as an exhibit to the Disclosure Statement Order and is included in the Plan Supplement. In addition to approving the Solicitation Procedures, the Disclosure Statement Order established certain dates and deadlines, including the date for the confirmation hearing, the deadline for parties to object to confirmation, the Voting Record Date and the Voting Deadline (each as defined below).

The Disclosure Statement Order also approved forms of ballots and certain confirmation-related notices.

The following is a brief and general summary of the Solicitation Procedures. Holders of claims are encouraged to review the Disclosure Statement Order, the Solicitation Procedures and the relevant provisions of the Bankruptcy Code, and to consult their own advisors. To the extent of any inconsistency between the summary below and the Disclosure Statement Order or the Solicitation Procedures, the Disclosure Statement Order and the Solicitation Procedures will govern.

A. CLASSES ENTITLED TO VOTE

The Debtors, upon the terms and subject to the conditions described below, are soliciting acceptances of the Plan from the following classes of claims that are impaired under the Plan:

Class 3 – First Lien Claims

Class 4 – Second Lien Claims

Class 5 – General Unsecured Claims

Class 7 – First Lien Guarantee Claims

Class 8 – Second Lien Guarantee Claims

Class 9 – Holdings/Investors General Unsecured Claims

For a summary of the classification and treatment of claims and equity interests in the Chapter 11 Cases, including whether a class of claims or equity interests is impaired under the Plan, see Section V.C "Plan – Classification and Treatment of Claims and Equity Interests." See also Section XVI.A "Certain Risk Factors to be Considered Prior to Voting – Certain Bankruptcy Law Considerations."

Each holder of an Allowed Claim in Class 3, Class 4, Class 5, Class 7, Class 8 or Class 9 as of 5:00 p.m. (New York time) on [ ], 2010 (the "Voting Record Date") is entitled to vote to accept or reject the Plan. Separate forms of ballots to be used for voting to accept or reject the Plan, together with a self-addressed postage-paid envelope, have been provided with this Disclosure Statement to the holders of the Allowed Claims in Class 3, Class 4, Class 5, Class 7, Class 8 and Class 9. Any holder of claims in more than one class is required to vote separately with respect to each class in which such holder has claims.

Before voting to accept or reject the Plan, each holder of an Allowed Claim in Class 3, Class 4, Class 5, Class 7, Class 8 or Class 9 should carefully review the Plan attached as Appendix B and described herein under Article V "Plan." All descriptions of the Plan set forth in this Disclosure Statement are subject to the terms and conditions of the Plan. Instructions for voting on the Plan are set forth in the instructions contained in the enclosed ballots.

THE DEBTORS WILL REQUEST THAT THE BANKRUPTCY COURT CONFIRM THE PLAN IN ACCORDANCE WITH SECTION 1129(B) OF THE BANKRUPTCY CODE WITHOUT ACCEPTANCE BY CLASS 10. IN ADDITION, THE DEBTORS ARE PREPARED TO REQUEST CONFIRMATION OF THE PLAN, AS IT MAY BE MODIFIED FROM TIME TO TIME, UNDER SECTION 1129(B) WITH RESPECT TO CLASSES 4, 5, 8 AND 9, IF ANY OF CLASSES 4, 5, 8 AND 9, VOTING AS A CLASS, REJECTS THE PLAN.

B. SOLICITATION AGENT

Kurtzman Carson Consultants LLC (the "Solicitation Agent") will act as the solicitation agent in connection with the solicitation. The Solicitation Agent will provide holders with information regarding the solicitation, assist holders in obtaining copies of this Disclosure Statement and ballots and respond to questions with respect to any of the foregoing.

If you did not receive or have lost ballots or this Disclosure Statement or have any question concerning the Solicitation Procedures, please contact the Solicitation Agent at the address or telephone number specified below.

C. VOTING PROCEDURES

1. General

Under the Bankruptcy Code, for purposes of determining whether the Requisite Acceptances (as defined in Section V.B "Plan – Voting on the Plan") have been received, only those holders who vote to accept or reject the Plan will be counted. It is therefore important that all holders of claims in the impaired classes entitled to vote actually vote to accept or reject the Plan. Failure by any holder to send a duly executed and completed ballot will be deemed to constitute an abstention by such holder with respect to a vote regarding the Plan. Any such abstention will not be counted as a vote for or against the Plan. To accept the Plan, a holder should check the box entitled "Accept the Plan" on the appropriate ballot. To reject the Plan, a holder should check the box entitled "Reject the Plan" on the appropriate ballot.

The determination of whether the Requisite Acceptances have been received will be based on the votes of the holders of the Allowed Claims in each of Class 3, Class 4 and Class 7 as of the Voting Record Date. The Debtors are providing the solicitation package to holders of claims whose names appear as of the Voting Record Date in the registers maintained by the First Lien Agent and the Second Lien Agent and the records maintained by the Debtors.

If a ballot is signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, such persons should indicate such capacity when signing and, if requested by the Debtors, must submit proper evidence satisfactory to the Debtors of authority to so act. Authorized signatories should submit separate ballots for each beneficial owner for whom they are voting.

Except as provided below, unless the ballot being furnished is timely submitted to the Solicitation Agent on or prior to the Voting Deadline together with any other documents required by such ballot, the Debtors may, in their sole discretion, reject such ballot as invalid

and, therefore, decline to utilize it in connection with seeking confirmation of the Plan by the Bankruptcy Court, provided, however, that the Debtors reserve the right, in their sole discretion, to request the Bankruptcy Court to allow any such ballot to be counted.

A vote may be disregarded if the Bankruptcy Court determines, pursuant to Section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

The Debtors expressly reserve the right to amend from time to time the terms of the Plan (subject to compliance with the requirements of Section 1127 of the Bankruptcy Code and the terms of the Plan regarding modification).

A ballot that does not indicate acceptance or rejection of the Plan or that indicates both an acceptance and rejection of the plan or that is not signed, legible or complete will be invalid and will not be counted for purpose of determining acceptance or rejection of the Plan. The Debtors, in their sole discretion, may request that the Solicitation Agent attempt to contact holders of claims to cure any such defects in the ballots. PLEASE CAREFULLY FOLLOW THE DIRECTIONS ON EACH BALLOT.

2. Releases

In addition to voting on the Plan, each holder of a Class 3 Claim, a Class 4 Claim, a Class 5 Claim, a Class 7 Claim, a Class 8 Claim or a Class 9 Claim may elect not to consent to the releases provided in Section 10.3 of the Plan in favor of the "Releasees" (as defined in Section IX.E "Confirmation and Consummation of the Plan – Releases, Injunctions and Exculpation") by checking the box set forth on the ballots.

3. Voting Deadline and Delivery Instructions

To be counted, duly completed and executed ballots must be actually received on or before [ ], 2010, at 5:00 p.m. (New York time) unless the solicitation is extended by order of the Bankruptcy Court. Ballots should be delivered by mail, hand delivery or overnight courier to the Solicitation Agent at the following address:

Oriental Trading Company Ballot Processing Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, CA 90245
Email: OTCinfo@kccllc.com
Phone: (877) 565-8216

Delivery of ballots by facsimile or e-mail will not be accepted. In no case should a ballot be delivered to the Debtors.

4. Agreements Upon Furnishing Ballots

The delivery of a ballot by a holder of a claim in accordance with the procedures set forth above, indicating a vote to accept the Plan, will constitute an agreement between such

holder and the relevant Debtors to accept all the terms of, and conditions to, the solicitation and the Plan.

5. Waivers of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance and revocation of ballots will be determined by the Solicitation Agent and the Debtors in their sole discretion, which determination will be final and binding. The Debtors reserve the absolute right to contest the validity of any revocation. The Debtors also reserve the right to reject any and all ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular ballot. The interpretation (including of the ballots and the instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of ballots must be cured within such time as the Debtors or the Bankruptcy Court determines. Neither the Debtors nor any other person or entity will be under any duty to provide notification of defects or irregularities with respect to deliveries or notices of revocation of ballots, nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished and as to which any irregularities have not theretofore been cured or waived will be invalidated.

6. Revocation Rights

Ballots previously delivered to the Solicitation Agent may be revoked at any time prior to the Voting Deadline. To be effective, a written or facsimile transmission notice of revocation must (i) be timely received by the Solicitation Agent at its address specified above; (ii) specify the name of the holder of the claim whose vote on the Plan is being revoked; (iii) contain the number (as provided in the Plan) of the class of the claim as to which a vote on the Plan is being revoked; and (iv) be signed by the holder of such claim in the same manner as the ballot being revoked. If received prior to the Voting Deadline, a signed notice of revocation of a ballot is effective upon receipt by the Solicitation Agent of written or facsimile transmission notice of revocation.

Subject to the foregoing paragraph, any holder of a claim who has submitted to the Solicitation Agent prior to the Voting Deadline a properly completed ballot may change its vote by submitting to the Solicitation Agent prior to the Voting Deadline a subsequent properly completed ballot for acceptance or rejection of the Plan. If more than one timely, properly completed ballot is received with respect to the same claim, the ballot that will be counted for purposes of determining whether sufficient acceptances required to confirm the Plan have been received will be the ballot that the Solicitation Agent determines was the last to be received.

IX.

CONFIRMATION AND CONSUMMATION OF THE PLAN

To confirm the Plan, the Bankruptcy Court is required to hold, after notice, a confirmation hearing. The Plan will only be confirmed if the Bankruptcy Court determines that all of the requirements of the Bankruptcy Code have been met. The requirements for confirmation are set forth in Section 1129 of the Bankruptcy Code. These requirements include, among others, that the Plan be (i) accepted by all impaired classes of claims and equity interests or, if rejected by an impaired class, that the Plan does not "discriminate unfairly" and is "fair and equitable" as to such class, (ii) feasible and (iii) in the "best interests" of creditors and equity holders impaired under the Plan.

A. CONFIRMATION HEARING

The Bankruptcy Court has scheduled the hearing to consider the confirmation of the Plan pursuant to Section 1128 of the Bankruptcy Code on [ ], 2010, at [ ]:[ ][ ].m. (New York time) before the Honorable Brendan L. Shannon, United States Bankruptcy Judge, in Courtroom 1, 6th Floor, United States Bankruptcy Court, District of Delaware, 824 North Market Street, Wilmington, Delaware 19801. Notice of the confirmation hearing will be provided to all known creditors and equity holders or their representatives. The confirmation hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement of the adjourned date made at the confirmation hearing or any subsequent adjourned confirmation hearing.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. The Bankruptcy Court has directed that any objection to the confirmation of the Plan must be in writing, must conform to the Bankruptcy Rules, must set forth the name of the objecting party, the nature and amount of claims or equity interests held or asserted by the objecting party against the Debtors' estates or property and the basis for the objection and the specific grounds therefor, and must be filed with the Bankruptcy Court, together with proof of service thereof, and served upon (i) Debevoise & Plimpton LLP, 919 Third Avenue, New York, New York 10022 (Attn: Richard F. Hahn, Esq. and My Chi To, Esq.), (ii) Young Conaway Stargatt & Taylor, LLP, The Brandywine Building, 1000 West Street, 17th Floor, P.O. Box 391, Wilmington, Delaware 19801 (Attn: Joel A. Waite, Esq.), (iii) the Office of the United States Trustee, District of Delaware, 844 King Street, Suite 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Jane Leamy), (iv) Simpson Thacher & Bartlett LLP, 425 Lexington Avenue, New York, New York 10017 (Attn: Steven Fuhrman, Esq. and Elisha Graff, Esq.), (v) Cooley LLP, The Grace Building, 1114 Avenue of the Americas, New York, New York 10036 (Attn: Jeffrey L. Cohen, Esq.) and (vi) such other parties as the Bankruptcy Court may order, so as to be received no later than [ ], 2010 at 4:00 p.m. (New York time).

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014.

UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

B. CONFIRMATION REQUIREMENTS

1. Acceptance by Impaired Classes

The holders of the First Lien Claims, the Second Lien Claims, the General Unsecured Claims, the First Lien Guarantee Claims, the Second Lien Guarantee Claims and Holdings/Investors General Unsecured Claims are impaired and entitled to vote on the Plan. Therefore, except as provided below, such holders must vote to accept the Plan in order for the Plan to be confirmed. Under the terms of the Plan, the holders of Intercompany Claims have voted to accept the Plan. The requirements for acceptance by these classes are described under Section V.B "Plan – Voting on the Plan." The holders of the Equity Interests are impaired and deemed to reject the Plan. The Debtors intend to seek confirmation of the Plan under Section 1129(b) of the Bankruptcy Code with respect to such class. If the holders of the Second Lien Claims, the General Unsecured Claims, the Second Lien Guarantee Claims or the Holdings/Investors General Unsecured Claims vote to reject the Plan, the Debtors intend to rely on Section 1129(b) of the Bankruptcy Code to seek confirmation of the Plan without their acceptance. For a description of the "unfair discrimination" test and the "fair and equitable" test, see Section IX.B.4 "Confirmation and Consummation of the Plan – Confirmation Requirements – Confirmation without Acceptance by All Impaired Classes."

2. Feasibility of the Plan

The Bankruptcy Code requires that the confirmation of a plan not be likely to be followed by liquidation or the need for further financial reorganization of the debtor, unless such liquidation or further reorganization is contemplated by the plan. For purposes of determining whether the Plan meets this requirement, the Debtors have analyzed the New Companies' ability to meet their obligations under the Plan. As part of this analysis, management has prepared the financial projections of the New Companies' financial performance for the next five fiscal years. Although these financial projections do not reflect all possible effects of the transactions contemplated under the Plan, the Debtors believe that the Plan provides a feasible means of reorganization and operation, through which it can be reasonably expected that, subject to the risks disclosed in this Disclosure Statement, the New Companies will be able to satisfy their obligations on and after the Effective Date. For a description of the financial projections, their underlying assumptions and the related qualifications, see Appendix G "Financial Projections" and Appendix H "Valuation Analysis."

3. Best Interests Test

Under the Bankruptcy Code, confirmation of the Plan requires that each creditor or equity holder in an impaired class either (i) accept the Plan or (ii) receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the value that such creditor or equity holder would receive or retain if the Debtors were liquidated under Chapter 7.

To determine what the holders of claims and equity interests in each impaired class would receive if the Debtors were liquidated, the Bankruptcy Court must determine the dollar amount that would be generated from a liquidation of the assets and properties of the Debtors in the context of a hypothetical liquidation case under Chapter 7. Such determination

must take into account the fact that secured claims, the costs and expenses of the liquidation case and any cost and expense resulting from the original reorganization cases would have been paid in full from the liquidation proceeds before the balance of those proceeds were made available to pay the prepetition unsecured claims and equity interests.

To determine if the Plan is in the best interests of each impaired class, the present value of the distributions from the proceeds of the hypothetical liquidation of the assets and properties of the Debtors (after subtracting the amounts attributable to secured claims, costs and expenses of the hypothetical liquidation case under Chapter 7 and any cost and expense of the Chapter 11 Cases) must be compared with the present value of the distributions offered to such classes under the Plan.

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors and equity holders of the Debtors, including (i) the failure to realize the maximum going-concern value of the Debtors' businesses, (ii) increased costs and expenses of liquidation under Chapter 7 arising from fees payable to a bankruptcy trustee and attorneys and other professional advisors to such trustee, (iii) additional expenses and claims (some of which would be entitled to priority) which would be generated during the liquidation and as a result of rejecting unexpired leases and executory contracts in connection with the cessation of the Debtors' operations, (iv) the erosion of the value of the Debtors' assets in the context of an expedited liquidation required under Chapter 7 and the "fire sale" atmosphere that would prevail, (v) the adverse effects on the salability of business segments that could result from the possible departure of key employees and the loss of major customers, (vi) the cost attributable to the time value of money resulting from what is likely to be a more protracted proceeding than the proceeding currently contemplated under the Plan and (vii) the application of the rule of absolute priority to distributions in a Chapter 7 liquidation, the Debtors have determined that confirmation of the Plan will provide each holder of a claim or equity interest in an impaired class with a greater recovery than such holder would receive in a Chapter 7 liquidation of the Debtors.

For purposes of comparison with distributions under the Plan, the Debtors have prepared a consolidated analysis of the estimated recoveries in a liquidation of the Debtors under Chapter 7 of the Bankruptcy Code (the "Liquidation Analysis"). The Liquidation Analysis, together with a description of the procedures followed and the assumptions and qualifications made by the Debtors in connection therewith, are attached as Appendix C.

4. Confirmation without Acceptance by All Impaired Classes

The Debtors intend to seek confirmation of the Plan despite the fact that certain impaired classes will not be entitled to vote and will be deemed to reject the Plan or that an impaired class that is entitled to vote may vote to reject the Plan. Section 1129(b) of the Bankruptcy Code sets forth the conditions to a confirmation of a plan of reorganization without the acceptance of all impaired classes (or "cram down," as it is generally called). So long as at least one impaired class of claims has accepted the plan (without counting the votes of "insiders" in such class), a plan may be confirmed if it does not "discriminate unfairly" and is "fair and equitable" with respect to each rejecting class. The Debtors reserve the right to modify the Plan

to the extent, if any, that confirmation in accordance with Section 1129(b) of the Bankruptcy Code requires modification.

a. "Unfair Discrimination" Test

The "unfair discrimination" test requires, among other things, that a plan recognize the relative priorities among unsecured creditors and equity holders. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a rejecting impaired class is treated equally with respect to other classes of equal rank.

b. "Fair and Equitable" Standard

The Bankruptcy Code establishes a different "fair and equitable" test for secured creditors, unsecured creditors and equity holders. The respective tests in relevant part are as follows:

i. *Secured Creditors.* Either (a) each holder of a claim in the rejecting class (i) retains its liens on the collateral securing such holder's claim (whether the collateral is retained by the debtor or transferred to another entity) to the extent of the allowed amount of its secured claim and (ii) receives deferred cash payments totaling at least the allowed amount of its secured claim with a present value as of the effective date at least equal to such holder's interest in its collateral, (b) if the plan of reorganization provides for the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the claims in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale and the treatment of the liens on proceeds under clause (a) or (c) of this paragraph or (c) the plan provides each holder with the "indubitable equivalent" of its claim.

ii. *Unsecured Creditors.* Either (a) each holder of a claim in the rejecting class receives or retains under the plan property of a value as of the effective date equal to the amount of its allowed claim or (b) the holders of claims and equity interests that are junior to the claims of the rejecting class do not receive or retain any property under the plan.

iii. *Equity Holders.* Either (a) each holder of an equity interest in the rejecting class receives or retains under the plan property of a value as of the effective date equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest or (b) the holders of equity interests that are junior to the equity interests of such rejecting class do not receive or retain any property under the plan.

The Debtors intend to seek confirmation of the Plan under Section 1129(b) of the Bankruptcy Code with respect to the holders of the Equity Interests. Holders of equity interests in such class are deemed to reject the Plan because they will not receive any distribution nor retain any property under the Plan. The Debtors will satisfy the requirements of Section 1129(b) of the Bankruptcy Code with respect to the holders of the Equity Interests by demonstrating that the Plan does not "discriminate unfairly" with respect to such class and that pursuant to Section 1129(b)(2)(C)(ii) of the Bankruptcy Code, no holder of any junior interest will receive or retain any property under the Plan on account of such junior interest. In addition, if the holders of the Second Lien Claims, the General Unsecured Claims, the Second Lien Guarantee Claims or the

Holdings/Investors General Unsecured Claims vote to reject the Plan, the Debtors intend to seek confirmation of the Plan under Section 1129(b) with respect to such classes.

Any such confirmation will be subject to Bankruptcy Court approval of the solicitation of votes and the Plan, including as required under Section 1129(b) of the Bankruptcy Code. See Section XVI.A "Risk Factors – Certain Bankruptcy Law Considerations."

C. CONDITIONS TO CONFIRMATION AND CONSUMMATION

1. Conditions Precedent to Plan Confirmation

Confirmation of the Plan is conditioned upon the Confirmation Order having been entered by the Bankruptcy Court in form and substance consistent with the provisions of Section 11.1 of the Plan (including in form and substance reasonably satisfactory to the First Lien Steering Committee).

2. Conditions Precedent to Plan Consummation

It is a condition precedent to the consummation of the Plan that:

- the Plan shall have been confirmed by the Bankruptcy Court and the Confirmation Order shall not then be stayed, vacated or reversed;
- New OTC and certain of its affiliates shall have entered into the Exit Facility and all conditions to the effectiveness thereof shall have been satisfied or waived by the parties designated as lenders thereunder, as required thereunder;
- New OTC and certain of its affiliates shall have entered into the New Term Loan Documents and all conditions to the effectiveness thereof shall have been satisfied or waived by the parties designated as lenders thereunder, as required thereunder;
- all of the Debtors' obligations under their debtor in possession financing arrangements shall have been satisfied in full and discharged as provided in the Plan;
- all other agreements and instruments contemplated by, or to be entered into pursuant to, the Plan, including, without limitation, the following documents shall have been executed and delivered, and all conditions to the effectiveness thereof shall have been satisfied or waived as required thereunder: (a) the Stockholders Agreement, (b) the Registration Rights Agreement, (c) the New Warrant Agreement and (d) the governing corporate documents of each of New Holdco, New Midco, New OTC and Fun Express LLC; and
- all authorizations, consents and regulatory approvals required (if any) in connection with the consummation of the Plan shall have been obtained.

3. Waivers of Conditions

The Debtors, with the consent of the First Lien Steering Committee, may waive at any time, without notice, leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan, certain conditions precedent to the confirmation or consummation of the Plan.

D. EFFECTS OF PLAN CONFIRMATION

1. Discharge

Except as otherwise expressly provided in the Plan or the Confirmation Order, upon the occurrence of the Effective Date, pursuant to the terms of the Plan, each Debtor will be discharged, effective immediately, from any "claim" and any "debt" (each as defined in Section 101(5) or Section 101(11) of the Bankruptcy Code), and each Debtor's liability in respect thereof will be extinguished completely, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, that arose from any agreement of any Debtor entered into or obligation of any Debtor incurred before the Confirmation Date, or from any conduct of any Debtor prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest accrued and expenses incurred, if any, on any such debts, whether such interest accrued or such expenses were incurred before or after the Commencement Date, and including, without limitation, any liability of a kind specified in Sections 502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not a proof of claim was filed or is deemed filed under Section 501 of the Bankruptcy Code, such claim is allowed under Section 502 of the Bankruptcy Code or the holder of such claim has accepted the Plan.

2. Revesting

Except as otherwise expressly provided in the Plan or the Confirmation Order, on the Effective Date, without any further action, pursuant to the terms of the Plan, the New Companies will be vested with all of the Transferred Assets, free and clear of all claims, liens, encumbrances and interests, and may operate their businesses and may use, acquire or dispose of their assets free of any restrictions imposed by the Bankruptcy Code or by the Bankruptcy Court. Except as otherwise expressly provided in the Plan or the Confirmation Order, all claims against third parties on account of, and all causes of action owed to or in favor of, any Debtor (including, without limitation, any claims, rights or causes of action arising under Sections 510, 542, 543, 544, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code) are hereby preserved, retained for enforcement solely and exclusively by and at the discretion of the New Companies and are revested in the New Companies on the Effective Date. Any recoveries realized by the New Companies from the assertion of any such claims or causes of action will be the sole property of the New Companies. The New Companies will be deemed successors or affiliates of the Debtors under Section 1145 of the Bankruptcy Code and representatives of the Debtors' estates under Section 1123(b) of the Bankruptcy Code.

E. RELEASES, INJUNCTIONS AND EXCULPATION

1. Release of Releasees by Debtors

The Plan provides that, from and after the Effective Date, and without limiting the protections afforded to the First Lien Agent, the First Lien Lenders and their respective Representatives (as defined below) in the DIP Order, each Debtor will release (a) each Debtor's (i) current and former officers, directors, employees who served in such capacity during the Chapter 11 Cases and (ii) consultants, financial advisors, attorneys, accountants and other representatives who served in such capacity during the Chapter 11 Cases (the "Representatives"), (b) each of Brentwood Associates and The Carlyle Group and all of their respective affiliates, including, without limitation, Brentwood Associates Private Equity IV, L.P., Brentwood Associates Co-Investors IV OTC, LLC, Carlyle Partners IV, L.P and CP IV Coinvestment, L.P. and their respective Representatives, (c) the DIP Lenders, the DIP Agent and their respective Representatives, (d) the First Lien Lenders (including any such lenders in their capacity as lenders in connection with the LIFO Loans), the First Lien Agent and their respective Representatives and (e) the Committee, its members (but solely in their capacities as such) and their respective Representatives (collectively, the "Releasees") from any and all claims (as defined in Section 101(5) of the Bankruptcy Code), obligations, suits, judgments, damages, rights, causes of action and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any Debtor is entitled to assert in its own right or on behalf of the holder of any claim or equity interest or other person or entity, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or prior to the Effective Date (including, without limitation, any and all claims arising under Chapter 5 of the Bankruptcy Code), except for (a) claims against or liabilities of officers, directors or employees of any Debtor in respect of (i) any loan, advance or similar payment by any Debtor to any such person or (ii) any contractual obligation owed by such person to any Debtor and (b) claims or causes of action against any member of the Committee with whom the Debtors transact business, arising out of any business transaction between any Debtor and such member.

2. Release of Releasees by Holders of Class 3 Claims, Class 4 Claims, Class 5 Claims, Class 7 Claims, Class 8 Claims and Class 9 Claims.

The Plan also provides that, from and after the Effective Date, any holder of a Class 3 Claim, Class 4 Claim, Class 5 Claim, Class 7 Claim, Class 8 Claim or Class 9 Claim (i) who has affirmatively voted to accept the Plan or who is deemed to accept the Plan and (ii) who has not checked the box on its duly completed ballot indicating its election not to consent to the releases provided by Section 10.2 of the Plan, will release each Releasee from any and all claims (as defined in Section 101(5) of the Bankruptcy Code), obligations, suits, judgments, damages, rights, causes of action and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any holder of a Class 3 Claim, Class 4 Claim, Class 5 Claim, Class 7 Claim, Class 8 Claim or Class 9 Claim is entitled to assert against any Releasee, based in whole or in part upon any act or omission, transaction, agreement, event or occurrence taking place on or before the Effective Date in any way relating to any Debtor, the Chapter 11 Cases or the negotiation, formulation and

preparation of the Plan or any related document. See Section VIII.C.2 "Voting Procedures – Voting Procedures – Releases."

3. Injunctions and Stays

The Plan provides that unless otherwise provided in the Plan or the Confirmation Order, all injunctions and stays provided for in the Chapter 11 Cases pursuant to Sections 105 and 362 of the Bankruptcy Code or otherwise in effect on the Confirmation Date, will remain in full force and effect until the Effective Date. From and after the Effective Date, all persons and entities are permanently enjoined from, and restrained against, commencing or continuing in any court any suit, action or other proceeding, or otherwise asserting any claim or interest, seeking to hold (a) the Debtors, (b) the New Companies, (c) the property of the Debtors or the New Companies or (d) any Releasee liable for any claim, obligation, right, interest, debt or liability that has been discharged or released pursuant to the Plan.

4. Exculpation

The Plan provides that no Debtor, New Company, Releasee or Committee will have or incur any liability to any holder of any claim or interest or other person or entity for any act or omission in connection with or arising out of the negotiation, documentation, preparation and pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan, the Chapter 11 Cases or the property to be distributed under the Plan except for liability based on willful misconduct or fraud as finally determined by the Bankruptcy Court. The Plan entitles the Debtors, the New Companies, the Releasees, the Committee and each of their respective officers, directors, employees and other agents, advisors, attorneys and accountants to rely, in every respect, upon the advice of counsel with respect to their duties and responsibilities under the Plan.

5. Waiver of Subordination Rights

The Plan provides that the distribution of New Warrants to any holder of a Second Lien Claim will not be subject to levy, garnishment, attachment, turnover or other legal process by any holder of a First Lien Claim under the Intercreditor Agreement. On the Effective Date, each holder of a claim (a) by virtue of the acceptance of the Plan by the requisite majority in number and amount of members in its class, (b) by virtue of the acceptance or deemed acceptance of the Plan by such holder or (c) by the acceptance by such holder of any distribution made or consideration given under the Plan, waives and relinquishes any and all rights arising under any subordination agreements or applicable law, including, without limitation, Section 510 of the Bankruptcy Code, to the payment or distributions of consideration made or to be made under the Plan to any other holder of a claim against any Debtor. Notwithstanding the foregoing, and except to the extent set forth in the first sentence of this paragraph, nothing in the Plan will constitute a waiver or modification of any party's rights and obligations under the Intercreditor Agreement, which will remain in full force and effect notwithstanding confirmation and consummation of the Plan.

F. RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, the Plan provides for the retention of jurisdiction by the Bankruptcy Court over the Chapter 11 Cases and any of the proceedings arising from, or relating to, the Chapter 11 Cases to the fullest extent permitted by the Bankruptcy Code and other applicable law, including, without limitation, such jurisdiction as is necessary to ensure that the purpose and intent of the Plan are carried out. Without limiting the generality of the foregoing, the Plan provides that the Bankruptcy Court will retain jurisdiction for the following purposes:

- to hear and determine any and all objections to the priority, classification or allowance, or requests for estimation, of claims or the establishment of reserves pending the resolution of disputed claims;
- to consider and act on the compromise and settlement of any claim against, or cause of action on behalf of, any Debtor or any estate;
- to hear and determine any motions pending on the Effective Date to assume any executory contract or unexpired lease or to reject any executory contract or unexpired lease and to determine the allowance of any claim resulting therefrom;
- to hear and determine any issues regarding the application of Section 1145 to the issuance and resale of the New Securities;
- to enter such orders as may be necessary or appropriate in connection with the recovery of any Debtor's assets wherever located;
- to hear and determine any and all applications for allowance of compensation and reimbursement of expenses;
- to hear and determine any and all controversies, suits and disputes arising under or in connection with the interpretation, implementation or enforcement of the Plan and any of the documents intended to implement the provisions of the Plan or any other matters to be resolved by the Bankruptcy Court under the terms of the Plan; provided that any dispute arising under or in connection with the New Term Loan Documents or the Exit Facility Documents will be dealt with in accordance with the provisions of the relevant documents;
- to hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar and related matters with respect to any Debtor arising prior to the Effective Date or relating to the administration of the Chapter 11 Cases, including, without limitation, matters involving federal, state and local taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of taxes under Section 505(b) of the Bankruptcy Code);

- to hear and determine any and all applications, claims, adversary proceedings and contested or litigated matters pending on the Effective Date or that may be commenced thereafter as provided in the Plan or timely filed pursuant to the Bankruptcy Code or an order of the Bankruptcy Court, including without limitation, any claims or causes of actions arising under Chapter 5 of the Bankruptcy Code;

- to effectuate distributions under and performance of, and resolve any issues relating to distributions under, the provisions of the Plan;

- to hear and determine any applications to modify any provision of the Plan to the full extent permitted by the Bankruptcy Code;

- to correct any defect, cure any omission or reconcile any inconsistency in the Plan, the exhibits to the Plan and annexes thereto, or any order of the Bankruptcy Court, including the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan;

- to determine such other matters as may be provided for in the Confirmation Order or as may from time to time be authorized under the provisions of the Bankruptcy Code or any other applicable law;

- to enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings issued or entered in connection with the Chapter 11 Cases or the Plan;

- to enter such orders as may be necessary or appropriate in aid of confirmation and to facilitate implementation of the Plan, including, without limitation, any stay orders as may be appropriate in the event that the Confirmation Order is for any reason stayed, revoked, modified or vacated and appropriate orders (which may include contempt or other sanctions) to protect the Debtors and the New Companies;

- to determine any other matter that may arise in connection with the Chapter 11 Cases, the Plan or the Confirmation Order or that is not inconsistent with the Bankruptcy Code; and

- to enter an order closing the Chapter 11 Cases.

X.

PRO FORMA BALANCE SHEET

The unaudited pro forma balance sheet of the Debtors (the "Pro Forma Balance Sheet") is attached hereto as Appendix F. The Pro Forma Balance Sheet has been prepared using the principles of "fresh start" accounting and is based on the historical consolidated financial information of the Debtors, adjusted to give effect to the restructuring contemplated in the Plan.

The "fresh start" accounting employed in the Pro Forma Balance Sheet is based on the American Institute of Certified Public Accountants Statement of Position 90-7, "Financial Reporting by Entities in Reorganization Under the Bankruptcy Code" (the "Accounting Treatment"). The adjustments related to the Accounting Treatment are preliminary and the amounts reflected in the Pro Forma Balance Sheet may differ from the amounts ultimately determined. The Accounting Treatment is adopted because holders of common stock of Holdings immediately before confirmation of the Plan will receive less than 50% of the voting shares of New Holdco, thereby resulting in a new control group, and the value of the New Companies is less than the Debtors' aggregate prepetition liabilities and allowed claims.

The Pro Forma Balance Sheet is based on currently available information and on certain assumptions that management of the Debtors believes are reasonable under the circumstances. The Pro Forma Balance Sheet and accompanying notes should be read in conjunction with the Debtors' audited annual financial statements for fiscal year ended April 3, 2010 and the notes thereto, attached hereto as Appendix D.

XI.

FINANCIAL PROJECTIONS AND VALUATION ANALYSIS

A. PROJECTIONS

The Bankruptcy Code requires as one of the conditions to confirmation of a plan of reorganization that the Bankruptcy Court determine that confirmation is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor unless such liquidation or reorganization is contemplated in the plan. For the purposes of determining whether the Plan meets this feasibility standard, and to assist the holders of claims in Classes 3, 4, 5, 7, 8 and 9 in determining whether to vote to accept or reject the Plan, the Debtors' management has prepared the financial projections set forth in Appendix G (the "Financial Projections") to present the effects of the restructuring contemplated under the Plan and to assess the ability of the New Companies to meet their obligations under the Plan and retain sufficient liquidity and capital resources to conduct their business. The Financial Projections should be read in conjunction with the assumptions and qualifications to the tables contained therein, the historical consolidated financial information (including the notes and schedules thereto) and the other information set forth in the Debtors' audited annual financial statements for fiscal year ended April 3, 2010 attached hereto as Appendix D. The Financial Projections were prepared in good faith based on assumptions believed to be reasonable and applied in a manner consistent with past practice. The Financial Projections are not necessarily indicative of current value or future performance, which may be significantly less favorable or more favorable than as set forth in Appendix G.

B. VALUATION ANALYSIS

Attached as Appendix H is a valuation analysis of the New Companies.

XII.

DESCRIPTION OF EXIT FACILITY

On the Effective Date, New OTC will enter into the Exit Facility, which will provide a term loan facility and a revolving loan facility in the aggregate principal amount of up to $50 million. Borrowings under the Exit Facility will be guaranteed by each of the New Companies other than New OTC. Subject to certain permitted exceptions, borrowings under the Exit Facility will be secured by first priority liens on and security interests in substantially all of the assets of the New Companies and a pledge of the shares of all of the New Companies except New Holdco. Advances under the Exit Facility will be used to repay the DIP Facilities and for general corporate purposes of the New Companies.

The Exit Facility Documents will contain fully-negotiated covenants, conditions to effectiveness and defaults, on terms reasonably satisfactory to the First Lien Steering Committee and the Debtors. The material terms of the Exit Facility Documents will be set forth in the Plan Supplement.

XIII.

DESCRIPTION OF NEW TERM LOANS

On the Effective Date, New OTC will issue the New Term Loans in the aggregate principal amount of $200 million and each of the other New Companies will guarantee the New Term Loans, in each case, pursuant to the New Term Loan Documents. The New Term Loans will be, subject to certain permitted exceptions, secured by second priority liens on substantially all of the assets of the New Companies (including a pledge of the shares of all of the New Companies except New Holdco), junior only to the liens securing the New Companies' obligations under the Exit Facility. In addition, the New Term Loan Documents will contain fully-negotiated covenants, conditions to effectiveness and defaults, on terms reasonably satisfactory to the First Lien Steering Committee and the Debtors.

The Debtors, in consultation with the First Lien Steering Committee, will use reasonable best efforts to obtain the New Term Loans from New Term Loan Third Party Lenders. In the event that the New Term Loans cannot be obtained from New Term Loan Third Party Lenders on terms reasonably acceptable to the Debtors and the First Lien Steering Committee, the New Term Loans will be issued to the holders of the First Lien Claims.

If the New Term Loans are provided by New Term Loan Third Party Lenders, the material terms of the New Term Loan Documents will be set forth in the Plan Supplement.

If the New Term Loans are issued to the holders of the First Lien Claims, the New Term Loans will mature on the fourth anniversary of the Effective Date, and bear interest at a market rate of interest to be set forth in the Plan Supplement. In addition, in such a case, the New Term Loan Documents will be substantially in the forms contained in the Plan Supplement.

XIV.

DESCRIPTION OF NEW HOLDCO COMMON STOCK

On the Effective Date, New Holdco will issue New Holdco Common Stock, par value $.01 per share, for distribution to holders of First Lien Claims.

No fractional share of New Holdco Common Stock will be issued under the Plan. Each person or entity otherwise entitled to receive a number of shares of New Holdco Common Stock that includes a fractional share will receive a share of New Holdco Common Stock that has been rounded down to the next whole number of shares (if such fraction is less than one-half) or rounded up to the next whole number of shares (if such fraction is equal to, or greater than, one-half). Notwithstanding the foregoing, whenever rounding to the next lower whole number would result in such person or entity receiving no shares of New Holdco Common Stock, such person or entity will receive one share of New Holdco Common Stock.

The New Holdco Common Stock issued on the Effective Date under the Plan will be subject to dilution based upon (i) the exercise of the New Warrants pursuant and subject to the terms of the New Warrant Agreement, if applicable, (ii) the issuance of New Holdco Common Stock and the grant of equity-based awards pursuant to the Management Incentive Plan and (iii) any other shares of New Holdco Common Stock issued after the Effective Date.

New Holdco will enter into the Registration Rights Agreement and the Stockholders Agreement, in substantially the forms to be filed with the Plan Supplement, for the benefit of persons and entities receiving New Holdco Common Stock under the Plan. On the Effective Date, New Holdco and all such persons and entities will become parties to and bound by the terms of the Registration Rights Agreement and the Stockholders Agreement, as applicable, regardless of whether any such person or entity actually executes the Registration Rights Agreement and the Stockholders Agreement, as applicable.

XV.

DESCRIPTION OF NEW WARRANTS

On the Effective Date, New Holdco will issue, for distribution to holders of Second Lien Claims, the New Warrants to purchase 2.5% of the shares of New Holdco Common Stock, par value $.01 per share, at an enterprise valuation strike price of $427.5 million and with a three (3) year term, pursuant to the New Warrant Agreement, to be entered into between New Holdco and a financial institution reasonably acceptable to New Holdco. The form of the New Warrant Agreement will be filed with the Plan Supplement.

No New Warrant to purchase a fractional share of New Holdco Common Stock will be issued under the Plan. Each person or entity otherwise entitled to receive a New Warrant that is exercisable to purchase a fractional share of New Holdco Common Stock will receive a New Warrant that has been rounded down to the next whole number of shares (if such fraction is less than one-half) or rounded up to the next whole number of shares (if such fraction is equal to, or greater than, one-half). Notwithstanding the foregoing, whenever rounding to the next lower

whole number would result in such person or entity receiving a New Warrant that is not exercisable to purchase any shares of New Holdco Common Stock, such person or entity will receive a New Warrant that is exercisable to purchase one share of New Holdco Common Stock.

New Holdco will enter into the Registration Rights Agreement and the Stockholders Agreement, in substantially the forms to be filed with the Plan Supplement, for the benefit of persons and entities receiving New Warrants under the Plan. On the Effective Date, New Holdco and all such persons and entities will become parties to and bound by the terms of the Registration Rights Agreement and the Stockholders Agreement, as applicable, regardless of whether any such person or entity actually executes the Registration Rights Agreement and the Stockholders Agreement, as applicable.

XVI.

CERTAIN RISK FACTORS TO BE CONSIDERED PRIOR TO VOTING

HOLDERS OF CLAIMS SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH BELOW, AS WELL AS THE OTHER INFORMATION SET FORTH IN THIS DISCLOSURE STATEMENT AND RELATED DOCUMENTS, REFERRED TO OR INCORPORATED BY REFERENCE IN THIS DISCLOSURE STATEMENT, PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN. THIS ARTICLE PROVIDES INFORMATION REGARDING POTENTIAL RISKS IN CONNECTION WITH THE PLAN, THE FINANCIAL PROJECTIONS IN THIS DISCLOSURE STATEMENT, AND OTHER RISKS THAT COULD IMPACT THE NEW COMPANIES' FUTURE BUSINESS OPERATIONS AND PERFORMANCE. THESE FACTORS SHOULD NOT, HOWEVER, BE REGARDED AS CONSTITUTING THE ONLY RISKS INVOLVED IN CONNECTION WITH THE PLAN AND ITS IMPLEMENTATION.

The occurrence or non-occurrence of any or all of the following contingencies and any others could affect distributions available to holders of Allowed Claims under the Plan but will not necessarily affect the validity of the vote of the impaired classes to accept or reject the Plan or necessarily require a re-solicitation of the votes of holders of claims in such impaired classes.

A. CERTAIN BANKRUPTCY LAW CONSIDERATIONS

1. The Bankruptcy Court May Not Authorize Substantive Consolidation of the Estates of OTC, Fun Express and Marketing

The Plan provides for substantive consolidation of the estates of OTC, Fun Express and Marketing into a single estate for purposes of confirmation and consummation of the Plan. The Debtors, however, can provide no assurance that the Bankruptcy Court will authorize the Debtors to substantively consolidate all of the estates of OTC, Fun Express and Marketing.

2. Parties in Interest May Object to the Plan's Classification of Claims and Interests

Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an equity interest in a particular class only if such claim or equity interest is substantially similar to the other claims or equity interests in such class. The Debtors believe that the classification of claims and equity interests under the Plan complies with the requirements set forth in the Bankruptcy Code because the Debtors created classes of claims and equity interests, each encompassing claims or equity interests, as applicable, that are substantially similar to the other claims and equity interests in each such class. Nevertheless, there can be no assurance that the Bankruptcy Court will reach the same conclusion.

3. Debtors May Fail to Satisfy Vote Requirements

If votes are received in number and amount sufficient to enable the Bankruptcy Court to confirm the Plan, the Debtors intend to seek, as promptly as practicable thereafter, confirmation of the Plan. In the event that sufficient votes are not received, the Debtors may seek to accomplish an alternative chapter 11 plan. There can be no assurance that the terms of any such alternative chapter 11 plan would be similar or as favorable to the holders of Allowed Claims as those proposed in the Plan.

4. The Debtors May Not Be Able to Secure Confirmation of the Plan

Section 1129 of the Bankruptcy Code sets forth the requirements for confirmation of a chapter 11 plan, and requires, among other things, a finding by the bankruptcy court that: (a) such plan "does not unfairly discriminate" and is "fair and equitable" with respect to any non-accepting classes; (b) confirmation of such plan is not likely to be followed by a liquidation or a need for further financial reorganization unless such liquidation or reorganization is contemplated by the plan; and (c) the value of distributions to non-accepting holders of claims and equity interests within a particular class under such plan will not be less than the value of distributions such holders would receive if the debtors were liquidated under chapter 7 of the Bankruptcy Code.

There can be no assurance that the requisite acceptances to confirm the Plan will be received. Even if the requisite acceptances are received, there can be no assurance that the Bankruptcy Court will confirm the Plan. A non-accepting holder of an Allowed Claim might challenge either the adequacy of this Disclosure Statement or whether the balloting procedures and voting results satisfy the requirements of the Bankruptcy Code or the Bankruptcy Rules. Even if the Bankruptcy Court determines that this Disclosure Statement, the balloting procedures and the voting results are appropriate, the Bankruptcy Court can still decline to confirm the Plan if it finds that any of the statutory requirements for confirmation have not been met, including the requirement that the terms of the Plan do not "unfairly discriminate" and are "fair and equitable" to non-accepting classes. In addition, the pursuit of nonconsensual confirmation or consummation of the Plan may result in, among other things, increased fees and expenses of professionals retained in the Chapter 11 Cases.

Confirmation of the Plan is also subject to certain conditions as described in Article 11 of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, holders of Allowed Claims will receive with respect to their Allowed Claims.

The Debtors, subject to the terms and conditions of the Plan, reserve the right to modify the terms and conditions of the Plan as necessary for confirmation. Any such modifications could result in a less favorable treatment of any non-accepting class, as well as of any classes junior to such non-accepting class, than the treatment currently provided in the Plan. Such a less favorable treatment could include a distribution of property to the class affected by the modification of a lesser value than currently provided in the Plan or no distribution of property whatsoever under the Plan.

5. Risk of Non-Occurrence of the Effective Date

Although the Debtors believe that the Effective Date will occur shortly after the Confirmation Date, there can be no assurance as to such timing or as to whether the Effective Date will, in fact, occur.

B. RISK FACTORS THAT MAY AFFECT RECOVERY AVAILABLE TO HOLDERS OF ALLOWED CLAIMS AND VALUE OF SECURITIES TO BE ISSUED UNDER THE PLAN

1. The New Companies May Not Be Able to Achieve Projected Financial Results or Meet Post-Reorganization Debt Obligations and Finance All Operating Expenses, Working Capital Needs and Capital Expenditures

The New Companies may not be able to meet their projected financial results or achieve projected revenues and cash flows that are assumed in projecting future business prospects. To the extent that the New Companies do not meet their projected financial results or achieve projected revenues and cash flows, the New Companies may lack sufficient liquidity to operate as planned after the Effective Date, may be unable to service their debt obligations as they come due, or may not be able to meet their operational needs. Any of these failures may preclude the New Companies from, among other things: (a) enhancing their product offerings; (b) taking advantage of future opportunities; (c) growing their businesses; or (d) responding to competitive pressures. Further, a failure of the New Companies to meet their projected financial results or achieve projected revenues and cash flows could lead to cash flow and working capital constraints, which constraints may require the New Companies to seek additional working capital. The New Companies may not be able to obtain such working capital when it is required. Further, even if the New Companies were able to obtain additional working capital, it may only be available on unreasonable terms. For example, the New Companies may be required to take on additional debt, the interest costs of which could adversely affect the results of the operations and financial condition of the New Companies. If any such required capital is obtained in the form of equity, the equity interests of the then-existing holders of equity interests could be diluted. While the Financial Projections represent management's view based on current known facts and assumptions about the future operations of the New Companies, there is no guarantee that the Financial Projections will be realized.

2. The New Companies Will Not Be Reporting Corporations Under the Securities Exchange Act on the Effective Date and a Public Market for of the New Securities May Not Develop

The New Companies will not be reporting corporations under the Securities Exchange Act on the Effective Date and the New Holdco Common Stock will not be listed on a national securities exchange. There will be no public market for the New Securities and there can be no assurances that liquid trading markets for the New Securities will develop. The liquidity of any market for the New Securities will depend, among other things, upon the number of holders of New Securities, the New Companies' financial performance and the market for similar securities, none of which can be determined or predicted. Therefore, the Debtors cannot provide assurances that an active trading market will develop, or if a market develops, what the liquidity or pricing characteristics of that market will be.

3. Certain Investors May Not be Permitted to Invest in New Holdco Common Stock

It is not anticipated that any dividend will be paid on the New Holdco Common Stock in the foreseeable future and the Exit Facility Documents and the New Term Loan Documents will likely restrict the payment of dividends. In any event, the payment of dividends on the New Holdco Common Stock will also be subject to applicable legal restrictions. Therefore, certain institutional investors who are only permitted to invest in dividend-paying equity securities or operate under other restrictions prohibiting or limiting their ability to invest in securities similar to New Holdco Common Stock may not be permitted to invest in New Holdco Common Stock which would further adversely affect the liquidity of New Holdco Common Stock.

4. Certain Holders of New Securities May Not be Able to Freely Transfer New Securities

Holders of the New Securities who are deemed to be "underwriters" (as defined in Section 1145(b) of the Bankruptcy Code), including holders who are deemed to be "affiliates" or "control persons" of the Debtors under the Securities Act, will not be able freely to transfer or sell New Securities, except pursuant to (a) "ordinary trading transactions" by an entity that is not an "issuer" under Section 1145(b) of the Bankruptcy Code; (b) an effective registration of the New Securities under the Securities Act and under equivalent state securities or "blue sky" laws; or (c) the provisions of Rule 144 of the Securities Act or another available exemption from such registration requirements. As more fully described in "Description of New Capital Stock," certain recipients of New Holdco Common Stock under the Plan will be granted registration rights under the Registration Rights Agreement.

5. Estimated Valuation of the New Companies, the New Holdco Common Stock and Estimated Recoveries to Holders of Allowed Claims in Classes 3 and 4 Are Not Intended to Represent the Potential Market Values (if any) of the New Securities

The Debtors' estimated recoveries to holders of Allowed Claims in Classes 3 and 4 are not intended to represent the market value of the New Securities, if any. The estimated recoveries are based on numerous assumptions (the realization of many of which will be beyond the control of the New Companies), including, without limitation: (a) the successful consummation of the Plan; (b) an assumed date for the occurrence of the Effective Date; (c) the New Companies' ability to achieve the operating and financial results included in the Financial Projections; (d) the New Companies' ability to maintain adequate liquidity to fund operations; and (e) the assumption that capital and equity markets remain consistent with current conditions.

C. RISKS FACTORS THAT COULD NEGATIVELY IMPACT THE DEBTORS' AND THE NEW COMPANIES' BUSINESSES

The Debtors' and the New Companies' businesses are subject to a number of risks, including (i) bankruptcy-related risk factors and (ii) general business and financial risk factors. Any or all such factors, which are enumerated below, could have a materially adverse effect on the businesses, financial condition or results of operations of the Debtors and the New Companies. Additional risks and uncertainties not currently known to the Debtors or that the Debtors currently deem to be immaterial may also materially adversely affect the Debtors' and the New Companies' businesses, financial condition or results of operations.

1. Bankruptcy-Related Risk Factors

During the pendency of the Chapter 11 Cases, the Debtors are subject to various risks, including the following:

- The Chapter 11 Cases may adversely affect the Debtors' businesses prospects or ability to operate during the reorganization.
- The Chapter 11 Cases and the attendant difficulties of operating the Debtors' businesses while attempting to reorganize in bankruptcy may make it more difficult to attract customers and sell the Debtors' products.
- The Chapter 11 Cases will cause the Debtors to incur substantial costs for professional fees and other expenses associated with the Chapter 11 Cases.
- The Chapter 11 Cases may prevent the Debtors from continuing to grow their businesses and may restrict their ability to pursue other business strategies. Among other things, the Bankruptcy Code limits the Debtors' ability to incur additional indebtedness, make investments, sell assets, consolidate, merge or sell, or otherwise dispose of all or substantially all of their assets or grant liens. These restrictions may place the Debtors at a competitive disadvantage.

- Transactions by the Debtors outside the ordinary course of business are subject to the prior approval of the Bankruptcy Court, which may limit their ability to respond in a timely manner to certain events or take advantage of certain opportunities. The Debtors may not be able to obtain Bankruptcy Court approval or such approval may be delayed with respect to actions they seek to undertake in the Chapter 11 Cases.

- The Debtors may be unable to retain and motivate key executives and employees through the process of reorganization, and the Debtors may have difficulty attracting new employees. In addition, so long as the Chapter 11 Cases continue, the Debtors' senior management will be required to spend a significant amount of time and effort dealing with the reorganization instead of focusing exclusively on business operations.

- There can be no assurance as to the Debtors' ability to maintain sufficient financing sources to fund their businesses and meet future obligations. The Debtors currently are financing their operations during their reorganization using funds from operations and borrowings under the DIP Facilities and prepetition secured debt. The Debtors may be unable to operate pursuant to the terms of the DIP Facilities, including the financial covenants and restrictions contained therein, or to negotiate and obtain necessary approvals, amendments, waivers or other types of modifications, and to otherwise fund and execute the Debtors' business plans throughout the duration of the Chapter 11 Cases.

- There can be no assurance that the Debtors will be able to successfully develop, prosecute, confirm and consummate one or more plans of reorganization with respect to the Chapter 11 Cases that are acceptable to the Bankruptcy Court and the Debtors' creditors, equity holders and other parties in interest. Additionally, third parties may seek and obtain Bankruptcy Court approval to terminate or shorten the exclusivity period for the Debtors to propose and confirm one or more plans of reorganization, to appoint a chapter 11 trustee or to convert the Chapter 11 Cases to chapter 7 cases.

- Even assuming a successful emergence from chapter 11, there can be no assurance as to the overall long-term viability of the New Companies.

In addition, the uncertainty regarding the eventual outcome of the Debtors' restructuring and the effect of other unknown adverse factors could threaten the Debtors' existence as a going concern. Continuing on a going-concern basis is dependent upon, among other things, obtaining Bankruptcy Court approval of a reorganization plan, maintaining the support of key vendors and customers and retaining key personnel, along with financial, business and other factors, many of which are beyond the Debtors' control. The ultimate recovery to holders of claims, if any, will not be determined until confirmation of the Plan or an alternative plan of reorganization. No assurance can be given as to what values, if any, will be ascribed in the Chapter 11 Cases to each of these constituencies or what types or amounts of distributions, if any, they would receive.

2. General Business and Financial Risk Factors

a. Turmoil Presently Existing in the Financial Markets May Impact the New Companies' Ability to Obtain Sufficient Financing and Credit on a Going Forward Basis

The current crisis in the global credit and financial markets and the inability of corporate borrowers to access the debt markets may materially and adversely affect the New Companies' ability to obtain sufficient financing to operate their businesses on a going forward basis.

b. Economic and Political Conditions, Including a Worsening of the Current Recession and Other Factors Affecting Discretionary Consumer Spending, May Harm the New Companies' Businesses, Financial Condition and Results of Operations

The New Companies' businesses may be adversely affected by the major recession currently being experienced in the United States since the New Companies will be dependent on discretionary spending by their customers. The continuation or worsening of current economic conditions could cause fewer people to buy the New Companies' products and could adversely affect their revenues.

c. Intense Competition Could Result in a Loss of Market Share or Profitability

While no retailer or direct marketer offers customers a product line of similar breadth and depth, the New Companies may face intense competition in each of the markets in which they operate. The New Companies will compete in the retail party supply, toy, novelty and arts and craft supply industries. Retail competitors are primarily comprised of mass merchandisers, specialty retailers, supermarkets, drug stores, and traditional card and gift specialty retailers. The New Companies will also compete with other catalog and online direct marketers that serve their core markets. Fun Express LLC will compete with wholesale suppliers that serve redemption, promotional premium and party supply retailers.

This competition may intensify as new retailers enter some of the markets in which the New Companies will operate and existing competitors expand their operations. Some of the New Companies' competitors may have significantly greater financial resources.

d. The New Companies Could Lose Key Employees, Including Certain Members of Senior Management

The New Companies' success will be substantially dependent upon the efforts and skills of their senior management team. If the New Companies were to lose the services rendered by the members of the senior management team, the New Companies' operations could be adversely affected. In addition, the New Companies will compete with other potential employers for employees, and the New Companies may not succeed in hiring and retaining the executives and other employees that they need. The inability to hire and retain qualified

employees could adversely affect the New Companies' businesses, financial condition and results of operations.

e. The New Companies Could Face Risks Related to Product Recalls, Products Liability and Reputation

The New Companies will be subject to regulation by a variety of federal and state regulatory authorities, including the Consumer Product Safety Commission. As the majority of the New Companies' merchandise will be manufactured in foreign countries, one or more foreign vendors might not adhere to product safety requirements or the New Companies' standards, and the New Companies might not identify this lapse before defective merchandise is shipped to their warehouse. Any issues of product safety, including but not limited to those arising in foreign countries, could cause the New Companies to initiate a product recall. If the New Companies' vendors fail to manufacture merchandise that adheres to the New Companies' standards, the reputation of the New Companies and their brands could be damaged, and customer litigation might increase. Furthermore, to the extent the New Companies are unable to replace any recalled products, the New Companies may have to reduce their merchandise offerings, resulting in a decrease in sales, especially if a recall occurs near or during a seasonal period. If the New Companies' vendors are unable or unwilling to recall products failing to meet the New Companies' standards, the New Companies' may be required to recall those products at a substantial cost to the New Companies. Moreover, changes in product safety or other consumer protection laws could lead to increased costs for the New Companies for certain merchandise, or additional labor costs associated with readying merchandise for sale. Long lead times on merchandise ordering cycles make it more difficult for the New Companies to plan and prepare for potential changes to applicable laws. The Consumer Product Safety Improvement Act of 2008 imposes significant requirements on manufacturing, importing, testing and labeling requirements for the New Companies' products. In the event that the New Companies are unable to timely comply with regulatory changes, significant fines or penalties could result, and could adversely affect the reputation, results of operations, cash flow and financial condition of the New Companies.

f. The New Companies Will Rely on Foreign Manufacturers to Obtain Adequate, Timely and Cost-Effective Inventory

The New Companies will rely to a significant extent on foreign manufacturers of products that they sell. This reliance increases the risk that the New Companies will not have adequate and timely supplies of various products due to local political, economic, social, or environmental conditions (including acts of terrorism, the outbreak of war, or the occurrence of natural disaster), transportation delays (including dock strikes and other work stoppages), restrictive actions by foreign governments, or changes in United States laws and regulations affecting imports or domestic distribution. Reliance on foreign manufacturers will also increase the New Companies' exposure to trade infringement claims and reduces their ability to return products for various reasons.

All of the New Companies' products manufactured overseas and imported into the United States are expected to be subject to duties collected by the United States Customs Service. The New Companies may be subject to additional duties, significant monetary

penalties, the seizure and the forfeiture of the products that the New Companies attempt to import, or the loss of import privileges if they or their suppliers are found to be in violation of United States laws and regulations applicable to the importation of the New Companies' products.

g. Sales May be Adversely Affected if State and Local Sales and Use or Other Taxes Are Imposed on the New Companies

The New Companies will not collect, and believe they will not legally be obligated to collect sales, use or other taxes related to the products that they will sell, except for certain corporate-level taxes and sales taxes with respect to purchases by customers located in the states of Nebraska and Iowa. However, one or more states may seek to impose sales, use or other tax collection obligations on the New Companies in the future. A successful assertion by one or more states that the New Companies should be collecting sales, use or other taxes in connection with the sale of the New Companies' products could result in substantial tax liabilities and penalties in connection with past sales. In addition, if the New Companies are required to collect these taxes, they will lose one of their cost advantages, which may decrease their ability to compete with traditional retailers and substantially harm the New Companies' sales.

The New Companies will base their policies for sales tax collection on their interpretation of certain decisions of the U.S. Supreme Court that restrict the imposition of obligations to collect state and local sales and use taxes with respect to sales made through catalogs or over the Internet. While the New Companies believe that these Supreme Court decisions currently restrict state and local taxing authorities outside the states of Nebraska and Iowa from requiring the New Companies to collect sales and use taxes from purchasers located within their jurisdictions, taxing authorities outside of Nebraska and Iowa could disagree with the New Companies' interpretation of these decisions.

h. Risks Relating to Information Technology, Confidential Information and Customer Information Could Affect Operating Results

The New Companies will be dependent upon automated information technology processes. In addition, a significant portion of the New Companies' business operations will be conducted over the Internet, increasing the risk of viruses that could cause system failures and disruptions of operations. Any failure to maintain the security of the confidential information of the New Companies' customers, or data belonging to the New Companies or their suppliers, could put the New Companies at a competitive disadvantage, result in deterioration in customers' confidence in the New Companies, subject the New Companies to potential litigation, liability, fines and penalties, resulting in a possible material adverse impact on the New Companies' financial condition and operating results. The New Companies may not be able to achieve compliance within the requirements of the payment card industry or maintain such compliance, and even with continued compliance, unauthorized access to their electronic and other confidential information may occur.

i. The New Companies Could Experience Commodity Price and Postage Rate Increases

Any future increases in commodity prices or inflation may adversely affect the New Companies' costs, including cost of merchandise, paper and transportation. Furthermore, the transportation industry may experience a shortage of capacity, which could be exacerbated by higher fuel prices. The New Companies' operating results may be adversely affected if they are unable to secure adequate transportation to deliver merchandise to their warehouse or fulfill customer orders. The New Companies' business model will depend on their ability to mail catalogs to current customers and prospective customers and increases in postage rates by the U.S. Postal Service may adversely affect the New Companies' operating results.

j. Risks Relating to E-Commerce May Adversely Affect Operating Results

The New Companies' online business will be subject to numerous risks, many of which are outside their control. In addition to changing consumer preferences and buying trends relating to Internet usage, the New Companies will be vulnerable to additional risks and uncertainties associated with the Internet. These risks include changes in required technology interfaces, website downtime or slowdowns and other technical failures or human errors, changes in applicable federal and state regulation, security breaches, and consumer privacy concerns. The New Companies' failure to address successfully these risks and uncertainties may adversely affect their online business, as well as damage their reputation and increase their expenses. In addition, the New Companies' business will depend, in large part, upon third parties maintaining the Internet infrastructure to provide a reliable network backbone with the speed, data capacity, security and hardware necessary for reliable Internet access and services. The New Companies' business, which will rely on graphically-rich websites that require the transmission of substantial data, will also be significantly dependent upon the availability and adoption of broadband Internet access and other high-speed Internet connectivity technologies. Any significant problems relating to reliability, data capacity or connectivity experienced by the Internet users could harm the New Companies' sales and profitability.

k. Changes in Regulatory Requirements May Adversely Affect the Business of the New Companies

The New Companies will be subject to federal, state and local regulations. There are a number of legislative and regulatory initiatives, which if enacted or enforced, could adversely impact the New Companies' business. These initiatives address a variety of topics including wage or workforce issues, collective bargaining matters, healthcare mandates, environmental regulation, price and promotion regulation and trade regulations. In addition, proposed changes in tax regulations may also change the New Companies' effective tax rate as their business will be subject to a combination of applicable tax rates in the various states and other jurisdictions in which the New Companies will operate.

l. Potential or Pending Litigation May Harm the New Companies' Business

Third parties may in the future assert, that the New Companies' business or the technologies the New Companies will use infringe on such third parties' intellectual property rights. As a result, the New Companies may be subject to intellectual property legal proceedings and claims in the ordinary course of business. The New Companies will not be able predict whether third parties will assert claims of infringement against the New Companies in the future or whether any future claims will prevent the New Companies from offering popular products or operating their business as planned. If the New Companies are forced to defend against any third party infringement claims, regardless of whether such claims are with or without merit or are determined in the New Companies' favor, the New Companies' could face expensive and time-consuming litigation. If the New Companies are found to infringe on third parties' intellectual property rights, the New Companies may be required to pay monetary damages, which could include treble damages and attorneys' fees for any infringement that is found to be willful. In addition, the New Companies could either be enjoined from using or required to pay ongoing royalties with respect to any technologies found to be infringed. If a third party successfully asserts an infringement claim against the New Companies and the New Companies are enjoined or required to pay monetary damages or royalties or the New Companies are unable to develop suitable alternatives or license the infringed or similar technology on reasonable terms on a timely basis, the New Companies' business, results of operations and financial condition could be materially harmed.

Furthermore, the New Companies will sell products manufactured and distributed by third parties, some of which may be defective. If any product that the New Companies will sell were to cause physical injury or damage to property, the injured party could bring claims against the New Companies as the retailer of the product. The New Companies' insurance coverage may not be adequate to cover every claim that could be asserted. If a successful claim were brought against the New Companies in excess of the New Companies' insurance coverage, it could expose the New Companies to significant liability. Even unsuccessful claims could result in the expenditure of funds and management time and could decrease the New Companies' profitability. Costs and other factors associated with pending or future litigation could materially harm the New Companies' business, results of operations and financial condition.

m. Laws or Regulations relating to Privacy and Data Protection may Adversely Affect the Growth of the New Companies' Internet Business or Marketing Efforts

The New Companies mail catalogs and send electronic messages to names in their proprietary customer database and to potential customers whose names the New Companies obtain from rented or exchanged mailing lists. Worldwide public concern regarding personal privacy has subjected the rental and use of customer mailing lists and other customer information to increased scrutiny and regulation. As a result, the New Companies will be subject to increasing regulation relating to privacy and the use of personal information. For example, the New Companies will be subject to various telemarketing and anti-spam laws that regulate the manner in which they may solicit future suppliers and customers. Such regulations, along with increased governmental or private enforcement, may increase the cost of operating and growing

the New Companies' business. In additional, several states have proposed legislation that would limit the uses of personal information gathered online or require online services to establish privacy policies. The Federal Trade Commission has adopted regulations regarding the collection and use of personal identifying information obtained from children under 13 years of age. Bills proposed in Congress would expand online privacy protections already provided to adults. Both in the United States and elsewhere, laws and regulations are becoming increasingly protective of consumer privacy, with a trend toward requiring companies to establish procedures to notify users of privacy and security policies, to obtain consent from users for collection and use of personal information, and to provide users with the ability to access, correct and delete personal information stored by companies. Such privacy and data protection laws and regulations and efforts to enforce such laws and regulations may restrict the New Companies' ability to collect, use or transfer demographic and personal information from users, which could harm the New Companies' marketing efforts. Further, any violation of domestic or foreign privacy or data protection laws and regulations, including the national do-not-call list, may subject the New Companies to fines, penalties and damages, which could decrease the New Companies revenue and profitability.

n. Credit Card Fraud Could Decrease the New Companies' Revenue and Profitability

The New Companies will not carry insurance against the risk of credit card fraud, so the failure to control adequately fraudulent credit card transactions could reduce the New Companies' revenues or increase their operating costs. The New Companies may in the future suffer losses as a result of orders placed with fraudulent credit card data even though the associated financial institution approved payment of the orders. Under current credit card practices, the New Companies may be liable for fraudulent credit card transactions. If the New Companies will be unable to detect or control credit card fraud, or if credit card companies require more burdensome terms or refuse to accept credit card charges from the New Companies, the New Companies' revenue and profitability could decrease.

D. RISKS FACTORS RELATING TO RESTRICTIVE COVENANTS

The New Companies will be subject to a number of significant restrictive financial and operating covenants under the Exit Facility Documents and the New Term Loan Documents. Accordingly, the discretion of the New Companies' management will be significantly limited by these covenants. See Article XII "Description of Exit Facility" and Article XIII "Description of New Term Loans."

In addition, the New Companies' ability to comply with the financial and operating covenants to be contained in the Exit Facility Documents and the New Term Loan Documents will be dependent on the New Companies' future performance, which will be subject to prevailing economic conditions and other factors beyond the New Companies' control. The New Companies' failure to comply with such covenants could result in a default or an event of default, permitting the New Companies' lenders to accelerate the maturity of, and to foreclose on any collateral securing, indebtedness under the Exit Facility Documents or the New Term Loan Documents.

E. TAX RISK FACTORS

Article XVIII "Certain U.S. Federal Income Tax Consequences" hereof provides a discussion of certain U.S. federal income tax consequences to the Debtors and certain holders of claims arising from the consummation of the Plan. The U.S. federal income tax consequences arising from the consummation of the Plan are complex and subject to uncertainties. No assurance can be given that the U.S. Internal Revenue Service (the "IRS") will agree with the U.S. federal income tax consequences described in the discussion in Article XVIII "Certain U.S. Federal Income Tax Consequences" or will not challenge any tax position taken by the Debtors or the New Companies in connection with the Plan. If the IRS were to successfully challenge any tax position taken by the Debtors or the New Companies in connection with the Plan, there might be adverse consequences to the Debtors, the New Companies or holders or beneficial owners of claims. Holders or beneficial owners of claims should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences arising from the consummation of the Plan, including the receipt of cash or other property pursuant to the Plan, and the tax positions taken by the Debtors or the New Companies in connection with the Plan.

XVII.

SECURITIES LAW CONSIDERATIONS

Certain creditors of the Debtors will receive New Securities issued by New Holdco pursuant to the Plan. Section 1145 of the Bankruptcy Code provides certain exemptions from the securities registration requirements of federal and state securities laws with respect to the distribution of securities pursuant to a plan of reorganization.

A. ISSUANCE OF SECURITIES

Section 1145 of the Bankruptcy Code exempts the original issuance of securities under a plan of reorganization (as well as subsequent distributions by the distribution agent) from registration under the Securities Act of 1933 (the "Securities Act") and state law. Under Section 1145, the issuance of securities pursuant to the Plan is exempt from registration if three principal requirements are satisfied: (i) the securities must be issued by a debtor, its successor or an affiliate participating in a joint plan with the debtor, under a plan of reorganization, (ii) the recipients of the securities must hold a claim against the debtor or such affiliate, an interest in the debtor or such affiliate, or a claim for an administrative expense against the debtor or such affiliate and (iii) the securities must be issued entirely in exchange for the recipient's claim against or interest in the debtor or such affiliate or "principally" in such exchange and "partly" for cash or property.

The Company believes that the issuance of the New Securities to the holders of the First Lien Claims and the Second Lien Claims will satisfy all three conditions because (a) New Holdco is a successor to or an affiliate participating in a joint plan with Holdings, (b) the issuances are expressly contemplated under the Plan, (c) the recipients are holders of claims against the Debtors and (d) the recipients will obtain the New Securities in exchange for their prepetition claims.

B. SUBSEQUENT TRANSFERS OF SECURITIES

The securities issued pursuant to the Plan may be freely transferred by most recipients following distribution under the Plan, and all resales and subsequent transactions in such securities, including the issuance of shares of New Holdco Common Stock upon the exercise of the New Warrants, are exempt from registration under federal and state securities laws, unless the holder is an "underwriter" with respect to such securities. Section 1145(b) of the Bankruptcy Code defines four types of "underwriters":

- persons who purchase a claim against, an interest in, or a claim for an administrative expense against the debtor with a view to distributing any security received in exchange for such a claim or interest;

- persons who offer to sell securities offered under a plan for the holders of such securities;

- persons who offer to buy such securities from the holders of such securities, if the offer to buy is (a) with a view to distributing such securities and (b) under an agreement made in connection with the plan, with the consummation of the plan, or with the offer or sale of securities under the plan; and

- a person who is an "issuer" with respect to the securities (as defined in Section 2(11) of the Securities Act), which includes any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer.

To the extent that persons deemed to be "underwriters" receive securities pursuant to the Plan, resales by such persons would not be exempted by Section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Persons deemed to be underwriters, however, may be able to sell such securities without registration subject to the provisions of Rule 144 under the Securities Act, which permits the public sale of securities received pursuant to the Plan by persons who would be deemed to be "underwriters" pursuant to Section 1145 of the Bankruptcy Code, subject, in certain cases, to the availability to the public of current information regarding the issuer and to volume limitations and certain other conditions.

Whether or not any particular person would be deemed to be an "underwriter" with respect to any New Security would depend upon various facts and circumstances applicable to that person. Accordingly, the Company expresses no view as to whether any particular person receiving distributions under the Plan would be an "underwriter" with respect to the New Securities.

GIVEN THE COMPLEX AND SUBJECTIVE NATURE OF THE QUESTION OF WHETHER A PARTICULAR HOLDER MAY BE AN UNDERWRITER, THE COMPANY MAKES NO REPRESENTATION CONCERNING THE RIGHT OF ANY PERSON TO TRADE IN THE NEW SECURITIES ISSUED UNDER THE PLAN. THE COMPANY RECOMMENDS THAT POTENTIAL

RECIPIENTS OF A LARGE AMOUNT OF NEW SECURITIES CONSULT THEIR OWN COUNSEL CONCERNING WHETHER THEY MAY FREELY TRADE THESE SECURITIES WITHOUT COMPLIANCE WITH THE SECURITIES ACT.

C. REGISTRATION OF SECURITIES

For information regarding the registration rights to be granted to certain recipients of New Securities, see Article XIV "Description of New Holdco Common Stock" and Article XV "Description of New Warrants."

XVIII.

CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES

The following is a discussion of certain U.S. federal income tax consequences to the Debtors and U.S. Holders (as defined below) of claims that are entitled to vote on the Plan arising from the consummation of the Plan. This discussion is not a complete analysis of all potential U.S. federal income tax consequences and does not address any U.S. state or local or non-U.S. tax consequences or any U.S. federal tax consequences other than income tax consequences. This discussion is based on the U.S. Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations promulgated or proposed thereunder and administrative and judicial interpretations thereof, all as in effect on the date hereof, and all of which are subject to change, possibly with retroactive effect, or to different interpretation. No ruling has been or will be sought from the IRS, and no legal opinion of counsel will be rendered, with respect to any of the U.S. federal income tax consequences discussed below, and no assurance can be given that the IRS will not take a position contrary to any discussion below or that any such contrary position would not be sustained by a court.

This discussion does not address all of the U.S. federal income tax consequences that may be relevant to specific U.S. Holders in light of their particular circumstances or to U.S. Holders subject to special treatment under U.S. federal income tax law (such as banks, insurance companies, dealers in securities or other U.S. Holders that generally mark their securities to market for U.S. federal income tax purposes, tax-exempt entities, retirement plans, regulated investment companies, real estate investment trusts, certain former citizens or residents of the United States, U.S. Holders that hold their claims as part of a straddle, hedge, conversion or other integrated transaction or U.S. Holders that have a "functional currency" other than the U.S. dollar).

As used in this discussion, the term "U.S. Holder" means a beneficial owner of a claim that, for U.S. federal income tax purposes, is (i) an individual who is a citizen or resident of the United States, (ii) a corporation created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income tax regardless of its source or (iv) a trust (x) with respect to which a court within the United States is able to exercise primary supervision over its administration and one or more United States persons have the authority to control all of its substantial decisions or (y) that has in effect a valid election under applicable U.S. Treasury regulations to be treated as a United States person.

If an entity treated as a partnership for U.S. federal income tax purposes holds a claim, the U.S. federal income tax consequences arising from the consummation of the Plan will depend in part upon the status and activities of such entity and the particular partner. Any such entity should consult its own tax advisor regarding the U.S. federal income tax consequences arising from the consummation of the Plan applicable to it and its partners.

Furthermore, this discussion assumes that U.S. Holders hold only claims in a single class. U.S. Holders holding claims in multiple classes should consult their own tax advisors as to the effect such ownership may have on the U.S. federal income tax consequences described below.

All holders or beneficial owners of claims should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences arising from the consummation of the Plan, including receipt of distributions pursuant to the Plan and tax positions taken by the Debtors or the New Companies in connection with the Plan.

Each taxpayer is hereby notified that: (a) any discussion of U.S. federal tax issues in this Disclosure Statement is not intended or written to be used, and cannot be used by the taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax law; (b) any such discussion is written to support the promotion or marketing of the transactions or matters addressed herein; and (c) the taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

A. TAX CONSEQUENCES TO THE DEBTORS

1. Asset Transfer

The Debtors expect the Asset Transfer to be a taxable sale of the Transferred Assets and, therefore, expect to recognize a significant amount of gain from such Asset Transfer. The Debtors do not expect that such Asset Transfer should result in any significant U.S. federal income tax liability because of tax deductions or losses available to the Debtors (including deductions or losses recognized in connection with the consummation of the Plan). However, Section 382 of the Code generally imposes an annual limitation on the use by a corporation of certain of its tax attributes (including loss carryforwards) to offset its taxable income if the corporation undergoes an "ownership change" (as defined in Section 382 of the Code). In the event that the Debtors undergo an ownership change prior to the Asset Transfer, the use of certain tax losses and deductions of the Debtors to offset their taxable income may be limited, which may result in a significant amount of tax liability from the Asset Transfer. The Debtors believe that most of their available tax deductions or losses currently are not subject to such annual limitation. There can be no assurance that the IRS will agree with any tax position taken by the Debtors or the New Companies with respect to the Asset Transfer or otherwise in connection with the Plan. If the IRS were to successfully challenge any such tax position, there may be adverse consequences to the Debtors or the New Companies. For example, the Debtors may incur significant tax liabilities as a result of the consummation of the Plan. In addition, the New Companies' tax basis in their assets may be lower, which may adversely affect future tax liabilities and cash flows of the New Companies.

2. Cancellation of Indebtedness

A debtor generally will realize cancellation of indebtedness ("COD") income if the sum of the cash and the value of other property received by a creditor in connection with the discharge of the debt owed to such creditor is less than the amount of such debt. The Debtors expect that the amount of COD income realized upon the consummation of the Plan will be significant. However, the amount of COD income that may ultimately be realized by the Debtors is uncertain because, among other things, it will depend on the value of the New Securities on the Effective Date.

COD income realized by a debtor upon the discharge of its debt generally will be excluded from income of the debtor if the discharge of such debt occurs in a case under the Bankruptcy Code, the debtor is under the court's jurisdiction in such case and the discharge is granted by the court or is pursuant to a plan approved by the court (the "Bankruptcy Exception"). The Debtors expect that the Bankruptcy Exception should apply to any COD income realized by the Debtors as a result of the consummation of the Plan and, therefore, any such COD income should be excluded from the Debtors' income.

A debtor that excludes COD income from its income under the Bankruptcy Exception generally must reduce certain tax attributes (such as its loss or credit carryforwards or tax basis in its assets) by the amount of such excluded COD income. If a debtor is a member of a consolidated group, certain look-through rules may apply to reduce the tax attributes of lower-tier members of such group. The Debtors do not expect to have significant tax attributes remaining after the tax attribute reduction and the Asset Transfer.

B. TAX CONSEQUENCES TO U.S. HOLDERS OF CLAIMS THAT ARE ENTITLED TO VOTE ON THE PLAN

1. In General

The U.S. federal income tax consequences to a U.S. Holder receiving cash or other property in partial or total satisfaction of its Claim may depend on a number of factors, including the nature of such claim, such U.S. Holder's method of accounting and own particular tax situation and the consideration received by such U.S. Holder under the Plan. The tax consequences arising from the consummation of the Plan are complex and subject to uncertainties. In addition, the nature of the claims and the particular tax situations of U.S. Holders differ, and the consideration received under the Plan varies. Therefore, U.S. Holders should consult their own tax advisors regarding the U.S. federal, state, local and non-U.S. tax consequences arising from the consummation of the Plan, including the tax consequences of owning and disposing of the New Term Loans and any New Securities received pursuant to the Plan.

The U.S. federal income tax consequences of a payment to a U.S. Holder may depend initially on, among other things, the nature of the original transaction pursuant to which such U.S. Holder's claim arose. For example, a payment in repayment of the principal amount of a loan is generally not included in the income of a lender.

The U.S. federal income tax consequences of a payment to a U.S. Holder may also depend on whether the item to which such payment relates has previously been included in such U.S. Holder's income or has previously been subject to a loss or bad debt deduction. For example, if a payment is made in satisfaction of a receivable acquired in the ordinary course of a U.S. Holder's trade or business and such U.S. Holder had previously included the amount of such receivable in its income under its method of accounting and had not previously claimed a loss or bad debt deduction for that amount, the receipt of such payment generally should not result in additional income to such U.S. Holder (but may result in a loss). Conversely, if such U.S. Holder had previously claimed a loss or bad debt deduction with respect to the item previously included in income, such U.S. Holder generally would be required to include the amount of the payment in income.

A U.S. Holder receiving a payment under the Plan in satisfaction of its claim generally will recognize taxable income or loss measured by the difference between (i) the amount of any cash and the value of any other property received by such U.S. Holder and (ii) its adjusted tax basis in the claim. For this purpose, the adjusted tax basis may include amounts previously included in income (less any bad debt or loss deduction) with respect to that item, and the value of the New Term Loans generally will be based on their issue price. The character of such income or loss generally will depend upon a number of factors, including the status of the U.S. Holder, the nature of the claim in its hands, whether the claim was purchased at a market discount, whether and to what extent the U.S. Holder has previously claimed a bad debt deduction with respect to the claim, and the U.S. Holder's holding period of the claim. Such income or loss may be ordinary income or loss if the payment is in satisfaction of accounts or notes receivable acquired in the ordinary course of the U.S. Holder's trade or business for the performance of services or for the sale of goods. Such income or loss generally will be capital gain or loss if the claim is a capital asset in the U.S. Holder's hands. The deductibility of capital losses is subject to limitations. See discussions below under Section 2 of this Article – "Unpaid Accrued Interest" for the U.S. federal income tax consequences of receiving cash or other property attributable to unpaid accrued interest and under Section 3 of this Article – "Market Discount" for the U.S. federal income tax consequences of disposing of a claim acquired at a market discount.

If a U.S. Holder receives any New Securities or New Term Loans, such U.S. Holder's holding period with respect to such New Securities or New Term Loans will generally begin on the day following the Effective Date. Such U.S. Holder's tax basis in such New Securities or New Term Loans will generally be equal to the value of such New Securities on the Effective Date or the issue price of such New Term Loans, as the case may be.

If the IRS were to disagree with any tax position taken by the Debtors or the New Companies with respect to the Asset Transfer or otherwise in connection with the Plan and successfully challenge such tax position, the U.S. federal income tax consequences arising from the consummation of the Plan to U.S. Holders may differ from those described herein. For example, U.S. Holders that receive New Term Loans or New Securities may not be able to recognize loss arising from the consummation of the Plan. The holding period with respect to New Securities or New Term Loans may include a U.S. Holder's holding period with respect to First Lien Claims or Second Lien Claims owned by such U.S. Holder.

2. Unpaid Accrued Interest

Generally, there is an uncertainty regarding the extent to which the receipt of cash or other property should be treated as attributable to unpaid accrued interest. The Plan provides that cash or other property distributed pursuant to the Plan shall, to the extent permitted by the applicable law, be allocated to the portion of a claim representing the principal amount and, then, to the portion representing unpaid accrued interest. There is no assurance that such allocation will be respected by the IRS for U.S. federal income tax purposes.

To the extent that cash or other property is treated as attributable to unpaid accrued interest, such cash or the value of such other property generally will be taxable to a U.S. Holder as interest income (if such unpaid accrued interest has not previously been included in such U.S. Holder's income). A U.S. Holder generally will be entitled to recognize a loss to the extent any accrued interest previously included in its income is not paid in full. U.S. Holders should consult their own tax advisors regarding the allocation of cash or other property received under the Plan and the tax treatment of unpaid accrued interest.

3. Market Discount

A U.S. Holder that acquires a bond at a market discount generally is required to treat any gain recognized from the disposition of such bond as ordinary income to the extent of accrued market discount not previously included in income by such U.S. Holder. Generally, a U.S. Holder has a market discount on a bond to the extent that the sum of all amounts (other than payments of qualified stated interest) payable on such bond after its acquisition by such U.S. Holder exceeds the amount paid by such U.S. Holder in connection with such acquisition by no less than a statutory *de minimis* amount. For this purpose, bond generally means any bond, debenture, note, certificate or other evidence of indebtedness.

Any gain recognized as a result of the consummation of the Plan by a U.S. Holder from the disposition of a claim that constitutes as a bond (such as certain First Lien Claims or Second Lien Claims) and was acquired with a market discount by no less than a statutory *de minimis* amount generally will be treated as ordinary income to the extent of the market discount that accrued thereon while such claim was considered to be held by such U.S. Holder (unless such U.S. Holder elected to include market discount in income currently as it accrued).

4. Information Reporting and Backup Withholding

Information reporting may apply to payments made to a U.S. Holder pursuant to the Plan unless such U.S. Holder is an entity that is exempt from information reporting and, when required, demonstrates this fact. Any such payments to a U.S. Holder that are subject to information reporting generally will also be subject to backup withholding, unless such U.S. Holder timely provides the appropriate documentation (generally, IRS Form W-9) to the applicable withholding agent certifying that, among other things, its taxpayer identification number (which for an individual would be such individual's Social Security number) is correct, or otherwise establishes an exemption.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowed as a refund or a credit against a U.S.

Holder's U.S. federal income tax liability if the required information is furnished by the U.S. Holder on a timely basis to the IRS.

XIX.

ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

If the Plan is not confirmed or consummated, the alternatives include, in addition to dismissal of the Chapter 11 Cases, an alternative plan of reorganization or the Debtors' liquidation under Chapter 7.

A. DISMISSAL OF THE CHAPTER 11 CASES

Upon dismissal of the Chapter 11 Cases, the Debtors would lose the protections afforded by the Bankruptcy Code, thereby requiring, at the very least, an extensive and time-consuming process of negotiation with their creditors and possibly resulting in costly and protracted litigation in various jurisdictions. Most significantly, dismissal of the Chapter 11 Cases would permit prepetition secured lenders that have not been paid in full to foreclose upon the assets that are subject to their liens. Dismissal will also permit unpaid unsecured creditors to obtain and enforce judgments against the Debtors. The Debtors believe that these actions would seriously undermine their ability to obtain financing and could lead ultimately to the liquidation of the Debtors under Chapter 7 or Chapter 11 of the Bankruptcy Code. Therefore, the Debtors believe that dismissal of the Chapter 11 Cases is not a viable alternative to the Plan.

B. ALTERNATIVE PLAN OF REORGANIZATION

If the Plan is not confirmed or consummated, the Debtors or any other party in interest could attempt to formulate a different reorganization plan. Such a plan might involve either reorganization and continuation of the business of the Debtors or an orderly liquidation of their respective assets. With respect to an alternative plan of reorganization, the Debtors have explored various other alternatives in connection with the formulation and development of the Plan, including a potential sale, and believe that the Plan enables the creditors to realize greater value under the circumstances than other available alternatives. See Section IV.A "Restructuring – Events Leading to Bankruptcy."

In a liquidation under Chapter 11, the assets of the Debtors would be sold in a more orderly fashion and over a more extended period of time than in a liquidation under Chapter 7, probably resulting in somewhat greater recoveries. Further, a trustee is not required in a Chapter 11 case and accordingly, the expenses for professional fees most likely would be lower than in a Chapter 7 case. Although preferable to a Chapter 7 liquidation, the Debtors believe that a liquidation under Chapter 11 would still not realize the full going-concern value of their respective business and, as it is likely to be more protracted than the proceeding currently contemplated in connection with the Plan, would involve greater administrative expenses than such proceeding. Consequently, the Debtors believe that a liquidation under Chapter 11 is a much less attractive alternative to creditors than the Plan because the Plan provides for a greater return to creditors than what would likely be realized in a Chapter 11 liquidation.

C. LIQUIDATION UNDER CHAPTER 7

If the Plan is not confirmed or consummated, the Chapter 11 Cases may be converted to cases under Chapter 7, in which a trustee would be appointed to liquidate the assets of the Debtors for distribution to their respective creditors in accordance with priorities established by the Bankruptcy Code. A discussion of the effect that a Chapter 7 liquidation would have on the recovery of holders of claims and equity interests is set forth under Section IX.B.3 "Confirmation and Consummation of the Plan – Confirmation Requirements – Best Interests Test." In a liquidation, the assets of the Debtors would be sold in exchange for cash, securities or other property, which would then be distributed to creditors. In contrast to the Plan (or an alternative reorganization under Chapter 11 of the Bankruptcy Code), in which certain creditors would receive debt or equity securities of the New Companies and would be subject to the risks associated with holding such securities, in a liquidation, creditors might receive cash or other assets which are not subject to those risks. See Section XVI.B "Certain Risk Factors to be Considered Prior to Voting – Risk Factors That May Affect Recovery Available to Holders of Allowed Claims and Value of Securities to be Issued under the Plan." The Debtors, however, believe that a liquidation under Chapter 7 would result in smaller distributions to creditors than those provided for in the Plan because of (i) a failure to realize the greater going-concern value of the Debtors' businesses; (ii) increased costs and expenses arising from fees payable to a bankruptcy trustee and attorneys and other professional advisors to such trustee; (iii) additional expenses and claims (some of which would be entitled to priority) generated during the liquidation and from the rejection of unexpired leases and executory contracts in connection with the cessation of the operations of the Debtors; (iv) the erosion of the value of the Debtors' assets in the context of an expedited liquidation required by Chapter 7 and the "fire sale" atmosphere that would prevail; (v) the adverse effect on the salability of business segments that could result from the possible departure of key employees and the loss of major customers; (vi) the cost attributable to the time value of money resulting from what is likely to be a more protracted proceeding than the proceeding currently contemplated in connection with the Plan; and (vii) the application of the rule of absolute priority to distributions in a Chapter 7 liquidation. For more details, see the Liquidation Analysis attached as Appendix C.

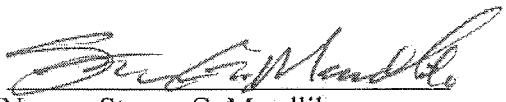
XX.

RECOMMENDATIONS AND CONCLUSION

This Disclosure Statement has been prepared and presented for the purpose of permitting all holders of claims against the Debtors to make an informed judgment to accept or reject the Plan. Please read this Disclosure Statement and the Plan in full and consult with your counsel if you have questions.

If the Plan is confirmed, its terms and conditions will be binding on all holders of claims and equity interests, whether or not they accept the Plan and whether or not they receive distributions under the Plan. The Debtors believe that acceptance of the Plan by holders of claims is in their best interest and that confirmation of the Plan will provide the best recovery for holders of claims. Accordingly, the Company urges all holders of claims who are entitled to vote on the Plan to vote to accept the Plan by returning their ballots so that the ballots are received no later than 5:00 p.m. (New York time) on [ ], 2010.

OTC HOLDINGS CORPORATION
(for itself and on behalf of its affiliated debtors as Debtors and Debtors in Possession)

By: 
Name: Steven G. Mendlik
Title: Chief Financial Officer

APPENDICES

Appendix A: Plan Support Agreement and Plan Term Sheet

Appendix B: Debtors' Joint Plan of Reorganization

Appendix C: Liquidation Analysis

Appendix D: Audited Annual Financial Statements for fiscal year ended April 3, 2010

Appendix E: Unaudited Quarterly Financial Statements for fiscal quarter ended July 3, 2010

Appendix F: Pro Forma Balance Sheet

Appendix G: Financial Projections

Appendix H: Valuation Analysis

APPENDIX A

PLAN SUPPORT AGREEMENT AND PLAN TERM SHEET

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT is made and entered into as of August 19, 2010 (as amended, supplemented or otherwise modified, this "Agreement") by and among:

(a) Oriental Trading Company, Inc. (the "Company"), OTC Holdings Corporation ("Holdings"), OTC Investors Corporation, Fun Express, Inc. and Oriental Trading Marketing, Inc. (collectively, the "Debtors"); and

(b) Each creditor party hereto, in its capacity as the holder (each such holder, and any holder who becomes a party to this Agreement in the future, a "Consenting Holder" and collectively, the "Consenting Holders") of claims against the Debtors (other than Holdings) arising under (i) the First Lien Credit Agreement, dated as of July 31, 2006 (as amended, the "First Lien Credit Agreement"; unless otherwise defined herein, capitalized terms are used as defined in the First Lien Credit Agreement), among the Company, the lenders party thereto (the "Lenders") and JPMorgan Chase Bank, N.A., as administrative agent and collateral agent (in such capacity, the "First Lien Agent") and (ii) the Specified Hedge Agreements (any such holder of claims under a Specified Hedge Agreement, together with the Lenders, the "First Lien Lenders").

RECITALS

WHEREAS, the Company and the other Debtors, in consultation with their financial and legal advisors, have determined that a restructuring, including of the First Lien Claims (as defined below), is necessary and would be in the best interests of their respective creditors and other stakeholders (the "Restructuring");

WHEREAS, as of August 17, 2010, the Debtors (other than Holdings) were obligated to (i) the First Lien Agent and the First Lien Lenders under the First Lien Credit Agreement, the other Loan Documents and the Specified Hedge Agreements, in the aggregate principal amount of not less than $403,000,000, comprised of term loans in the aggregate principal amount of $383,600,000, revolving credit loans in the aggregate principal amount of approximately $12,990,000, obligations under Specified Hedge Agreements in the aggregate amount of approximately $5,100,000 (assuming termination as of such date of the applicable Specified Hedge Agreements), letters of credit in the aggregate face amount of approximately $2,000,000 (together with accrued and unpaid interest, consent and other fees, costs and expenses, the "First Lien Claims"), which First Lien Claims are secured by first priority liens on substantially all of the Debtors' real and personal property;

WHEREAS, the Debtors propose to commence bankruptcy cases (the "Chapter 11 Cases") by filing voluntary petitions (the date of such filing, the "Petition Date") under Chapter 11 of Title 11 of the United States Code, 11 U.S.C §§101-1532 (as amended, the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court");

WHEREAS, the Debtors intend to implement the "Restructuring" contemplated by this Agreement and the plan term sheet attached hereto as Exhibit A (the "Plan Term Sheet") pursuant to a plan of reorganization (as amended, the "Plan") to be proposed by the Debtors on a consensual basis with the Consenting Holders (together with the Debtors, the "Parties"), the form and substance of which shall be consistent in all material respects with, and on terms and conditions no less favorable than, the terms set forth in this Agreement and the Plan Term Sheet and otherwise on terms and conditions reasonably satisfactory to the Debtors and the Consenting Holders holding more than 66.67% in aggregate principal amount of the First Lien Claims held by Consenting Holders (the "Required Consenting Holders"); provided, that for purposes of any determination of Required Consenting Holders, the First Lien Claims of any Consenting Holder that is, or whose affiliate is, the legal owner, beneficial owner and/or investment advisor or manager of, or that has the power and/or authority to bind the legal or beneficial owner of, 10% or greater of the aggregate principal amount of claims arising under (i) the Second Lien Credit Agreement or (ii) the Mezzanine Loan Agreement, as the case may be, shall not be included;

WHEREAS, in order to expedite the implementation of the Restructuring pursuant to the Plan, each Consenting Holder desires to support and vote to accept the Plan, and the Debtors desire to obtain the agreement of the Consenting Holders to support and vote to accept the Plan, in each case subject to the terms and conditions set forth in this Agreement; and

WHEREAS, subject to execution of definitive documentation and appropriate approvals by the Bankruptcy Court of the Plan and the associated disclosure statement (as amended, the "Disclosure Statement"), each of which shall be in form and substance reasonably satisfactory to the Required Consenting Holders and the Debtors, the following sets forth the principal terms of the agreement among the Parties concerning their respective obligations in relation to the Restructuring.

NOW, THEREFORE, in consideration of the foregoing and the promises, mutual covenants and agreements set forth herein, and for other good and valuable consideration, the Parties hereto hereby agree as follows:

Section 1. Means for Implementing the Plan Term Sheet.

To implement the Plan Term Sheet, subject to the terms and conditions set forth herein, including without limitation Section 4 and Section 8 hereof, the Debtors shall use their commercially reasonable efforts in good faith to:

(a) promptly commence the Chapter 11 Cases by filing voluntary petitions for the Debtors in the Bankruptcy Court;

(b) solicit acceptances of the Plan in accordance with section 1125 of the Bankruptcy Code and any applicable orders of the Bankruptcy Court after the Bankruptcy Court has approved the Disclosure Statement;

(c) seek confirmation of the Plan as expeditiously as practicable under the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure and the Bankruptcy Court's local rules; and

(d) consummate the Plan as expeditiously as practicable after the Bankruptcy Court's entry of a final order, in form and substance reasonably satisfactory to the Required Consenting Holders (the "Confirmation Order"), confirming the Plan.

Section 2. Plan Term Sheet.

The Plan Term Sheet is incorporated herein by reference and is made part of this Agreement. References herein to the Plan Term Sheet include, without limitation, any exhibits attached thereto. The general terms and conditions of the Restructuring are set forth in the Plan Term Sheet and this Agreement. In the event of any inconsistency between the terms and conditions set forth in the Plan Term Sheet and this Agreement, the terms and conditions set forth in the Plan Term Sheet shall govern.

Section 3. Plan Support by Consenting Holders.

3.1 Voting by Consenting Holders.

Subject to the terms and conditions of this Agreement, including without limitation, Section 3.2 and Section 8 hereof, each Consenting Holder agrees as follows:

(a) so long as such Consenting Holder is the legal owner, beneficial owner and/or the investment advisor or manager of, or with power and/or authority to bind, any First Lien Claim, and has been solicited in accordance with sections 1125 and 1126 of the Bankruptcy Code, such Consenting Holder shall (i) support confirmation of the Plan and timely vote all First Lien Claims beneficially owned by such Consenting Holder (or for which it is the investment advisor or manager for beneficial holders thereof) to accept the Plan, and (ii) not revoke or withdraw its vote to accept the Plan; and

(b) such Consenting Holder shall not:

(i) support or vote in favor of, or encourage any other person or entity to support or vote in favor of, any plan of reorganization in the Chapter 11 Cases that is inconsistent with the Plan;

(ii) object or otherwise commence any proceeding, or otherwise support any objection or proceeding, opposing the terms of this Agreement, the Plan Term Sheet, the Disclosure Statement or the Plan; or

(iii) take any action, or encourage any other person or entity to take action, to prevent, delay or impede the Restructuring contemplated by the Plan Term Sheet and this Agreement, or confirmation and consummation of the Plan.

3.2 Restructuring Documents.

The obligations of each Consenting Holder under Section 3.1 are conditioned upon the material terms of all documents implementing the Restructuring, including without limitation, the Plan, the Disclosure Statement, the Confirmation Order, the DIP Facility (as defined in the Plan Term Sheet), the documents governing an exit facility (as described in the Plan Term

Sheet), the new corporate governance documents, and all other documents and pleadings associated with the foregoing (each, a "Plan Document") being consistent in all material respects with this Agreement and the Plan Term Sheet and otherwise reasonably satisfactory to the Required Consenting Holders.

3.3 Transfer of Claims, Interests and Securities.

Each Consenting Holder hereby agrees not to sell, assign, or otherwise transfer (collectively, a "Transfer"), any First Lien Claims (beneficially owned by such Consenting Holder or for which it is the investment advisor or manager for beneficial holders thereof (including any right related thereto, including without limitation, any voting rights associated with such First Lien Claims), unless, as a condition precedent to the settlement of such Transfer, the transferee (a) agrees, by executing and delivering an assumption agreement in substantially the form attached hereto as Exhibit B (an "Assumption Agreement"), to assume and be bound by this Agreement, and to assume the rights and obligations of such Consenting Holder under this Agreement and (b) delivers such Assumption Agreement to the Company and the First Lien Agent before the close of three (3) business days after the relevant Transfer. Upon compliance with the foregoing, (x) the transferee shall be deemed to be a Party hereto and shall be bound hereby. The Company shall promptly acknowledge any such Transfer in writing and provide a copy of that acknowledgement to the transferor. Any Transfer that does not comply with the procedures set forth in this Section 3.3 shall be null and void.

3.4 Further Acquisition of First Lien Claims.

This Agreement shall in no way preclude any Consenting Holder or any of its affiliates from acquiring additional First Lien Claims; provided that any such additional First Lien Claims acquired by such Consenting Holder shall automatically be deemed to be subject to the terms of this Agreement (and any such affiliate shall first become a Party hereto).

3.5 Claims Held by Consenting Holders.

Each Consenting Holder represents that, as of the date hereof, (i) it is the legal owner, beneficial owner and/or the investment advisor or manager for beneficial holders of First Lien Claims, in the aggregate principal amounts set forth below its name on its signature page hereto, with full power and/or authority to vote, dispose of and compromise such First Lien Claims, (ii) said amounts include all of its First Lien Claims, and (iii) such Consenting Holder has the power and authority to bind the beneficial owner(s) of such First Lien Claims to the terms of this Agreement.

Section 4. Business Combination.

Notwithstanding anything to the contrary contained in this Agreement:

(a) The Debtors may furnish or cause to be furnished information concerning the Debtors to a party (a "Potential Acquirer") that the Board of Directors of the Company (the "Board") believes in good faith has expressed a legitimate interest in, and has the financial

wherewithal to consummate, a Business Combination (as defined below) on terms, including confidentiality terms, approved by the Debtors;

(b) The Debtors shall deliver to the First Lien Agent any proposal or offer for a Business Combination received from a Potential Acquirer promptly following receipt thereof;

(c) Following a good faith determination by the Company and the Board that such a proposal or offer for a Business Combination constitutes a Topping Proposal (as defined below), the Debtors may terminate this Agreement by providing three (3) business days written notice to the First Lien Agent; and

(d) Following a good faith determination by the Required Consenting Holders that consummation of a proposal or offer for a Business Combination would be more favorable to the First Lien Lenders, the Required Consenting Holders may terminate this Agreement by providing three (3) business days written notice to the Debtors.

For the purposes of this Section 4:

"Business Combination" means any merger, consolidation or combination to which the Debtors are a party; any proposed sale or other disposition (in a single or series of related transactions) of all or substantially all of the assets of the Debtors or any substantial equity investment in the Debtors pursuant to a plan of reorganization; and

"Topping Proposal" means a proposal or offer or indication of interest for a Business Combination from a Potential Acquirer that the Board, in the exercise of its fiduciary duties, determines in good faith to be more favorable to the Debtors' estates and their creditors and other stakeholders than the Restructuring contemplated by this Agreement, the Plan Term Sheet and the Plan taking into account, among other factors, the identity of the Potential Acquirer, the likelihood that any such offer or proposal will be consummated within a reasonable time, and the potential loss to the Debtors' estates and their creditors and other stakeholders if any such Business Combination is not consummated.

Section 5. Mutual Representations, Warranties, and Covenants.

Each Party makes the following representations, warranties and covenants to each of the other Parties, each of which are continuing representations, warranties and covenants:

5.1 Enforceability.

Subject to the provisions of sections 1125 and 1126 of the Bankruptcy Code, this Agreement is a legal, valid and binding obligation of such Party, enforceable against such Party in accordance with its terms, except as enforcement may be limited by applicable laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability.

5.2 Power and Authority.

Such Party has all requisite power and authority, and obtained all required consents, to enter into this Agreement and, subject to Section 3.1 and entry of orders of the Bankruptcy Court, implement the Restructuring contemplated by this Agreement and the Plan Term Sheet.

5.3 No Conflicts.

Subject to entry of orders of the Bankruptcy Court, the execution, delivery and performance of this Agreement do not and shall not: (a) violate any provision of law, rule or regulations applicable to such Party; (b) violate such Party's certificate of incorporation, bylaws or other organizational documents; or (c) conflict with, result in a breach of or constitute (with due notice or lapse of time or both) a default under any material contractual obligation to which such Party is a party.

Section 6. No Waiver of Participation and Preservation of Rights.

Except as expressly provided in this Agreement, nothing herein is intended to, nor shall be deemed in any manner to waive, limit, impair or restrict the ability of each Consenting Holder to protect and preserve its rights, remedies and interests, including without limitation, its claims against any of the Debtors, any liens or security interests it may have in any assets of any of the Debtors, or its full participation in the Chapter 11 Cases. If the transactions contemplated by this Agreement and the Plan Term Sheet are not consummated as provided herein, or if this Agreement is terminated after a Termination Event occurs, the Parties fully reserve any and all of their respective rights, remedies and interests.

Section 7. Acknowledgement.

This Agreement and the Plan Term Sheet, and the transactions contemplated hereby and thereby, are the product of negotiations between the Parties and their respective representatives. This Agreement is not and shall not be deemed to be a solicitation of votes for the acceptance of a plan of reorganization for the purposes of sections 1125 and 1126 of the Bankruptcy Code or otherwise. The Debtors will not solicit acceptances of the Plan from any Consenting Holders until the Consenting Holders have been provided with copies of a Disclosure Statement approved by the Bankruptcy Court. Each Party further acknowledges that no securities of any Debtor are being offered or sold hereby and that this Agreement does not constitute an offer to sell or a solicitation of an offer to buy any securities of any Debtor.

Section 8. Termination.

8.1 Termination Events.

This Agreement shall immediately terminate and be of no further force and effect on the date that is three (3) business days following the occurrence of any of the events listed below (each, a "Termination Event") unless prior to such third (3rd) business day the occurrence of such Termination Event is cured or duly waived by the Required Consenting Holders (except with respect to the Termination Events set forth in the clauses (h), (i) and (j) below, as to which this Agreement shall terminate immediately):

(a) the Debtors shall not have commenced the Chapter 11 Cases on or before August 31, 2010;

(b) the 30th day after the Petition Date, unless the Debtors have filed the Plan and the Disclosure Statement with the Bankruptcy Court;

(c) the 75th day after the Petition Date, unless the Bankruptcy Court shall have approved the Disclosure Statement;

(d) the 125th day after the Petition Date, unless the Bankruptcy Court shall have entered the Confirmation Order;

(e) the 135th day after the Petition Date, unless the effective date of the Plan shall have occurred;

(f) either (A) the Plan filed by the Debtors with the Bankruptcy Court (and any modification or amendment thereto) is materially inconsistent with the Plan Term Sheet or otherwise in a form and substance that is not reasonably satisfactory to the Required Consenting Holders, or (B) the Debtors withdraw or fail to pursue the Plan;

(g) either (A) the Bankruptcy Court has not entered an order, in form and substance reasonably satisfactory to the Required Consenting Holders, approving the DIP Facility on a final basis on or before forty (40) days following the Petition Date, or (B) if an event of default shall have occurred and be continuing under the DIP Facility, for five (5) business days;

(h) any of the Chapter 11 Cases of the Debtors are dismissed or converted to cases under chapter 7 of the Bankruptcy Code;

(i) the Bankruptcy Court shall enter an order in any of the Chapter 11 Cases appointing (i) a trustee under section 1104 of the Bankruptcy Code, (ii) a responsible officer or (iii) an examiner, in each case with enlarged powers relating to the operation of the business (powers beyond those set forth in subclauses (3) and (4) of section 1106(a)) under section 1106(b) of the Bankruptcy Code and such order shall not be reversed or vacated within 20 days after the entry thereof;

(j) any court shall enter a final, non-appealable judgment or order declaring this Agreement or any material provision contained herein to be unenforceable;

(k) any Party shall breach any material provision of this Agreement or the Plan Term Sheet, and any such breach has not been cured or duly waived within five (5) business days following notice from any other Party;

(l) there shall occur a material adverse change in the operations, business, properties, assets, or financial condition of the Debtors, taken as a whole, from that set forth in the consolidated financial statements of the Debtors for the fiscal year ended April 3, 2010 and the fiscal quarter ended July 3, 2010, other than the filing of the Chapter 11 Cases and events customarily leading up to and following the commencement of a chapter 11 proceeding; or

(m) by the mutual written consent of the Debtors and the Required Consenting Holders.

The foregoing Termination Events are intended solely for the benefit of the Parties; provided that no Party may seek to terminate this Agreement based upon a material breach or a failure of a condition (if any) in this Agreement arising out of its own actions or omissions.

Section 9. Miscellaneous Terms.

9.1 Assignment; Binding Obligation.

No rights or obligations of any Party under this Agreement may be assigned or transferred to any other person or entity except as provided in Section 3.3 hereof. This Agreement shall inure to the benefit of the Parties and their respective successors and assigns. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the Parties and their respective successors and assigns, any benefit or any legal or equitable right, remedy or claim under this Agreement.

9.2 Further Assurances.

The Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be reasonably appropriate or necessary, from time to time, to implement the Restructuring.

9.3 Governing Law.

THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. By its execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably and unconditionally agrees for itself that any legal action, suit or proceeding against it with respect to any matter under or arising out of or in connection with this Agreement or for recognition or enforcement of any judgment rendered in any such action, suit or proceeding, may be brought in either a state or federal court of competent jurisdiction in the State of New York. By execution and delivery of this Agreement, each of the Parties hereto hereby irrevocably accepts and submits itself to the nonexclusive jurisdiction of each such court, generally and unconditionally, with respect to any such action, suit or proceeding. Notwithstanding the foregoing consent to jurisdiction in either a state or federal court of competent jurisdiction in the State of New York, upon the commencement of the Chapter 11 Cases, each of the Parties hereto hereby agrees that, the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Agreement.

9.4 Complete Agreement, Interpretation.

(a) **Complete Agreement.** This Agreement, the Plan Term Sheet and the other Plan Documents shall constitute the complete agreement among the Parties with respect to the subject matter hereof and thereof and shall supersede all prior agreements, oral or written, between or among the Parties with respect thereto.

(b) **Interpretation.** This Agreement is the product of negotiation by and among the Parties. Any Party enforcing or interpreting this Agreement shall interpret it in a neutral manner. There shall be no presumption concerning whether to interpret this Agreement for or against any Party by reason of that Party having drafted this Agreement, or any portion thereof, or caused it or any portion thereof to be drafted.

9.5 Effective Date; Execution of this Agreement.

This Agreement shall become effective when the Debtors have received counterparts hereof duly executed and delivered by the Debtors and Consenting Holders holding more than 50% in aggregate principal amount of the First Lien Claims. This Agreement may be executed and delivered (by facsimile or otherwise) in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement.

9.6 Consideration.

Each of the Parties hereby acknowledges that no consideration, other than that specifically described herein and in the Plan Term Sheet, shall be due or paid to the Consenting Holders for their agreement to vote to accept the Plan in accordance with the terms and conditions of this Agreement and the Plan Term Sheet.

9.7 Notices.

All notices hereunder shall be deemed given if in writing and delivered, if sent by facsimile, courier, e-mail or by registered or certified mail (return receipt requested) to the following addresses, facsimile numbers or e-mail addresses (or at such other addresses, facsimile numbers or e-mail addresses as shall be specified by like notice):

(a) If to the Debtors, to:

Oriental Trading Company, Inc.
5455 South 90th Street
Omaha, Nebraska 68127
Attn: Steven G. Mendlik
Robert R. Siffring, Esq.
Fax: (402) 331-3873
E-mail: siffring@oriental.com

With a copy to:

Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
Attn: Richard H. Hahn, Esq.
My Chi To, Esq.
Fax: (212) 909-6836
E-mail: rhahn@debevoise.com & mcto@debevoise.com

(b) If to a Consenting Holder, to the address set forth for such Consenting Holder on the signature pages hereof, with copies to:

JPMorgan Chase Bank, N.A., First Lien Agent
383 Madison Avenue, 23th Floor
New York, New York 10017
Attn: Charles Freedgood
Fax: (212) 622-4557
E-mail: charles.freedgood@jpmorgan.com

With a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attn: Steven Fuhrman, Esq.
Elisha D. Graff, Esq.
Fax: (212) 455-2502
E-mail: sfuhrman@stblaw.com & egraff@stblaw.com

(c) Any notice given by delivery, mail or courier shall be effective when received. Any notice given by facsimile or e-mail shall be effective upon oral or machine confirmation of transmission.

9.8 Specific Performance.

It is understood that money damages may not be a sufficient remedy for any breach of this Agreement, and the Parties shall have the right, in addition to any other rights and remedies contained herein, to seek specific performance, injunctive or other equitable relief from a court of competent jurisdiction as a remedy for any such breach.

9.9 Independent Analysis.

Each Party hereto hereby confirms that it has made its own decision to execute this Agreement based upon its own independent assessment of documents and information available to it, as it deemed appropriate.

9.10 Settlement Discussions.

This Agreement and the Restructuring are part of a proposed settlement among the Parties. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and the Plan Term Sheet and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement.

9.11 Amendments.

No amendment, modification or waiver of the terms of this Agreement or the Plan Term Sheet shall be valid unless such amendment, modification, waiver or other supplement is in writing and has been signed by the Debtors and the Required Consenting Holders.

IN WITNESS WHEREOF, the Parties have entered into this Agreement on the day and year first above written.

ORIENTAL TRADING COMPANY, INC.

By: _____
Name:
Title:

OTC HOLDINGS CORPORATION

By: _____
Name:
Title:

OTC INVESTORS CORPORATION

By: _____
Name:
Title:

FUN EXPRESS, INC.

By: _____
Name:
Title:

ORIENTAL TRADING MARKETING, INC.

By: _____
Name:
Title:

IN WITNESS WHEREOF, the Parties have entered into this Agreement on the day and year first above written.

ORIENTAL TRADING COMPANY, INC.

By:_____
Name:
Title:

OTC HOLDINGS CORPORATION

By:_____
Name:
Title:

OTC INVESTORS CORPORATION

By:_____
Name:
Title:

FUN EXPRESS, INC.

By:_____
Name:
Title:

ORIENTAL TRADING MARKETING, INC.

By:_____
Name:
Title:

JPMORGAN CHASE BANK, N.A., as
First Lien Agent

By: _____
Name: Charles O. Freedgood
Title: Managing Director

_____

Consenting Holder

By:_____

Name:

Title:

Principal of First Lien Claims[1]:

Term Loans: $_____

Revolving Loans: $_____

Address for notices:

[1] Excluding accrued and unpaid interest, letters of credit, consent and other fees, costs and expenses.

Exhibit A

PLAN TERM SHEET

EXHIBIT A TO PLAN SUPPORT AGREEMENT

ORIENTAL TRADING COMPANY, INC.

Summary of Certain Restructuring Terms

The steering committee of lenders under the First Lien Credit Agreement, dated as of July 31, 2006 (as amended, the "First Lien Credit Agreement"; unless otherwise defined herein, capitalized terms are used herein as defined in the First Lien Credit Agreement), among Oriental Trading Company, Inc. (together with its affiliates, the "Company"), the lenders party thereto (the "First Lien Lenders") and JPMorgan Chase Bank, N.A., as administrative agent (in such capacity, the "First Lien Agent"), are prepared to support a restructuring of the Company that would be implemented through a pre-negotiated Chapter 11 plan of reorganization consistent with the terms of this summary in all material respects (the "Plan").

This summary and any subsequent discussions that may take place concerning a restructuring of the Company, including without limitation, the terms of the Plan, constitute offers to compromise under Rule 408 of the Federal Rules of Evidence and the admissibility limitations set forth in Rule 408 shall apply thereto. The terms contained herein are for discussion purposes only, and are subject to ongoing review and negotiation, approval and execution of definitive written agreements, including without limitation, the Plan. No binding agreement will result until and unless such definitive documentation is executed and becomes effective.

DIP Facility:	Debtor in possession financing facility (the "DIP Facility") to be provided by certain of the First Lien Lenders containing the following principal terms, all as more fully summarized in the DIP Facility term sheet attached hereto as Exhibit 1 (the "DIP Term Sheet"): • Revolving credit and term loan facility of up to $40 million with the outstanding letters of credit (currently approximately $2 million) under the First Lien Credit Agreement rolled into the DIP Facility • 6 month maturity • Pricing and fees as set forth in the DIP Term Sheet • Secured by priming first lien on substantially all of the Company's assets

	• Covenants to include milestones relating to Chapter 11 and plan process (including filing the Plan and related disclosure statement within 30 days of the filing date, entry of a disclosure statement approval order within 75 days of the filing date, entry of an order confirming the Plan within 125 days of the filing date and occurrence of the Plan effective date within 135 days of the filing date). • Adequate protection to First Lien Lenders to include replacement liens, junior superpriority claims, monthly payments equal to interest accrued at the non-default rate under the First Lien Credit Agreement, regularly scheduled payments under Specified Hedge Agreements and payment of reasonable fees and expenses of the First Lien Agent.
Exit Facility:	Exit revolving credit facility (the "Exit Facility") to refinance the Company's obligations under the DIP Facility and for general corporate purposes and containing the following principal terms: • Revolving credit and term loan facility of up to $50 million • 3 year maturity • Pricing and fees reasonably acceptable to the First Lien Lenders and the Company to be determined • Secured by first lien on substantially all of the Company's assets • Representations and warranties, conditions precedent, covenants and events of default reasonably acceptable to the First Lien Lenders and the Company to be determined
Treatment of Claims of the First Lien Lenders:	The First Lien Lender claims shall be allowed under the Plan in the aggregate amount of approximately $404 million, consisting of (i) $383,600,000 of outstanding term loans, (ii) approximately $12,990,000 of outstanding revolving credit loans, (iii) approximately $5,100,000 of termination claims under First Lien Hedge Agreements, and (iv) $2,596,787 of amendment and waiver consent fees. This aggregate amount excludes outstanding letters of credit and any "LIFO Loans" made under the First Lien Credit Agreement, which are to be rolled into or repaid by, and as a condition to initial drawing under, the DIP Facility. Holders of First Lien Lender claims are impaired and entitled to vote on the Plan.

	Except to the extent the Plan provides for payment in full in cash on the Plan effective date, each First Lien Lender will receive under the Plan, in satisfaction of its claim under the First Lien Credit Agreement, its pro rata share of: (a) new term loans (the "New Term Loans") containing the following principal terms: • $200 million principal amount • 4 year maturity • Pricing reasonably acceptable to the First Lien Lenders and the Company to be determined • Secured by second lien on substantially all of the Company's assets, junior only to the liens securing the Company's obligations under the Exit Facility • Representations and warranties, covenants (standard financial covenants to include leverage, fixed charge and interest coverage ratios) and events of default reasonably acceptable to the First Lien Lenders and the Company to be determined; (b) 100% of the shares of the new common stock of the reorganized Company (or a new holding company that will, directly or indirectly, own substantially all of the Company's assets) to be issued and outstanding as of the effective date of the Plan (the "New Common Stock"), subject to dilution from the Management Incentive Plan (as defined below) and exercise of warrants described below; and (c) any unpaid adequate protection payments as of the Plan effective date.
Treatment of Second Lien Claims:	Each lender under the Second Lien Credit Agreement, dated as of July 31, 2006, among the Company, the lenders party thereto (the "Second Lien Lenders") and Wilmington Trust FSB, as administrative agent and collateral agent, shall receive under the Plan its pro rata share of 3 year warrants to acquire 2.5% of the New Common Stock at an enterprise value strike price of $427.5 million.
Treatment of Critical Trade Claims:	Critical vendors to be paid in full or on other reasonably acceptable terms.

Treatment of Other Unsecured Claims	Section 503(b)(9) claims to be paid in accordance with Bankruptcy Code; other unsecured claims, including potential administrative convenience or "ongoing" trade classes, as agreed by the Company and the First Lien Lenders
Governance:	Board of directors of the reorganized Company (the "New Board") to be comprised of 7 members, 6 of whom will be selected by the First Lien Lenders and 1 of whom will be the reorganized Company's chief executive officer.
Stockholders Agreement:	The Company will be a private company upon the effective date of the Plan. Holders of the New Common Stock shall become parties to a stockholders agreement and registration rights agreement in form and substance reasonably satisfactory to the First Lien Lenders and the Company.
Management Incentive Plan:	Plan to provide for adoption of an equity incentive plan providing officers, directors and employees of the reorganized Company and its subsidiaries an opportunity to receive or acquire New Common Stock up to a percentage to be agreed upon by the Company and the First Lien Lenders (the "Management Incentive Plan"). The terms and conditions of the Management Incentive Plan shall be determined by the New Board.
Releases:	Plan to include mutual releases of liability in favor of the Company, the existing equity holders, the First Lien Lenders, their respective affiliates, their respective former and current equity holders, principals, employees, officers, directors, advisors and representatives in such capacities from and against any and all claims and causes of action relating to the Company, the chapter 11 cases of the Company or the negotiation or preparation of the Plan and arising prior to the Plan effective date.
Miscellaneous:	Plan to include other terms customary for plans for reorganizations and reasonably acceptable to the First Lien Lenders and the Company.

EXHIBIT A

ORIENTAL TRADING COMPANY, INC.

$40,000,000 DEBTOR-IN-POSSESSION FACILITIES

Summary of Terms and Conditions

Oriental Trading Company, Inc., a Delaware corporation (the "Company"), is a party to the First Lien Credit Agreement, dated as of July 31, 2006 (as amended, supplemented or otherwise modified prior to the Petition Date referred to below, the "Prepetition First Lien Credit Agreement"), among the Company, the lenders party thereto and JPMorgan Chase Bank, N.A., as administrative agent for such lenders (in such capacity, the "Prepetition First Lien Agent"). The restructuring of the Company's obligations under the Prepetition First Lien Credit Agreement (the "Restructuring") is contemplated to be implemented pursuant to a pre-negotiated Chapter 11 plan of reorganization (a "Plan") under Chapter 11 of the United States Code (the "Bankruptcy Code"). Set forth below is a statement of the terms and conditions for the debtor-in-possession facilities to be provided to the Company and its affiliates to implement the Restructuring:

I. PARTIES

Borrower:	Oriental Trading Company, Inc., a Delaware corporation, as a debtor-in-possession in a case (the "Borrower's Case") pending under Chapter 11 of Bankruptcy Code (the "Borrower").
Guarantors:	OTC Holdings Corporation, a Delaware corporation and indirect holding company parent of the Borrower ("Parent"), OTC Investors Corporation, a Delaware corporation and holding company parent of the Borrower ("Holdings") and each of the Borrower's direct and indirect, existing and future, subsidiaries, each as a debtor-in-possession in a case (together with the Borrower's Case, the "Cases"; the date of commencement of the Cases, the "Petition Date") under Chapter 11 of the Bankruptcy Code (collectively, including Parent and Holdings, the "Guarantors"; the Borrower and the Guarantors, collectively, the "Loan Parties" or the "Debtors").
Sole Lead Arranger and Sole Bookrunner:	J.P. Morgan Securities Inc. (the "Arranger").
Administrative Agent:	JPMorgan Chase Bank, N.A. ("JPMorgan Chase Bank" and, in such capacity, the "Administrative Agent").
DIP Lenders:	Certain of the lenders under the Prepetition First Lien Credit Agreement (collectively, the "DIP Lenders").

II. TYPES AND AMOUNTS OF DIP FACILITIES

A. Term Facility

Type and Amount:	A six-month term loan facility (the "Term Facility"; the commitments thereunder the "Term Commitments") in the amount of $33,500,000 (the loans thereunder, the "Term Loans"). The Term Loans shall be repaid on the date (such date, the "DIP Termination Date") of the earliest to occur of: (x) 40 days after entry of the Interim Order (as defined below) if the Final Order (as defined below) has not been entered on or prior to such date, (y) the consummation of a Plan and (z) the six-month anniversary of the Closing Date referred to below (the "DIP Maturity Date").
Availability:	The Term Loans shall be made in up to two drawings, in minimum amounts to be determined, during the period commencing on the Closing Date and ending on the fifth Business Day after entry of the Final Order (as defined below). The proceeds of the Term Loans in excess of the amounts satisfying clause (d) of "On-Going Conditions" shall be deposited into an account in the sole dominion and control of the Administrative Agent (the "Term Loan Account") and shall be released to the Borrower upon satisfaction of the applicable "On-Going Conditions" below. Amounts on deposit in the Term Loan Account on the DIP Maturity Date shall be applied on such date to reduce the outstanding amount of the Term Loans.
Purpose:	The proceeds of the Term Loans shall be used (i) to refinance the LIFO loans under the Prepetition Credit Agreement and (ii) to finance the working capital needs and general corporate purposes of the Debtors (including costs related to the Cases) in accordance with the Budget (as defined below).

B. Revolving Facility

Type and Amount:	A six-month revolving facility (the "Revolving Facility"; the commitments thereunder, the "Revolving Commitments"; and the Revolving Facility together with the Term Facility, the "DIP Facilities") in the amount of $6,500,000 (the loans thereunder, the "Revolving Loans"; and together with the Term Loans, the "DIP Loans").
Availability:	The Revolving Facility shall be available on a revolving basis during the period commencing on the Closing Date and ending on the DIP Termination Date. The Revolving Loans shall be repaid on the DIP Termination Date.
Letters of Credit:	A portion of the Revolving Facility not in excess of $5,000,000 shall be available for the issuance of letters of credit (the "Letters of Credit") by JPMorgan Chase Bank (in such capacity, the

"Issuing Lender"). No Letter of Credit issued after the Closing Date shall have an expiration date after the earlier of (a) one year after the date of issuance and (b) five business days prior to the DIP Maturity Date, unless the Issuing Lender shall have agreed otherwise in its sole discretion and upon such terms and conditions satisfactory to the Issuing Lender. All issued and outstanding letters of credit under the Prepetition First Lien Credit Agreement on the Closing Date (the "Prepetition Letters of Credit") shall be deemed to be Letters of Credit issued under the Revolving Facility.

Drawings under any Letter of Credit shall be reimbursed by the Borrower (whether with its own funds or with the proceeds of Revolving Loans) on the same business day (or on the next business day if notice of such drawing is received after 10:00 a.m.). To the extent that the Borrower does not so reimburse the Issuing Lender, (i) first, the Administrative Agent shall apply any funds in the Term Loan Account to reimburse the Issuing Lender and (ii) second, the DIP Lenders under the Revolving Facility shall be irrevocably and unconditionally obligated to fund participations in any such reimbursement obligation on a pro rata basis.

Purpose:	The proceeds of the Revolving Loans shall be used to finance the working capital needs and general corporate purposes of the Debtors (including costs related to the Cases) in accordance with the Budget.

III. CERTAIN PAYMENT PROVISIONS

Fees and Interest Rates:	As set forth on Annex I.
Optional Prepayments and Commitment Reductions:	DIP Loans may be prepaid and commitments may be reduced at any time without premium or penalty by the Borrower in minimum amounts to be agreed upon, provided that, at any time while Term Commitments are in effect, all such reductions shall be made ratably between the Revolving Commitments and the Term Commitments. Optional prepayments of the Term Loans may not be reborrowed.
Mandatory Prepayments and Reduction of Commitments:	100% of the net proceeds of any sale or other disposition (including as a result of casualty or condemnation) by any of the Loan Parties of any assets, except for the sale of inventory or obsolete or worn-out property in the ordinary course of business and subject to certain other customary exceptions (including capacity for reinvestment) to be agreed upon shall be applied ratably to reduce permanently the Term Commitments (or if no Term Commitments are in effect, to prepay the Term Loans) and to reduce permanently the Revolving Commitments and/or cash collateralize outstanding Letters of Credit, provided that the Revolving Commitments shall not be reduced with such net

proceeds to an amount below $5,000,000.

Mandatory prepayments of the Term Loans may not be reborrowed. The Revolving Loans shall be prepaid and the Letters of Credit shall be cash collateralized or replaced to the extent such extensions of credit exceed the amount of the Revolving Commitments.

On a weekly basis, unrestricted cash and cash equivalents in excess of $2,500,000 shall be applied, first, to prepay outstanding Revolving Loans and, second, as a deposit to the Term Loan Account, provided that amounts on deposit in the Term Loan Account shall not exceed the outstanding principal amount of the Term Loans.

IV. PRIORITY AND LIENS: All DIP Loans and reimbursement obligations under Letters of Credit and other obligations under the DIP Facilities (and all guaranties of the foregoing by the Guarantors) shall at all times (as more fully set forth in the Interim Order and the Final Order):

A. pursuant to Section 364(c)(1) of the Bankruptcy Code, be entitled to joint and several superpriority claim status in the Cases; and

B. pursuant to Section 364(c)(2) of the Bankruptcy Code, be secured by a perfected first priority lien on all property of the Debtors' respective estates in the Cases that is not subject to (i) valid, perfected and non-avoidable liens in existence at the time of the commencement of the Cases or (ii) valid liens in existence at the time of such commencement that are perfected subsequent to such commencement as permitted by Section 546(b) of the Bankruptcy Code; provided that such unencumbered property shall not include the avoidance actions, but subject to entry of the Final Order, such unencumbered property shall include any proceeds or property recovered in respect of any avoidance actions; and

C. pursuant to Section 364(c)(3) of the Bankruptcy Code, be secured by a perfected junior lien on all property of the Debtors' respective estates in the Cases that is subject to (i) valid, perfected and non-avoidable liens in existence at the time of the commencement of the Cases (other than the liens described in clause D below) or (ii) valid liens in existence at the time of such commencement that are perfected subsequent to such commencement as permitted by Section 546(b) of the Bankruptcy Code (collectively, the liens referred to in clauses (i) and (ii), the "Non-Primed Liens"); and

D. pursuant to Section 364(d)(1) of the Bankruptcy Code, be secured by a perfected first priority, senior priming lien on, and security interest in, (i) all present and after acquired property

of the Debtors' respective estates that is subject to valid, perfected and non-avoidable liens in existence at the time of the commencement of the Cases to secure the Prepetition First Lien Credit Agreement and (ii) all present and after-acquired property of the Debtors' respective estates that is subject to valid, perfected and non-avoidable liens in existence at the time of the commencement of the Cases to secure the Second Lien Credit Agreement, dated as of July 31, 2006 (as amended, supplemented or otherwise modified prior to the Petition Date, the "Prepetition Second Lien Credit Agreement"), among the Company, the lenders party thereto and Wilmington Trust FSB, as administrative agent for such lenders;

subject in each case to, in the event of the occurrence and during the continuance of a Carve-Out Event (as defined below), a carve-out for (a) any fees payable to the Clerk of the Bankruptcy Court and to the Office of the United States trustee pursuant to 28 U.S.C. § 1930(a) and (b) up to $1,000,000 of allowed fees, expenses and disbursements (regardless of when such fees, expenses and disbursements become allowed by order of the Bankruptcy Court) of professionals retained by order of the Bankruptcy Court, incurred after the occurrence of a Carve-Out Event plus all unpaid professional fees, expenses and disbursements allowed by the Bankruptcy Court that were incurred prior to the occurrence of a Carve-Out Event (regardless of when such fees, expenses and disbursements become allowed by order of the Bankruptcy Court) (collectively, the fees, expenses and disbursements referred to in clauses (i) and (ii), the "Carve-Out").

Prior to a Carve-Out Event, the Debtors shall be permitted to pay, in accordance with the Budget, compensation and reimbursement of expenses allowed by the Bankruptcy Court and payable under Bankruptcy Code sections 328, 330 and 331 or otherwise pursuant to an order of the Bankruptcy Court, as the same may be due and payable, and such payments shall not reduce the Carve-Out. Upon the occurrence of an event of default under the DIP Facilities and/or a material breach by the Debtors of the Orders and, in each case, upon delivery of a written notice thereof by the Administrative Agent or by a majority of the DIP Lenders to the Debtors, the right of the Debtors to pay professional fees outside of the Carve-Out shall terminate (a "Carve-Out Event"), and, upon such occurrence, the Debtors, after receipt of such notice from the Administrative Agent, shall provide immediate notice by facsimile and email to all professionals informing them that a Carve-Out Event has occurred and further advising them that the Debtors' ability to pay professionals is subject to the Carve-Out. The application of pre-petition retainers shall not reduce the Carve-Out.

V. ADEQUATE PROTECTION

Customary adequate protection to the lenders under the Prepetition First Lien Credit Agreement for, and in equal amount to, the diminution in the value of their prepetition security interests, whether resulting from the sale, lease or use by the Debtors (or other decline in value) of cash collateral and any other collateral securing the obligations under the Prepetition First Lien Credit Agreement, the priming of the liens on the collateral securing the obligations under the Prepetition First Lien Credit Agreement or the imposition of the automatic stay pursuant to Section 362 of the Bankruptcy Code, in the form of (i) subject to the Carve-Out, superpriority claims and replacement liens, which shall be senior to all other prepetition and postpetition liens other than liens in respect of the DIP Facilities and the Non-Primed Liens; (ii) monthly payment of an amount equal to interest accrued at the non-default LIBOR rate under the Prepetition First Lien Credit Agreement (without prejudice to the right of such lenders to assert claims for interest accrued at the default rate); (iii) regularly scheduled payments under any hedge obligations; (iv) payment of accrued and unpaid letter of credit fees and (v) payment of reasonable fees and expenses of the Prepetition First Lien Agent, including without limitation, for its counsel and financial advisors, and the reasonable expenses of members of the Steering Committee of Prepetition First Lien Lenders. As additional adequate protection, the right of the Administrative Agent to credit bid under Section 363(k) of the Bankruptcy Code shall be preserved in any sale pursuant to a plan of reorganization of collateral securing the obligations under the Prepetition First Lien Credit Agreement.

Adequate protection to the lenders under the Prepetition Second Lien Credit Agreement for, and in equal amount to, the diminution in the value of their prepetition security interests in the form of superpriority claims and replacement liens; which shall be subject to the Carve-Out and the Intercreditor Agreement and shall be junior to (i) liens securing the DIP Facilities, (ii) the Non-Primed Liens, (iii) liens securing the Prepetition First Lien Credit Agreement and (iv) the replacement liens and superpriority claims granted to the lenders under the Prepetition First Lien Credit Agreement (as provided above).

VI. CERTAIN CONDITIONS

Initial Conditions: The availability of the DIP Facilities shall be conditioned upon the satisfaction of conditions precedent usual for facilities and transactions of this type, including, without limitation, the following conditions (the date upon which all such conditions

precedent shall be satisfied, the "Closing Date"):

(a) Each Loan Party shall have executed and delivered satisfactory definitive financing documentation with respect to the DIP Facilities (the "DIP Documentation").

(b) The interim order approving the DIP Facilities and providing for the use of the prepetition lenders' cash collateral shall provide that until entry of the Final Order (i) extensions of credit under the Revolving Facility shall not exceed $2,500,000 inclusive of the Prepetition Letters of Credit and (ii) loans under the Term Facility shall not exceed $20,000,000 and shall otherwise be in form and substance satisfactory to the DIP Lenders (the "Interim Order"), shall have been entered by the Bankruptcy Court, shall be in full force and effect and shall not be subject to any stay.

(c) The Administrative Agent shall have received (i) a monthly budget for the six months following the Petition Date and (ii) an initial thirteen-week cash flow forecast for the period beginning with the week which includes the Petition Date through the thirteenth week thereafter (the "Budget"), in each case in form and substance satisfactory to the DIP Lenders.

(d) The DIP Lenders, the Administrative Agent and the Arranger shall have received all fees required to be paid, and all expenses required to be paid for which invoices have been presented, on or before the Closing Date.

(e) All governmental and third party approvals necessary in connection with the financing contemplated hereby and the continuing operations of the Borrower and its subsidiaries (including shareholder approvals, if any) shall have been obtained on satisfactory terms and shall be in full force and effect, and all applicable waiting periods shall have expired without any action being taken or threatened by any competent authority that would restrain, prevent or otherwise impose adverse conditions on the DIP Facilities or, any of the transactions contemplated by the Restructuring or hereby.

(f) The Administrative Agent shall have received the results of a recent lien search in each relevant jurisdiction with respect to the Debtors, and such search shall reveal no liens on any of the assets of the Debtors except for liens permitted by the DIP Documentation.

(g) All documents and instruments required to perfect the Administrative Agent's first priority security interest in the collateral under the DIP Facilities (including delivery of stock certificates and undated stock powers executed in blank) shall have been executed and be in proper form for filing.

(h) All motions and orders submitted to the Bankruptcy Court on or about the Petition Date shall be in form and substance reasonably satisfactory to the DIP Lenders.

(i) The DIP Lenders shall be reasonably satisfied with the cash management arrangements of Holdings and its subsidiaries.

(j) The Administrative Agent shall have received such legal opinions (including opinions from counsel to the Debtors), documents and other instruments as are customary for transactions of this type or as they may reasonably request.

(k) The Administrative Agent shall have received satisfactory evidence that the LIFO loans under the First Lien Credit Agreement shall have been paid in full and that the liens in respect thereof have been released.

On-Going Conditions: The making of each extension of credit and each release of proceeds of the Term Loans from the Term Loan Account shall be conditioned upon (a) except with respect to the initial extension of credit and a release of proceeds thereof from the Term Loan Account, the final order approving the DIP Facilities, substantially in the form of the Interim Order and otherwise in form and substance satisfactory to the DIP Lenders (the "Final Order"), having been entered by the Bankruptcy Court, being in full force and effect and not being subject to any stay, (b) the accuracy in all material respects of all representations and warranties in the DIP Documentation, (c) there being no default or event of default in existence at the time of, or after giving effect to the making of, such extension of credit, and (d) the proceeds of such extension of credit or released from the Term Loan Account, when added to the aggregate amount of unrestricted cash on hand of the Loan Parties in excess of $2,500,000, is required to make expenditures in accordance with the Budget within seven days after the making of such extension of credit or release of proceeds, as applicable. As used herein and in the DIP Documentation a "material adverse change" shall mean any event, development or circumstance that has had or could reasonably be expected to have a material adverse effect on (a) the business, operations, property or financial condition of the Borrower and its subsidiaries taken as a whole (other than the commencement of the Cases and events customarily leading up to and following the commencement of a chapter 11 case) or (b) the validity or enforceability of any of the DIP Documentation or the material rights and remedies of the Administrative Agent and the DIP Lenders thereunder.

VII. CERTAIN DOCUMENTATION MATTERS

The DIP Documentation shall contain representations, warranties, covenants and events of default (in each case,

	applicable to Holdings and its subsidiaries) customary for financings of this type and other terms deemed appropriate by the DIP Lenders, including, without limitation:
Representations and Warranties:	Financial statements; absence of undisclosed liabilities; no material adverse change; Budget; corporate existence; compliance with law; corporate power and authority; enforceability of DIP Documentation; no conflict with law or postpetition contractual obligations; no material postpetition litigation; no postpetition default; ownership of property; liens; intellectual property; taxes; Federal Reserve regulations; labor matters, ERISA; Investment Company Act and other regulations; subsidiaries; use of proceeds; environmental matters; accuracy of disclosure; creation and perfection of security interests; and delivery of certain documents.
Affirmative Covenants:	Delivery of annual, quarterly and monthly financial statements, consolidated statement of projected cash flow on each Wednesday including such information contained in such statements delivered pursuant to the Prepetition Credit Agreement, reports, accountants' letters, projections, officers' certificates and other information requested by the DIP Lenders; Bankruptcy Court filings; payment of taxes and other obligations; continuation of business and maintenance of existence and material rights and privileges; compliance with laws and material contractual obligations; maintenance of property and insurance; maintenance of books and records; right of the DIP Lenders to inspect property and books and records; notices of defaults, litigation and other material events; compliance with environmental laws; and further assurances (including, without limitation, with respect to security interests in after-acquired property).
Financial Covenants:	To include (i) a cumulative variance test for each of operating receipts and disbursements against the Budget, to be tested weekly, and (ii) a minimum EBITDA covenant to be agreed, to be tested monthly.
Negative Covenants:	Limitations on: indebtedness (including guarantee obligations); liens; mergers, consolidations, liquidations and dissolutions; sales of assets; dividends and other payments in respect of capital stock; capital expenditures; acquisitions, investments, loans and advances; prepayments and modifications of subordinated and other material debt instruments; transactions with affiliates; sale-leasebacks; changes in fiscal year; hedging arrangements; negative pledge clauses and clauses restricting subsidiary distributions; changes in lines of business; and amendments and modifications to the Interim Order or the Final Order.
Events of Default:	Nonpayment of principal when due; nonpayment of interest, fees or other amounts after a one business day grace period; material

	inaccuracy of a representation or warranty when made; violation of a covenant (subject, in the case of certain affirmative covenants, to a five day grace period); cross-default to material postpetition indebtedness; certain ERISA events; material judgments; actual or asserted invalidity of any guarantee or security document; changes in the passive holding company status of Holdings; milestones relating to the Cases, including without limitation, or failure (i) to file with the Bankruptcy Court the Plan and related disclosure statement within 30 days after the Petition Date, (ii) to obtain an order approving such disclosure statement within 75 days after the Petition Date, (iii) to obtain an order of the Bankruptcy Court confirming the Plan within 125 days after the Petition Date and (iv) to consummate the Plan within 135 days after the Petition Date; and customary bankruptcy-related defaults.
Voting:	Amendments and waivers with respect to the DIP Documentation shall require the approval of DIP Lenders holding more than 50% of the aggregate amount of the Term Loans and Revolving Commitments, except that (a) the consent of each DIP Lender directly adversely affected thereby shall be required with respect to (i) reductions in the amount or extensions of the scheduled date of any amortization or final maturity of any DIP Loan, provided, however, that only the consent of a supermajority of more than 66-2/3% of the DIP Facilities shall be required to extend the maturity of the DIP Facilities up to an additional 90 days, (ii) reductions in the rate of interest or any fee or extensions of any due date thereof and (iii) increases in the amount or extensions of the expiry date of any DIP Lender's commitment, and (b) the consent of 100% of the DIP Lenders shall be required with respect to (i) reductions of any of the voting percentages, (ii) releases of all or substantially all the collateral and (iii) releases of all or substantially all the Guarantors.
Assignments and Participations:	The DIP Lenders shall be permitted to assign all or a portion of their DIP Loans and commitments with the consent, not to be unreasonably withheld, of (a) the Administrative Agent, unless the assignee is a DIP Lender, an affiliate of a DIP Lender or an approved fund, and (b) the Issuing Lender, unless a Term Loan is being assigned. Non-pro rata assignments shall be permitted.
Yield Protection:	The DIP Documentation shall contain customary provisions (a) protecting the DIP Lenders against increased costs or loss of yield resulting from changes in reserve, tax, capital adequacy and other requirements of law and from the imposition of or changes in withholding or other taxes and (b) indemnifying the DIP Lenders for "breakage costs" incurred in connection with, among other things, any prepayment of a Eurodollar Loan (as defined in Annex I) on a day other than the last day of an interest period

	with respect thereto.
Expenses and Indemnification:	The Borrower shall pay (a) all reasonable out-of-pocket expenses of (i) the Administrative Agent and the Arranger associated with the syndication of the DIP Facilities (including the reasonable fees, disbursements and other charges of counsel) and (ii) the Administrative Agent, the Arranger and the DIP Lenders parties to the DIP Documentation on the Closing Date associated with the preparation, execution, delivery and administration of the DIP Documentation and any amendment or waiver with respect thereto (including the reasonable fees, disbursements and other charges of counsel) and (b) all out-of-pocket expenses of the Administrative Agent and the DIP Lenders (including the fees, disbursements and other charges of counsel) in connection with the enforcement of the DIP Documentation. The Administrative Agent, the Arranger and the DIP Lenders (and their affiliates and their respective officers, directors, employees, advisors and agents) will have no liability for, and will be indemnified and held harmless against, any losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated hereby or the use or the proposed use of proceeds thereof, except to the extent they are found by a final, non-appealable judgment of a court to arise from the gross negligence or willful misconduct of the relevant indemnified person.
Governing Law and Forum:	State of New York, except as governed by the Bankruptcy Code.
Counsel to the Administrative Agent and the Arranger:	Simpson Thacher & Bartlett LLP.

Annex I

INTEREST AND CERTAIN FEES

Interest Rate Options:	The Borrower may elect that the DIP Loans comprising each borrowing bear interest at a rate per annum equal to (a) the ABR plus the Applicable Margin or (b) the Eurodollar Rate plus the Applicable Margin. As used herein: "ABR" means the highest of (i) the rate of interest publicly announced by JPMorgan Chase Bank as its prime rate in effect at its principal office in New York City (the "Prime Rate"), (ii) the federal funds effective rate from time to time plus 0.5%, (iii) the Eurodollar Rate (as defined below) for a one-month interest period, plus 1% and (iv) 3.0%. "Applicable Margin" means (i) 4.75% in the case of ABR Loans and (ii) 5.75% in the case of Eurodollar Loans. "Eurodollar Rate" means the greater of (i) rate (adjusted for statutory reserve requirements for eurocurrency liabilities) for eurodollar deposits for a period equal to one, two or three months (as selected by the Borrower) appearing on Reuters Screen LIBOR01 Page and (ii) 2.0%.
Interest Payment Dates:	In the case of DIP Loans bearing interest based upon the ABR ("ABR Loans"), monthly in arrears. In the case of DIP Loans bearing interest based upon the Eurodollar Rate ("Eurodollar Loans"), on the last day of each relevant interest period and, in the case of any interest period longer than one month, on each successive date one month after the first day of such interest period.
DIP Facilities Fees:	The Borrower shall pay to the Administrative Agent, for the ratable benefit of the DIP Lenders, a fee equal to 2.0% of the aggregate amount of the DIP Facilities, payable on the Closing Date; provided that such fee shall be payable to each lender under the Prepetition First Lien Credit Agreement which agrees to participate in the DIP Facilities and becomes a party to the applicable DIP Documentation within 10 days after the Closing Date.
Unused Availability Fees:	The Borrower shall pay a fee calculated at a rate per annum equal to 0.75% on the average daily unused portion of the DIP Facilities, payable monthly in arrears.
Letter of Credit Fees:	The Borrower shall pay a fee on all outstanding Letters of Credit at a per annum rate equal to the Applicable Margin then in effect with respect to Eurodollar Loans on the face amount of each such Letter of Credit. Such fee shall be shared ratably among the DIP

	Lenders participating in the Revolving Facility and shall be payable monthly in arrears. A fronting fee equal to 0.125% per annum on the face amount of each Letter of Credit shall be payable monthly in arrears to the Issuing Lender for its own account. In addition, customary administrative, issuance, amendment, payment and negotiation charges shall be payable to the Issuing Lender for its own account.
Default Rate:	At any time after the occurrence and during the continuance of an Event of Default, all outstanding DIP Loans shall bear interest at 2% above the rate otherwise applicable thereto and all other obligations shall bear interest at 2% above the rate applicable to the relevant ABR Loans.
Rate and Fee Basis:	All per annum rates shall be calculated on the basis of a year of 360 days (or 365/366 days, in the case of ABR Loans the interest rate payable on which is then based on the Prime Rate) for actual days elapsed.

Exhibit B

FORM OF ASSUMPTION AGREEMENT

Reference is hereby made to the Plan Support Agreement, dated as of August 19, 2010 (as amended, the "Plan Support Agreement"; unless otherwise defined herein, capitalized terms are used herein as defined in the Plan Support Agreement), by and among Oriental Trading Company, Inc., OTC Holdings Corporation, OTC Investors Corporation, Fun Express, Inc., and Oriental Trading Marketing, Inc. (collectively, the "Debtors") and the Consenting Holders.

This ASSUMPTION AGREEMENT is being delivered by the undersigned ("Transferee") pursuant to Section 3.3 of the Plan Support Agreement and as a condition precedent to Transferee becoming the holder of the First Lien Claims identified below. Transferee hereby agrees to become a party to the Plan Support Agreement, and assume and be bound by all of the obligations of a Consenting Holder set forth in the Plan Support Agreement. This Assumption Agreement shall become effective immediately upon its execution, and Transferee shall be a party to, and assume and be bound by all of the obligations of a Consenting Holder under, the Plan Support Agreement from and after the date set forth below.

Transferee shall promptly deliver to the Debtors and the First Lien Agent at the addresses set forth in the Plan Support Agreement an executed copy of this Assumption Agreement.

IN WITNESS WHEREOF, the undersigned has caused this Assumption Agreement to be executed and delivered by its duly authorized officer as of the date specified below.

Dated: _____, 201_

[Name Of Lender]

By:_____
Name:
Title:

Contact Information for Notice:

[_____]

PRINCIPAL OF TRANSFERRED FIRST LIEN CLAIMS[2]

Term Loans: $

Revolving Loans: $

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2 Excluding accrued and unpaid interest, letters of credit, consent and other fees, costs and expenses.

APPENDIX B

DEBTORS' JOINT PLAN OF REORGANIZATION

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	:	**Chapter 11**
OTC HOLDINGS CORPORATION, *et al.*,[1]	:	**Case No. 10-12636 (BLS)**
Debtors.	:	**Jointly Administered**

DEBTORS' JOINT PLAN OF REORGANIZATION

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COUNSEL FOR DEBTORS AND DEBTORS IN POSSESSION

Dated: Wilmington, Delaware
September 24, 2010

[1] The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: OTC Holdings Corporation ("Holdings"), a Delaware corporation (0174); Oriental Trading Company, Inc. ("OTC"), a Delaware corporation (5603); OTC Investors Corporation ("Investors"), a Delaware corporation (0180); Fun Express, Inc. ("Fun Express"), a Nebraska corporation (7942); and Oriental Trading Marketing, Inc. ("OT Marketing"), a Nebraska corporation (0923). The location of the Debtors' corporate headquarters and the service address for all the Debtors is 5455 South 90th Street, Omaha, Nebraska 68127.

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INTRODUCTION

OTC Holdings Corporation, OTC Investors Corporation, Oriental Trading Company, Inc., Fun Express, Inc. and Oriental Trading Marketing, Inc., each a debtor and a debtor in possession in the above-captioned Chapter 11 cases, hereby propose the following Joint Plan of Reorganization pursuant to Chapter 11 of Title 11 of the Bankruptcy Code.

ARTICLE 1

DEFINITIONS AND RULES OF CONSTRUCTION

As used herein, the following terms shall have the respective meanings specified below. All capitalized terms used herein and not otherwise defined have the meanings assigned to them in the Bankruptcy Code and in the Bankruptcy Rules. Wherever from the context it appears appropriate, each term stated in either the singular or the plural shall include both the singular and the plural and pronouns stated in the masculine, feminine or neuter gender shall include the masculine, feminine and neuter. Unless otherwise specified, all Section or Article references in the Plan are to the respective Section or Article of the Plan. The words "herein," "hereof," "hereto," "hereunder" and other words of similar import refer to the Plan as a whole and not to any particular Section, sub-section or clause contained in the Plan. The rules of construction contained in Section 102 of the Bankruptcy Code shall apply to the construction hereof.

1.1 "Administrative Claim" means any Claim against any Debtor for an administrative expense of the kind described in Section 503(b) of the Bankruptcy Code and entitled to priority pursuant to Section 507(a) of the Bankruptcy Code, including, without limitation, the actual and necessary costs and expenses of preserving the Estate of any Debtor incurred after the commencement of the Chapter 11 Cases, Professional Fee Claims and fees, if any, due to the United States Trustee under 28 U.S.C. § 1930(a)(6).

1.2 "Allowed Claim" means any Claim to the extent that it has not been withdrawn, paid in full or otherwise deemed satisfied in full and proof of which has been filed on or before the applicable deadline by which a proof of Claim must be filed as established by an order of the Bankruptcy Court (or, if not filed by such deadline, any Claim filed with leave of the Bankruptcy Court after notice and a hearing), or, if no proof of Claim is filed, which Claim has been or hereafter is listed by the Debtors on the Schedules as liquidated in amount, not disputed and not contingent and, in all cases, a Claim (or any portion thereof) as to which no objection to allowance or request for estimation has been interposed on or before the Effective Date or the expiration of such other applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court or as to which any objection to its allowance has been withdrawn, settled or has been denied by a Final Order or resolved by any other

method approved by the Bankruptcy Court; provided that any Claim that is expressly allowed in a liquidated amount in the Plan, including, without limitation, the DIP Facility Claims pursuant to Section 2.1 hereof, the First Lien Claims pursuant to Section 3.3 hereof, the Second Lien Claims pursuant to Section 3.4 hereof, the First Lien Guarantee Claims pursuant to Section 3.7 hereof and the Second Lien Guarantee Claims pursuant to Section 3.8 hereof, shall be an Allowed Claim. Unless otherwise specified in the Plan or in the Final Order allowing such Claim, "Allowed Claim" does not include interest on the amount of such Claim maturing or accruing from and after the Commencement Date, or any punitive or exemplary damages, or any fine, penalty or forfeiture.

1.3 "Asset Transfer" has meaning prescribed in Section 5.2(b)(1) of the Plan.

1.4 "Assumed Liabilities" means (a) all of the obligations of any Debtor under the Plan to make payments in Cash to Holders of Allowed Claims; (b) all of the obligations of any Debtor under the Plan to pay Cure Amounts; (c) all of the obligations of any Debtor under any executory contract or unexpired lease assumed by any Debtor and assigned to New OTC (or Fun Express LLC) pursuant to the Plan; (d) all obligations expressly assumed or payable by any New Company pursuant to the Plan; and (e) all other Claims against, and obligations and liabilities of, any Debtor that are not discharged pursuant to the terms of the Plan.

1.5 "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as set forth in Title 11 of the United States Code, 11 U.S.C. §§ 101 et seq., as now in effect or hereafter amended.

1.6 "Bankruptcy Court" means the United States Bankruptcy Court for the District of Delaware having jurisdiction over the Chapter 11 Cases and, to the extent of any reference made under 28 U.S.C. § 157, the unit of such District Court under 28 U.S.C. § 151.

1.7 "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure promulgated pursuant to 28 U.S.C. § 2075, as now in effect or hereinafter amended, together with the local rules of the Bankruptcy Court.

1.8 "Business Day" means any day, other than a Saturday, a Sunday or a "legal holiday," as defined in Bankruptcy Rule 9006(a).

1.9 "Cash" means currency of the United States of America and cash equivalents, including, but not limited to, bank deposits, immediately available or cleared checks, drafts, wire transfers and other similar forms of payment.

1.10 "Chapter 11 Cases" means the Chapter 11 cases commenced by the Debtors on the Commencement Date and pending before the Bankruptcy Court.

1.11 "Claim" means any claim against any Debtor within the meaning of Section 101(5) of the Bankruptcy Code.

1.12 "Class" means each class of Claims or Interests established pursuant to Article 3 of the Plan.

1.13 "Committee" means the official committee of unsecured creditors appointed on September 8, 2010 in the Chapter 11 Cases pursuant to Section 1102 of the Bankruptcy Code.

1.14 "Commencement Date" means August 25, 2010, the date on which each Debtor filed its voluntary petition for relief under Chapter 11 of the Bankruptcy Code.

1.15 "Confirmation Date" means the date on which the clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

1.16 "Confirmation Hearing" means the hearing held by the Bankruptcy Court to consider confirmation of the Plan under Section 1128 of the Bankruptcy Code.

1.17 "Confirmation Order" means the order entered by the Bankruptcy Court confirming the Plan in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

1.18 "Cure Amounts" means all amounts required to be paid pursuant to Section 6.1.2 of the Plan.

1.19 "Debtor(s)" means Holdings, Investors, OTC, Fun Express and Marketing, individually and collectively, in their capacity as debtors and debtors in possession under Chapter 11 of the Bankruptcy Code.

1.20 "DIP Agent" means JPMorgan Chase Bank, N.A, in its capacity as administrative agent under the DIP Facility Agreement.

1.21 "DIP Facility Agreement" means the Credit and Guarantee Agreement, dated as of August 27, 2010, among the Debtors, the DIP Lenders and the DIP Agent, as amended, modified or supplemented from time to time, providing for debtor-in-possession credit facilities in the aggregate principal amount of $40,000,000.

1.22 "DIP Facility Claims" means all Claims arising under the DIP Facility Agreement, including, without limitation, any fees, expenses or attorneys' fees owing thereunder by the Debtors.

1.23 "DIP Lenders" means the lenders under the DIP Facility Agreement.

1.24 "DIP Order" means the Final Order entered by the Bankruptcy Court authorizing and approving the Debtors' entry into and performance under the DIP Facility Agreement.

1.25 "Disclosure Statement" means the Disclosure Statement Under 11 U.S.C. § 1125 in Support of the Debtors' Joint Plan of Reorganization dated [_____], 2010, as approved by the Bankruptcy Court as containing "adequate information," as that term is defined in Section 1125(a)(1) of the Bankruptcy Code, including any exhibits, appendices, schedules and annexes thereto, and any documents delivered in connection therewith, as the same may be amended, modified or supplemented from time to time by any duly authorized amendment, modification or supplement.

1.26 "Disputed Claim" means any Claim that is not an Allowed Claim or that will not be paid pursuant to the Plan or an order of the Bankruptcy Court, including any Claim (a) proof of which was required to be filed by the Plan or by order of the Bankruptcy Court but as to which a proof of claim was not timely or properly filed; (b) proof of which was timely and properly filed but which has been or hereafter is listed on the Schedules as unliquidated, contingent or disputed, and which has not been resolved by written agreement of the parties or an order of the Bankruptcy Court; (c) that is disputed in accordance with the provisions of the Plan; (d) as to which any Debtor or New OTC, as the case may be, has interposed a timely objection or request for estimation in accordance with the Bankruptcy Code, the Bankruptcy Rules and any order of the Bankruptcy Court, or is otherwise disputed by a Debtor or New OTC, as the case may be, in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn, resolved or adjudicated by a Final Order or resolved by any other method approved by the Bankruptcy Court; or (e) as to which any Debtor or New OTC, as the case may be, otherwise disputes its liability and as to which the liability of such Debtor or New OTC, as the case may be, has not been determined, resolved or adjudicated by a Final Order or resolved by any other method approved by the Bankruptcy Court. Any portion of a Claim that is not a Disputed Claim, as defined in the preceding sentence, will, for purposes of receiving distributions under the Plan, be deemed to be an Allowed Claim.

1.27 "Distribution Agent" means the Person selected by the Debtors to hold and distribute the Cash, the New Term Loans and, if applicable, the New Term Loan Cash Consideration, and the New Securities to be distributed pursuant to the Plan (which Person may be any of the Debtors or New OTC) and employed on such terms as may be reasonably determined by the Debtors or New OTC, as the case may be.

1.28 "Distribution Date" means the Effective Date, the ninetieth day after the Effective Date and each January 1 and June 1 thereafter.

1.29 "Distribution Record Date" means the Confirmation Date or such other date that is designated in the Confirmation Order.

1.30 "Effective Date" means the first Business Day after the date on which the conditions listed in Section 11.2 of the Plan have been satisfied or waived as provided in the Plan.

1.31 "Estate" means each estate created pursuant to Section 541(a) of the Bankruptcy Code upon the commencement of each Chapter 11 Case.

1.32 "Exit Facility" means the exit credit facility providing financing to the New Companies, the material terms of which shall be set forth in the Plan Supplement.

1.33 "Exit Facility Documents" means the documentation of the Exit Facility and any guarantees, security agreements and other agreements to be executed as of the Effective Date in connection therewith, the material terms of which shall be set forth in the Plan Supplement.

1.34 "Final Order" means a judgment, order, ruling or other decree issued and entered by the Bankruptcy Court (a) as to which (i) the time to appeal, petition for certiorari, or move for reargument or rehearing has expired and no appeal, petition for certiorari, or other proceedings for reargument or rehearing shall then be pending or (ii) any right to appeal, petition for certiorari, reargue, or rehear shall have been waived in writing in form and substance satisfactory to the Debtors or (b) in the event that an appeal, writ of certiorari, or reargument or rehearing thereof has been sought, such appeal, petition for certiorari, or motion for reargument or rehearing shall have been resolved by the highest court to which such judgment, order, ruling or other decree was appealed or from which certiorari was sought and the time to take any further appeal, petition for certiorari or to move for reargument or rehearing shall have expired; provided, however, that the possibility that a motion under Rule 59 or 60 of the Federal Rules of Civil Procedure or any analogous rule under the Bankruptcy Rules may be filed with respect to such order shall not cause such order not to be a Final Order.

1.35 "First Lien Agent" means JPMorgan Chase Bank, N.A, in its capacity as administrative agent and collateral agent under the First Lien Credit Agreement.

1.36 "First Lien Claims" means all Claims of the First Lien Lenders and the First Lien Agent against any Debtor (other than Investors) arising under, relating to, or in connection with the First Lien Credit Agreement and any guarantee, security agreement or other agreement executed in connection therewith, including, without limitation, all Claims of the First Lien Lenders and the First Lien Agent arising under, relating to or in connection with the DIP Order and termination amounts owing under interest rate swap agreements entered into in connection with the First Lien Credit Agreement.

1.37 "First Lien Credit Agreement" means the First Lien Credit Agreement, dated as of July 31, 2006, among OTC, the First Lien Lenders and the First Lien Agent, as amended, supplemented or otherwise modified from time to time.

1.38 "First Lien Guarantee and Collateral Agreement" means the First Lien Guarantee and Collateral Agreement, dated as of July 31, 2006, by and among OTC, Investors, Fun Express, Marketing and the First Lien Agent, as amended, supplemented or otherwise modified from time to time.

1.39 "First Lien Guarantee Claims" means all Claims of the First Lien Lenders and the First Lien Agent against Investors arising under, relating to or in connection with the First Lien Guarantee and Collateral Agreement.

1.40 "First Lien Lenders" means the lenders under the First Lien Credit Agreement and any affiliate of any such lender that entered into an interest rate swap agreement with the Debtors in connection with the First Lien Credit Agreement.

1.41 "First Lien Steering Committee" means the steering committee of the First Lien Lenders.

1.42 "Fun Express" means Fun Express, Inc., a Nebraska corporation and wholly-owned subsidiary of OTC.

1.43 "Fun Express Asset Transfer" has meaning prescribed in Section 5.2(a)(2) of the Plan.

1.44 "Fun Express LLC" means a Nebraska limited liability company to be named as "Fun Express LLC" upon its formation by Fun Express pursuant to the terms of the Plan.

1.45 "Fun Express LLC Governing Documents" means the certificate of formation of Fun Express LLC and the operating limited liability agreement, substantially in the forms contained in the Plan Supplement, and any other governing document with respect to Fun Express LLC.

1.46 "Holder" means a holder of a Claim or Interest, as applicable.

1.47 "Holdings" means OTC Holdings Corporation, a Delaware corporation.

1.48 "Holdings Cash" means Cash, in the approximate amount of $135,633, held in accounts in the name of Holdings at U.S. Bank National Association.

1.49 "Intercreditor Agreement" means the Intercreditor Agreement, dated as of July 31, 2006, by and among JPMorgan Chase Bank, N.A, as collateral agent for the First Priority Secured Parties (as defined in the Intercreditor Agreement), Wilmington Trust, FSB, as successor collateral agent for the Second Priority Secured Parties (as defined in the Intercreditor Agreement), OTC and certain other Debtors, as amended, supplemented or otherwise modified from time to time.

1.50 "Interest" means an equity security of any Debtor within the meaning of Section 101(16) of the Bankruptcy Code and any option, warrant or other agreement requiring the issuance of any such equity interest that was authorized, issued or outstanding prior to the Effective Date.

1.51 "Interim Compensation Order" means the order of the Bankruptcy Court establishing procedures for the compensation and reimbursement of fees and expenses for Professionals, as may be amended from time to time.

1.52 "Investors" means OTC Investors Corporation, a Delaware corporation and wholly-owned subsidiary of Holdings.

1.53 "Lien" has the meaning given to such term in Section 101(37) of the Bankruptcy Code; except that a lien that has been avoided in accordance with Section 544, 545, 546, 547, 548 or 549 of the Bankruptcy Code shall not constitute a Lien.

1.54 "Management Incentive Plan" means the management equity incentive plan of the New Companies, to be effective as of the Effective Date, on terms determined by the New Board.

1.55 "Marketing" means Oriental Trading Marketing, Inc., a Nebraska corporation and wholly-owned subsidiary of OTC.

1.56 "Mezzanine Claims" means all Claims of the Mezzanine Lenders and Wilmington Trust, FSB, as successor to Wachovia Bank, National Association, in its capacity as administrative agent under the Mezzanine Loan Agreement, against Investors arising under the Mezzanine Loan Agreement.

1.57 "Mezzanine Lenders" means the lenders under the Mezzanine Loan Agreement.

1.58 "Mezzanine Loan Agreement" means the Mezzanine Loan Agreement, dated as of July 31, 2006, among Investors, the Mezzanine Lenders and Wilmington Trust, FSB, as successor to Wachovia Bank, National Association, as administrative agent, as amended, supplemented or otherwise modified from time to time.

1.59 "New Board" means the Board of Directors of New Holdco to be approved pursuant to the Plan to serve as of the Effective Date and identified in the Plan Supplement.

1.60 "New Company" and "New Companies" means New Holdco, New Midco, New OTC and any subsidiary thereof, individually and collectively.

1.61 "New Holdco" means a Delaware corporation formed pursuant to Section 5.1 of the Plan that will own all of the shares of common stock of New Midco immediately upon the consummation of the Asset Transfer.

1.62 "New Holdco Common Stock" means common stock of New Holdco, par value $.01 per share, of which all of the shares of such common stock to be issued pursuant to the Plan on the Effective Date shall be distributed to Holders of Class 3 Claims.

1.63 "New Holdco Governing Documents" means the Stockholders Agreement, the certificate of incorporation and the by-laws of New Holdco, substantially in the forms contained in the Plan Supplement, and any other governing corporate document with respect to New Holdco.

1.64 "New Midco" means a Delaware corporation formed pursuant to Section 5.1 of the Plan that will own all of the shares of common stock of New OTC immediately upon the consummation of the Asset Transfer.

1.65 "New Midco Common Shares" means 100 shares of common stock, par value $.01 per share, issued by New Midco to New Holdco, which will constitute all of the outstanding equity interests in New Midco immediately upon the consummation of the Asset Transfer.

1.66 "New Midco Governing Documents" means the certificate of incorporation and by-laws of New Midco, substantially in the forms contained in the Plan Supplement, and any other governing corporate document with respect to New Midco.

1.67 "New OTC" means a Delaware corporation formed pursuant to Section 5.1 of the Plan that will own, directly or indirectly through one or more subsidiaries, all of the Transferred Assets immediately upon the consummation of the Asset Transfer.

1.68 "New OTC Common Shares" means 100 shares of common stock, par value $.01 per share, issued by New OTC to New Midco, which will constitute all of the outstanding equity interests in New OTC immediately upon the consummation of the Asset Transfer.

1.69 "New OTC Governing Documents" means the certificate of incorporation and by-laws of New OTC, substantially in the forms contained in the Plan Supplement, and any other governing corporate document with respect to New OTC.

1.70 "New Term Loan Cash Consideration" means, if the New Term Loans are provided by the New Term Loan Third Party Lenders, cash in the amount of the net proceeds of the New Term Loans (after financing costs and, to the extent not paid with

the proceeds of the Exit Facility or available Cash, payment of the DIP Facility Claims and Administrative Claims to be paid on the Effective Date).

1.71 "New Term Loan Documents" means, (a) if the New Term Loans are issued to the First Lien Lenders, the term loan agreement to be executed by New OTC and the other New Companies as of the Effective Date, and any guarantee, security agreement or other agreement to be executed as of the Effective Date in connection therewith, substantially in the forms contained in the Plan Supplement and otherwise on terms reasonably satisfactory to the First Lien Steering Committee and the Debtors and (b) if the New Term Loans are provided by the New Term Loan Third Party Lenders, the term loan agreement to be executed by New OTC and the other New Companies and the New Term Loan Third Party Lenders as of the Effective Date, and any guarantee, security agreement or other agreements to be executed as of the Effective Date in connection therewith, in each case the material terms of which shall be set forth in the Plan Supplement and otherwise on terms reasonably satisfactory to the First Lien Steering Committee and the Debtors.

1.72 "New Term Loan Third Party Lenders" means the third party lenders that provide the New Term Loans, if the New Term Loans are provided by lenders other than the First Lien Lenders on a Pro Rata basis.

1.73 "New Term Loans" means the $200 million of new term loans to be issued by New OTC on the Effective Date pursuant to the New Term Loan Documents, which, (a) if the New Term Loans are issued to the First Lien Lenders, will mature on the fourth anniversary of the Effective Date, bear interest at a market rate of interest to be set forth in the Plan Supplement, be guaranteed by each New Company other than New OTC and be secured by second priority liens on substantially all of the assets of the New Companies, junior only to the liens securing the New Companies' obligations under the Exit Facility and (b) if the New Term Loans are provided by the New Term Loan Third Party Lenders, will have the material terms set forth in the Plan Supplement.

1.74 "New Securities" means the New Holdco Common Stock issued on the Effective Date and the New Warrants.

1.75 "New Warrant Agreement" means the Warrant Agreement to be entered into as of the Effective Date between New Holdco and a financial institution reasonably acceptable to New Holdco, as warrant agent, providing for the issuance of the New Warrants, substantially in the form contained in the Plan Supplement.

1.76 "New Warrants" means the warrants to purchase 2.5% of the shares of New Holdco Common Stock at an enterprise valuation strike price of $427.5 million and with a three (3) year term, which warrants will be issued by New Holdco on the Effective Date pursuant to the New Warrant Agreement.

1.77 "Old Securities" means the common stock of Holdings, par value $.01 per share, issued and outstanding immediately prior to the Effective Date and the preferred stock of Holdings, par value $.01 per share, issued and outstanding immediately prior to the Effective Date.

1.78 "OTC" means Oriental Trading Company, Inc., a Delaware corporation and wholly-owned subsidiary of Investors.

1.79 "Person" means an individual, partnership, corporation, limited liability company, business trust, joint stock company, trust, unincorporated association, joint venture, governmental authority, governmental unit or other entity of whatever nature.

1.80 "Plan" means this Joint Plan of Reorganization, together with all schedules and exhibits hereto and the documents contained in the Plan Supplement, as the same may be amended, modified or supplemented by the Debtors from time to time pursuant to the Plan, the Bankruptcy Code or the Bankruptcy Rules.

1.81 "Plan Documents" means, collectively, the Exit Facility Documents, the New Term Loan Documents, the Stockholders Agreement, the Registration Rights Agreement, the New Warrant Agreement, the New Holdco Governing Documents, the New Midco Governing Documents, the New OTC Governing Documents and the Fun Express LLC Governing Documents.

1.82 "Plan Supplement" means a separate volume, to be filed with the clerk of the Bankruptcy Court, including, among other things, forms of the Plan Documents and the designation of the New Board. The Plan Supplement is incorporated into, and is a part of, the Plan as if set forth in full herein, and all references to the Plan shall refer to the Plan together with all documents contained in the Plan Supplement. The Plan Supplement (containing drafts or final versions of the Plan Documents) will be filed with the clerk of the Bankruptcy Court as early as practicable, but in no event later than ten (10) days prior to the commencement of the Confirmation Hearing or on such other date as the Bankruptcy Court may establish.

1.83 "Priority Claim" means any Claim (or portion thereof), other than an Administrative Claim or a Priority Tax Claim, to the extent that it is entitled to priority under Section 507(a) of the Bankruptcy Code.

1.84 "Priority Tax Claim" means any Claim for any Tax to the extent that it is entitled to priority in payment under Section 507(a)(8) of the Bankruptcy Code.

1.85 "Pro Rata" means proportionately, so that with respect to any distribution in respect of any Allowed Claim, the ratio of (a) (i) the amount of property distributed on account of such Allowed Claim to (ii) the amount of such Allowed Claim, is the same as the ratio of (b) (i) the amount of property distributed on account of all Allowed Claims of

the Class or Classes sharing in such distribution to (ii) the amount of all Allowed Claims in such Class or Classes.

1.86 "Professional" means any professional employed pursuant to a Final Order in accordance with Sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to Sections 327, 328, 329, 330, 331, 503(b)(2) or (4) or 1103 of the Bankruptcy Code.

1.87 "Professional Fee Claim" means any Claim against any Debtor asserted by a Professional for compensation or reimbursement of fees and expenses arising pursuant to Sections 327, 328, 329, 330, 331, 503(b) or 1103 of the Bankruptcy Code in connection with the Chapter 11 Cases for services provided or expenses incurred on or after the Commencement Date and prior to and including the Confirmation Date.

1.88 "Registration Rights Agreement" means the Registration Rights Agreement to be entered into as of the Effective Date by New Holdco in favor of all Persons to receive New Securities under the Plan, substantially in the form contained in the Plan Supplement.

1.89 "Releasees" means (a) each Debtor's (i) current and former officers, directors, employees who served in such capacity during the Chapter 11 Cases and (ii) consultants, financial advisors, attorneys, accountants and other representatives who served in such capacity during the Chapter 11 Cases, (b) each of the Sponsors and their respective Representatives, (c) the DIP Lenders, the DIP Agent and their respective Representatives, (d) the First Lien Lenders (including in any such First Lien Lender's capacity as a LIFO Lender (as defined in the DIP Order)), the First Lien Agent and their respective Representatives and (e) the Committee, its members (but solely in their capacities as such) and their respective Representatives.

1.90 "Representatives" means, with respect to any Person, such Person's current and former (a) officers, directors, principals, agents, employees and (b) consultants, financial advisors, attorneys, accountants and other representatives who served in such capacity during the Chapter 11 Cases.

1.91 "Schedules" means the schedules filed by the Debtors with the clerk of the Bankruptcy Court pursuant to Section 521 of the Bankruptcy Code and Bankruptcy Rule 1007, as they have been or may be amended, modified or supplemented from time to time.

1.92 "Second Lien Agent" means Wilmington Trust, FSB, as successor to Wachovia Bank, National Association, in its capacity as administrative agent and collateral agent under the Second Lien Credit Agreement.

1.93 "Second Lien Claims" means all Claims of the Second Lien Lenders and the Second Lien Agent against any Debtor (other than Investors) arising under the Second Lien Credit Agreement and any guarantee, security agreement or other agreement executed in connection therewith, including, without limitation, all Claims of the Second Lien Lenders and the Second Lien Agent arising under the Second Lien Guarantee and Collateral Agreement, all accrued and unpaid interest and any fees and expenses (including fees and expenses of attorneys and advisors) owing thereunder as of the Commencement Date.

1.94 "Second Lien Credit Agreement" means the Second Lien Credit Agreement, dated as of July 31, 2006, among OTC, the Second Lien Lenders and the Second Lien Agent, as amended, supplemented or otherwise modified from time to time.

1.95 "Second Lien Guarantee and Collateral Agreement" means the Second Lien Guarantee and Collateral Agreement, dated as of July 31, 2006, by and among OTC, Investors, Fun Express, Marketing and the Second Lien Agent, as amended, supplemented or otherwise modified from time to time.

1.96 "Second Lien Guarantee Claims" means all Claims of the Second Lien Lenders and the Second Lien Agent against Investors arising under the Second Lien Guarantee and Collateral Agreement.

1.97 "Second Lien Lenders" means the lenders under the Second Lien Credit Agreement.

1.98 "Secured Claim" means any Claim of any Person that is secured by a Lien on property in which any Debtor has an interest (which Lien is not subject to avoidance under the Bankruptcy Code or applicable non-bankruptcy law) (a) to the extent of the value of such Person's interest in such Debtor's interest in the property, determined pursuant to Section 506(a) of the Bankruptcy Code or (b) subject to setoff under Section 553 of the Bankruptcy Code, to the extent of the amount subject to setoff.

1.99 "Sponsors" means Brentwood Associates and The Carlyle Group and all of their respective affiliates, including, without limitation, Brentwood Associates Private Equity IV, L.P., Brentwood Associates Co-Investors IV OTC, LLC, Carlyle Partners IV, L.P. and CP IV Coinvestment, L.P.

1.100 "Stockholders Agreement" means the Stockholders Agreement to be entered into as of the Effective Date by New Holdco in favor of all Persons to receive New Securities under the Plan, substantially in the form contained in the Plan Supplement.

1.101 "Tax" means any tax, charge, fee, levy, impost or other assessment (including any interest or additions attributable to, imposed on or with respect to such tax,

charge, fee, levy, impost or other assessment) by any federal, state, local or foreign taxing authority, including, without limitation, income, excise, property, sales, transfer, employment, payroll, franchise, profits, license, use, ad valorem, estimated, severance, stamp, occupation and withholding tax.

1.102 "Tax Returns" means any report or return filed with respect to Taxes, including all information returns, estimated Tax returns, claims for Tax refund and attachments to or amendments of any of the foregoing.

1.103 "Transferred Assets" means any and all assets, properties, rights, titles or other interests owned or held by any Debtor as of the Effective Date, other than any such asset, property, right, title or other interest that is listed as an "Excluded Asset" in the Plan Supplement.

1.104 "Unclaimed Property" means any Cash or New Securities deemed to be "Unclaimed Property" under Section 7.6(a) of the Plan.

ARTICLE 2

DIP FACILITY, ADMINISTRATIVE AND PRIORITY TAX CLAIMS

2.1 DIP Facility Claims.

(a) The DIP Facility Claims shall be deemed Allowed Claims for all purposes under the Plan in the aggregate principal amount (including letters of credit) outstanding under the DIP Facility Agreement as of the Effective Date, plus all accrued and unpaid interest and any fees, expenses or attorneys' fees owing by the Debtors under the DIP Facility Agreement. Each Holder of a DIP Facility Claim shall receive, in full satisfaction and discharge of such DIP Facility Claim, on the Effective Date, either (i) Cash equal to the unpaid portion of such DIP Facility Claim or (ii) such other treatment as to which the Debtors and such Holder shall have agreed upon in writing.

(b) Notwithstanding the foregoing, if any letters of credit under the DIP Facility Agreement remain undrawn as of the Effective Date, the Debtors will either, with the consent of the issuing bank: (i) cash collateralize such letters of credit in an amount equal to 105% of the undrawn amount of any such letters of credit, (ii) return any such letters of credit to the issuing bank undrawn and marked "cancelled" or (iii) provide a "back to back" letter of credit to the issuing bank in a form and issued by an institution reasonably satisfactory to such issuing bank, in an amount equal to 105% of the then undrawn amount of such letters of credit.

2.2 Administrative Claims.

(a) Each Holder of an Administrative Claim (other than a Professional Fee Claim) that is an Allowed Claim shall receive, in full satisfaction and discharge of such Claim, Cash equal to the unpaid portion of such Administrative Claim on the later of (i) the Effective Date and (ii) the date on which such Administrative Claim becomes an Allowed Claim; provided, however, that (x) such Holder may be treated on such less favorable terms as may be agreed to by such Holder and (y) Administrative Claims (other than Professional Fee Claims) representing a liability incurred by any Debtor in the ordinary course of its businesses during the Chapter 11 Cases shall be paid in accordance with the terms and conditions of the particular transactions and agreements relating to such liability without the need to file or serve any request for payment of such Administrative Claims.

(b) Except as otherwise provided in the Plan, unless previously filed, requests for payment of Administrative Claims (other than Professional Fee Claims) must be filed and served on the Debtors and New OTC and their respective counsel no later than 30 days after the Effective Date in accordance with the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order. Holders of Administrative Claims that are required to file and serve a request for payment of such Administrative Claims under this Section 2.2(b) and that do not file and serve such a request by such date will be forever barred from asserting such Administrative Claims against the Debtors, the New Companies or their respective property, and such Administrative Claims will be deemed barred as of the Effective Date. Objections to such requests must be filed and served on the Debtors and New OTC and their respective counsel and the requesting party by the later of (i) 90 days after the Effective Date and (ii) 60 days after the filing of the applicable request for payment of Administrative Claims. New OTC may request (and the Bankruptcy Court may grant) an extension of such deadline by filing a motion with the Bankruptcy Court, based on a reasonable exercise of its business judgment. A motion seeking to extend the deadline to object to any Administrative Claim shall not be deemed an amendment to the Plan.

2.3 Professional Fee Claims. Professionals requesting compensation or reimbursement of Professional Fee Claims or otherwise required to file fee applications by order of the Bankruptcy Court for services rendered prior to the Confirmation Date must file with the Bankruptcy Court and serve pursuant to the notice provisions of the Interim Compensation Order an application for final allowance of compensation and reimbursement of expenses no later than forty-five (45) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the approval of the Bankruptcy Court. Only the Professional Fee Claims that are approved by the Bankruptcy Court will be owed and required to be paid under the Plan.

2.4 Priority Tax Claims. Each Holder of a Priority Tax Claim that is an Allowed Claim shall, at the sole option of the Debtors or New OTC, as the case may be, (a) receive, on account of such Claim, Cash equal to the unpaid portion of such Priority Tax Claim on the later of (i) the Effective Date and (ii) the date on which such Priority Tax Claim becomes an Allowed Claim or (b) be paid on account of its Allowed Claim on such less favorable terms as have been or may be agreed to by such Holder and the Debtors or New OTC, as the case may be; provided, however, that the Debtors or New OTC, as the case may be, shall be authorized, at their or its option, to make deferred Cash payments on account of any Priority Tax Claim that is an Allowed Claim in the manner and to the extent permitted under Section 1129(a)(9)(C) of the Bankruptcy Code, subject to the option of the Debtors or New OTC, as the case may be, to prepay at any time the entire remaining amount of such Priority Tax Claim in Cash.

ARTICLE 3

CLASSIFICATION OF CLAIMS AND INTERESTS

3.1 Class 1: Priority Claims. Class 1 consists of all Priority Claims.

3.2 Class 2: Other Secured Claims. Class 2 consists of all Secured Claims other than the First Lien Claims and the Second Lien Claims.

3.3 Class 3: First Lien Claims. Class 3 consists of all First Lien Claims. Notwithstanding anything contained in the Plan to the contrary, (a) the First Lien Claims shall be deemed Allowed Claims in Class 3 in the aggregate amount of $403,380,000 (subject to adjustment to reflect actual termination of the interest rate swap agreements entered into in connection with the First Lien Credit Agreement) and (b) such Allowed Claims shall not be subject to disallowance, setoff, recoupment, subordination, recharacterization or reduction of any kind, including pursuant to Section 502(d) of the Bankruptcy Code.

3.4 Class 4: Second Lien Claims. Class 4 consists of all Second Lien Claims. Notwithstanding anything contained in the Plan to the contrary, (a) the Second Lien Claims shall be deemed Allowed Claims in Class 4 in the aggregate amount of $185,824,934 plus any accrued but unpaid fees and expenses arising under the Second Lien Credit Agreement prior to the Commencement Date and (b) such Allowed Claims shall not be subject to disallowance, setoff, recoupment, recharacterization, reduction or, except as set forth in the Intercreditor Agreement, subordination, of any kind, including pursuant to Section 502(d) of the Bankruptcy Code.

3.5 Class 5: General Unsecured Claims. Class 5 consists of all unsecured Claims against any Debtor (other than Holdings and Investors) other than Administrative Claims, Priority Tax Claims and Claims in Classes 1, 3, 4 and 6.

3.6 Class 6: Intercompany Claims. Class 6 consists of all Claims of any Debtor against any other Debtor.

3.7 Class 7: First Lien Guarantee Claims. Class 7 consists of all First Lien Guarantee Claims. Notwithstanding anything contained in the Plan to the contrary, (a) the First Lien Guarantee Claims shall be deemed Allowed Claims in Class 7 in the aggregate amount of $403,380,000 (subject to adjustment to reflect actual termination of the interest rate swap agreements entered into in connection with the First Lien Credit Agreement) and (b) such Allowed Claims shall not be subject to disallowance, setoff, recoupment, subordination, recharacterization or reduction of any kind, including pursuant to Section 502(d) of the Bankruptcy Code.

3.8 Class 8: Second Lien Guarantee Claims. Class 8 consists of all Second Lien Guarantee Claims. Notwithstanding anything contained in the Plan to the contrary, (a) the Second Lien Guarantee Claims shall be deemed Allowed Claims in Class 8 in the aggregate amount of $185,824,934 plus any accrued but unpaid fees and expenses arising under the Second Lien Credit Agreement prior to the Commencement Date and (b) such Allowed Claims shall not be subject to disallowance, setoff, recoupment, recharacterization, reduction or, except as set forth in the Intercreditor Agreement, subordination, of any kind, including pursuant to Section 502(d) of the Bankruptcy Code.

3.9 Class 9: Holdings/Investors General Unsecured Claims. Class 9 consists of all unsecured Claims against Holdings and Investors (including the Mezzanine Claims), other than Administrative Claims, Priority Tax Claims and Claims in Classes 1 and 6. Notwithstanding anything contained in the Plan to the contrary, (a) the Mezzanine Claims shall be deemed Allowed Claims in Class 9 in the aggregate amount of $120,071,268 plus any accrued but unpaid fees and expenses arising under the Mezzanine Loan Agreement prior to the Commencement Date and (b) such Allowed Claims shall not be subject to disallowance, setoff, recoupment, recharacterization, reduction or subordination, of any kind, including pursuant to Section 502(d) of the Bankruptcy Code.

3.10 Class 10: Interests. Class 10 consists of all Interests in the Debtors.

ARTICLE 4

TREATMENT AND IMPAIRMENT OF CLASSES OF CLAIMS AND INTERESTS

In full satisfaction and discharge of all of the Claims against or Interests in the Debtors:

4.1 Class 1 – Priority Claims.

(a) Each Holder of a Class 1 Claim that is an Allowed Claim shall be paid (i) the full amount of such Allowed Claim in Cash on the later of (x) the Effective Date, (y) the date on which such Claim becomes an Allowed Claim and (z) the date on which such Claim becomes payable, or (ii) upon such other less favorable terms as may be agreed to by such Holder.

(b) Class 1 is unimpaired and is conclusively presumed pursuant to Section 1126(f) of the Bankruptcy Code to have accepted the Plan and therefore shall not be entitled to vote to accept or reject the Plan.

4.2 Class 2 – Other Secured Claims.

(a) Unless otherwise agreed by any Holder of a Class 2 Claim that is an Allowed Claim, each such Allowed Claim shall be unaltered as to its legal, equitable and contractual rights or otherwise rendered unimpaired pursuant to Section 1124 of the Bankruptcy Code.

(b) Class 2 is unimpaired and is conclusively presumed pursuant to Section 1126(f) of the Bankruptcy Code to have accepted the Plan and therefore shall not be entitled to vote to accept or reject the Plan.

4.3 Class 3 – First Lien Claims.

(a) On the Effective Date, (i) each Holder of a Class 3 Claim shall receive its Pro Rata share of (x) the New Term Loan Cash Consideration or, if the New Term Loans cannot be obtained from New Term Loan Third Party Lenders on terms reasonably acceptable to the Debtors and the First Lien Steering Committee as provided in Section 5.7(b) of the Plan, the $200 million of New Term Loans and (y) 100% of the New Holdco Common Stock issued on the Effective Date and (ii) each Holder of a Class 3 Claim shall receive any unpaid adequate protection payments due to it pursuant to the DIP Order, and shall retain any payment received by it pursuant to the DIP Order.

(b) Class 3 is impaired and is entitled to vote to accept or reject the Plan.

4.4 Class 4 – Second Lien Claims.

(a) On the Effective Date, each Holder of a Class 4 Claim shall receive its Pro Rata share of the New Warrants.

(b) Class 4 is impaired and is entitled to vote to accept or reject the Plan.

4.5 Class 5 – General Unsecured Claims.[2]

(a) On the Effective Date, each Holder of a Class 5 Claim that is an Allowed Claim shall receive its Pro Rata share of Cash in an amount sufficient to provide each such Holder with a percentage recovery on its Class 5 Claim equal to the percentage recovery received by each Holder of a Class 4 Claim through the distribution of New Warrants to each such Holder on account of its Class 4 Claim.

(b) Class 5 is impaired and is entitled to vote to accept or reject the Plan.

4.6 Class 6 – Intercompany Claims.

(a) On the Effective Date, each Class 6 Claim shall be extinguished, and each Holder of a Class 6 Claim shall not be entitled to, and shall not receive or retain, any property, interest in property or distribution on account of such Claim.

(b) All Class 6 Claims are held by the Debtors, each of which hereby votes to accept the Plan.

4.7 Class 7 – First Lien Guarantee Claims.

(a) On the Effective Date, each Holder of a Class 7 Claim shall receive its Pro Rata share of the Holdings Cash.

(b) Class 7 is impaired and is entitled to vote to accept or reject the Plan.

4.8 Class 8 – Second Lien Guarantee Claims.

(a) On the Effective Date, each Holder of a Class 8 Claim shall receive its Pro Rata share of the Holdings Cash.

(b) Class 8 is impaired and is entitled to vote to accept or reject the Plan.

4.9 Class 9 – Holdings/Investors General Unsecured Claims.

(a) On the Effective Date, each Class 9 Claim shall receive its Pro Rata share of the Holdings Cash.

(b) Class 9 is impaired and is entitled to vote to accept or reject the Plan.

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[2] Potential convenience and "ongoing" trade classes to be discussed.

4.10 Class 10 – Interests.

(a) On the Effective Date, all Class 10 Interests shall be canceled, and each Holder of a Class 10 Interest shall not be entitled to, and shall not receive or retain, any property, interest in property or distribution on account of such Interest.

(b) Class 10 is impaired and is conclusively presumed pursuant to Section 1126(g) of the Bankruptcy Code to have rejected the Plan and therefore shall not be entitled to vote to accept or reject the Plan.

4.11 Nonconsensual Confirmation. The Debtors will request that the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code without acceptance by Class 10. In addition, the Debtors are prepared to request confirmation of the Plan, as it may be modified from time to time, under Section 1129(b) with respect to Classes 4, 5, 8 and 9, if any of Classes 4, 5, 8 or 9, voting as a Class, rejects the Plan.

ARTICLE 5

MEANS OF IMPLEMENTATION OF PLAN

5.1 Formation of New Companies and Fun Express LLC. Each New Company shall be (and shall be permitted to be) formed on or prior to the Effective Date. Fun Express shall (and shall be permitted to) form Fun Express LLC, with Fun Express as the sole member, on or prior to the Effective Date.

5.2 Restructuring Transactions. Subject to any modification as may be reflected in the Plan Supplement:

(a) On the Effective Date and immediately prior to the Asset Transfer, the following transactions shall have occurred by operation of the Plan without any further documentation or any action of any Person unless otherwise specified herein:

(1) Marketing shall have distributed any and all Transferred Assets owned by it to OTC.

(2) Fun Express shall have contributed any and all Transferred Assets owned by it to Fun Express LLC (the "Fun Express Asset Transfer").

(3) Fun Express LLC shall have assumed the Assumed Liabilities relating to the Transferred Assets contributed to it pursuant to Section 5.2(a)(2) of the Plan.

(4) Fun Express shall have distributed all interests in Fun Express LLC to OTC.

(b) On the Effective Date and immediately after the transactions described in Section 5.2(a) of the Plan, the following transactions shall have occurred by operation of the Plan without any further documentation or any action of any Person unless otherwise specified herein:

(1) OTC shall have transferred, assigned and conveyed to New OTC any and all Transferred Assets (including all equity interests in Fun Express LLC and all Transferred Assets distributed by Marketing to OTC pursuant to Section 5.2(a)(1) of the Plan) in exchange for (a) the assumption by New OTC of the Assumed Liabilities (other than those assumed by Fun Express LLC), (b) the New Term Loans or the New Term Loan Cash Consideration, as the case may be, and (c) the New Securities (such transfer, assignment and conveyance, collectively, the "Asset Transfer").

(2) Simultaneously with the Asset Transfer:

(A) In exchange for, and simultaneously with the issuance of, the New Midco Common Shares, New Holdco shall (and New OTC and OTC shall authorize New Holdco to) (i) issue the New Securities and (ii) deliver (on behalf of New OTC and OTC) (x) the New Holdco Common Stock issued on the Effective Date to Holders of Class 3 Claims pursuant to the Plan and (y) the New Warrants to Holders of Class 4 Claims.

(B) In exchange for, and simultaneously with the issuance of, the New Securities, New Midco shall issue the New Midco Common Shares to New Holdco.

(C) In exchange for, and simultaneously with the issuance of, the New Securities, New OTC shall issue the New OTC Common Shares to New Midco.

(D) New Midco shall have authorized New OTC to enter into the Asset Transfer (including, for the avoidance of doubt, the transfer of the New Securities to OTC in consideration for the Asset Transfer).

(E) New OTC shall, in connection with the Asset Transfer, (i) have assumed the Assumed Liabilities (other than those assumed by Fun Express LLC) and thereafter be responsible for the payment, performance or discharge of such Assumed Liabilities at such time when such payment, discharge or performance is due or required, (ii) enter into the Exit Facility and (iii) execute and deliver the New Term Loan Documents and issue the New Term Loans and, if applicable, distribute (on behalf of OTC) the New Term Loan Cash Consideration to the First Lien Lenders, in accordance with and pursuant to the Plan.

(c) After the Asset Transfer, New OTC shall be renamed as "Oriental Trading Company, Inc."

(d) For all Tax purposes, (i) the Asset Transfer shall be treated as a taxable sale of all Transferred Assets by the Debtors to New OTC, (ii) New Holdco shall be treated as contributing the New Securities to New Midco in exchange for the New Midco Common Shares and (iii) New Midco shall be treated as contributing the New Securities to New OTC in exchange for the New OTC Common Shares. The aggregate amount of Cash paid by New OTC (on behalf of OTC) on the Effective Date, the Assumed Liabilities (other than those being paid in Cash on the Effective Date) and the New Term Loans outstanding as of the Effective Date or the New Term Loan Cash Consideration, as the case may be, and the value of the New Securities as of the Effective Date shall be allocated among the Transferred Assets in accordance with Section 1060 of the Internal Revenue Code of 1986, as amended, and the regulations thereunder. The Debtors and the New Companies shall report (including by filing Tax Returns and IRS Form 8594) in a manner consistent with such treatments and allocation.

5.3 Substantive Consolidation.

(a) On the Effective Date, Fun Express and Marketing shall be deemed, but solely for administration of the Chapter 11 Cases, merged into OTC and (i) all assets and liabilities of Fun Express and Marketing shall be deemed merged into the assets and liabilities of OTC; (ii) all guarantees by OTC, Fun Express or Marketing of the payment, performance or collection of obligations of any of them shall be eliminated and canceled; (iii) any obligation of any of OTC, Fun Express or Marketing and all guarantees thereof by any of them shall be deemed to be a single Claim against all of them; (iv) all joint obligations of any two or more of OTC, Fun Express or Marketing and all multiple Claims against any of OTC, Fun Express or Marketing on account of such joint obligations shall be treated and allowed only as a single Claim against all of them; and (v) each proof of Claim filed against any one of OTC, Fun Express or Marketing shall be deemed filed only against the consolidated entity and shall be deemed a single obligation of the consolidated entity. The substantive consolidation described in this Section 5.3(a) shall not affect the separate legal existence of each such Debtor for tax, regulatory or other purposes, or result in any actual merger or transfer of each such Debtor's assets and liabilities for any purpose (including, without limitation, for tax and state law purposes) other than the administration of the Chapter 11 Cases and the determination of any rights of, and any distributions to, Holders of Claims under the Plan.

(b) On the Effective Date, Holdings shall be deemed, but solely for administration of the Chapter 11 Cases, merged into Investors and (i) all assets and liabilities of Holdings shall be deemed merged into the assets and liabilities of Investors; (ii) all guarantees by Holdings or Investors of the payment, performance or collection of obligations of the other of them shall be eliminated and canceled; (iii) any obligation of either of Holdings or Investors and all guarantees thereof by the other of them shall be

deemed to be a single Claim against both of them; (iv) all joint obligations of Holdings and Investors and all multiple Claims against either of Holdings or Investors on account of such joint obligations shall be treated and allowed only as a single Claim against both of them; and (v) each proof of Claim filed against either Holdings or Investors shall be deemed filed only against the consolidated entity and shall be deemed a single obligation of the consolidated entity. The substantive consolidation described in this Section 5.3(b) shall not affect the separate legal existence of either such Debtor for tax, regulatory or other purposes, or result in any actual merger or transfer of either of such Debtor's assets and liabilities for any purpose (including, without limitation, for tax and state law purposes) other than the administration of the Chapter 11 Cases and the determination of any rights of, and any distributions to, Holders of Claims under the Plan.

5.4 Continued Corporate Existence. Except as otherwise provided herein, each Debtor will continue to exist after the Effective Date as a separate corporate entity, with all of the powers of a corporation under applicable law in the jurisdiction in which it is incorporated or otherwise formed and pursuant to its certificate or articles of incorporation and by-laws or other organizational documents in effect prior to the Effective Date. On or after the Effective Date, each Debtor, in its sole and exclusive discretion, may take such action as permitted by applicable law as such Debtor may determine is reasonable and appropriate, including, but not limited to, causing: (a) a Debtor to be merged into another Debtor, or its subsidiary or affiliate; (b) a Debtor to be dissolved without the necessity for any other or further actions to be taken by or on behalf of such dissolving Debtor or any payments to be made in connection therewith, subject to the filing of a certificate of dissolution with the appropriate governmental authorities; (c) the legal name of a Debtor to be changed; or (d) the closing of a Debtor's case on the Effective Date or any time thereafter.

5.5 Management/Boards of Directors.

(a) Prior to the Confirmation Date, in accordance with Section 1129(a)(5) of the Bankruptcy Code, the Debtors shall disclose in the Plan Supplement (i) the identity and affiliations of any individual proposed to serve, after the Effective Date, as a director or officer of the Debtors or the New Companies and (ii) the identity of any "insider" (as such term is defined in Section 101(31) of the Bankruptcy Code) who will be employed and retained by the Debtors or the New Companies and the nature of any compensation for such insider. The New Board will consist initially of 7 members, 6 of whom will be designated by the First Lien Steering Committee and 1 of whom will be the chief executive officer of New Holdco. The election of the New Board shall be approved by the Bankruptcy Court in the Confirmation Order. Thereafter the New Board shall be elected in accordance with the New Holdco Governing Documents.

(b) The New Board shall appoint directors of the New Companies other than New Holdco to serve in their respective capacities after the Effective Date until replaced or removed in accordance with each New Company's respective governing documents.

5.6 Management Incentive Plan.

(a) On the Effective Date, New Holdco shall be authorized to establish and implement the Management Incentive Plan. Awards granted thereunder may be in the form of stock options, stock appreciation rights, restricted stock, and other forms of equity-based awards, as determined by the New Board. The Management Incentive Plan shall be promulgated by the New Board for the benefit of such members of management, employees and directors of the New Companies as are designated by the New Board, or a committee of the New Board, in its sole and absolute discretion, on such terms as to timing of issuance, manner and timing of vesting, duration, individual entitlement and all other terms, as such terms are determined by the New Board in its sole and absolute discretion. The Management Incentive Plan may be amended or modified from time to time by the New Board. All decisions as to entitlement to participate after the Effective Date in any equity or equity-based plans shall be within the sole and absolute discretion of the New Board or a committee designated by the New Board. New Holdco will reserve shares of New Holdco Common Stock for distributions of equity incentive awards to be granted under the Management Incentive Plan, which number of shares will represent up to [__]%[3] of the New Holdco Common Stock to be issued and outstanding on the Effective Date.

(b) Any pre-existing understandings, either oral or written, between the Debtors and any current or former member of management, any employee, or any other Person as to entitlement to (i) any pre-existing equity or equity-based awards or (ii) participate in any pre-existing equity incentive plan, equity ownership plan or any other equity-based plan shall be null and void as of the Effective Date and shall not be binding on the New Companies on or following the Effective Date.

5.7 New Term Loan Documents.

(a) On the Effective Date, the New Term Loan Documents shall become effective. New OTC shall be authorized to execute the New Term Loan Documents and issue the New Term Loans on the Effective Date, and each of the other New Companies shall be authorized to guarantee the New Term Loans pursuant to the New Term Loan Documents. If the New Term Loans are issued to the First Lien Lenders, on the Effective Date the New Companies will execute the New Term Loan Documents, as applicable, and Holders of Class 3 Claims shall become parties to and bound by the terms of the New Term Loan Documents, regardless of whether any such Holder actually executes the New Term Loan Documents. If the New Term Loans are provided by the New Term Loan Third Party Lenders, then on the Effective Date the New Companies and such New Term Loan Third Party Lenders shall execute the New Term Loan Documents, as applicable. The New Term Loans issued pursuant to the New Term Loan Documents and all

[3] To be determined prior to the hearing concerning the Disclosure Statement.

obligations under the New Term Loan Documents shall be paid as set forth in the New Term Loan Documents.

(b) The Debtors, in consultation with the First Lien Steering Committee, shall use reasonable best efforts to obtain the New Term Loans from New Term Loan Third Party Lenders. In the event that the New Term Loans cannot be obtained from New Term Loan Third Party Lenders on terms reasonably acceptable to the Debtors and the First Lien Steering Committee, then the New Term Loans shall be issued to the First Lien Lenders.

5.8 Authorization and Issuance of New Securities.

(a) Subject to and in compliance with the Plan and any applicable Plan Document, (i) the New Holdco Governing Documents shall be authorized and shall become effective on the Effective Date, (ii) New Holdco shall issue on the Effective Date the New Holdco Common Stock, (iii) New Holdco shall issue on the Effective Date the New Warrants and (iv) New Holdco shall reserve for issuance shares of New Holdco Common Stock for distributions of equity-based awards granted under the Management Incentive Plan. The number of shares of New Holdco Common Stock that will be issued pursuant to clause (ii) above shall be set forth in the Plan Supplement.

(b) The New Holdco Common Stock distributed on the Effective Date to Holders of Class 3 Claims shall be subject to dilution based upon (i) the exercise of the New Warrants pursuant and subject to the terms of the New Warrant Agreement, if applicable, (ii) the issuance of New Holdco Common Stock and the grant of equity-based awards pursuant to the Management Incentive Plan and (iii) the issuance of any other shares of New Holdco Common Stock pursuant to the New Holdco Governing Documents after the Effective Date.

(c) New Holdco will enter into the Registration Rights Agreement and the Stockholders Agreement, in substantially the forms to be filed with the Plan Supplement, for the benefit of Persons receiving New Securities under the Plan. On the Effective Date, New Holdco shall execute the Registration Rights Agreement and the Stockholders Agreement, as applicable, and all Persons receiving New Securities under the Plan shall become parties to and bound by the terms of the Registration Rights Agreement and Stockholders Agreement, as applicable, regardless of whether any such Person actually executes the Registration Rights Agreement and the Stockholders Agreement, as applicable.

5.9 Plan Supplement. The Plan Supplement shall be filed with the clerk of the Bankruptcy Court at least ten (10) days prior to the commencement of the Confirmation Hearing. Upon such filing, the Plan Documents and any other document included in the Plan Supplement may be inspected via the Bankruptcy Court's electronic filing system at https://ecf.deb.uscourts.gov or at www.kccllc.net/OTC. Holders of Claims or Interests

may obtain a copy of any document included in the Plan Supplement from the Debtors' solicitation agent, Kurtzman Carson Consultants LLC, by emailing OTCinfo@kccllc.com or calling (877) 565-8216. The Debtors reserve the right, with the prior consent of the First Lien Steering Committee, to alter, amend or modify the Plan Supplement or any of the Plan Documents at any time prior to the Effective Date.

5.10 Corporate Actions.

(a) On the Effective Date, all actions contemplated by the Plan shall be deemed authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects (subject to the provisions of the Plan), including, without limitation, all of the transactions contemplated by this Article 5. Each of the matters provided for under the Plan involving the corporate structure of any Debtor or any New Company and any other transaction reasonably necessary to facilitate the consummation of the Plan shall be deemed to have occurred and shall be in effect pursuant to the Bankruptcy Code, and shall be authorized, approved and, to the extent taken prior to the Effective Date, ratified in all respects without any requirement of further action by the shareholders or the directors of any of the Debtors or any New Company. On the Effective Date, the appropriate officers of the Debtors and the New Companies are authorized and directed to execute and to deliver the Plan Documents and any other agreements, documents and instruments contemplated by the Plan or the Plan Documents in the name and on behalf of the Debtors or the New Companies, and to take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan or to otherwise comply with applicable law.

(b) New OTC shall be entitled, and be authorized without any further documentation or any action of any Person, to act on behalf of each Debtor with respect to or in connection with any matter relating to Taxes (for which the Debtors' related liabilities are included in the Assumed Liabilities) or Tax Returns of any Debtor relating thereto (including, without limitation, preparation and filing of any such Tax Return, audit, examination, investigation, proceeding or other dispute relating to any such Tax or Tax Return and settlement of any dispute with any taxing authority relating to any such Tax or Tax Return).

ARTICLE 6

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

6.1 Assumption and Assignment of Executory Contracts and Unexpired Leases.

6.1.1 Assumption and Assignment.

(a) Except as otherwise provided herein, all executory contracts and unexpired leases that exist between any Debtor and any Person shall be deemed assumed by the Debtors and (x) in the case of each Debtor other than Fun Express, assigned to New OTC on the Effective Date in connection with the Asset Transfer pursuant to Section 365 of the Bankruptcy Code or (y) in the case of Fun Express, assigned to Fun Express LLC on the Effective Date in connection with the Fun Express Asset Transfer pursuant to Section 365 of the Bankruptcy Code, unless such contracts or leases (i) were assumed or rejected, or renegotiated and either assumed or rejected on renegotiated terms, pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (ii) were entered into by the Debtors during the pendency of the Chapter 11 Cases, (iii) are subject to a motion to reject, or a motion to approve renegotiated terms and to assume or reject on such renegotiated terms, that has been filed and served prior to the Effective Date, or (iv) are set forth in a schedule, as an executory contract or unexpired lease to be rejected, filed by the Debtors as part of the Plan Supplement. The Debtors reserve the right, at any time prior to the Confirmation Date, to add any executory contract or unexpired lease thereto, thus providing for its rejection pursuant to this Section 6.1.1(a). The Debtors will provide notice of any amendments to such schedule to the non-Debtor parties to the executory contracts or unexpired leases affected thereby and to those parties entitled to notice pursuant to Bankruptcy Rule 2002.

(b) Entry of the Confirmation Order shall constitute approval, pursuant to Section 365 of the Bankruptcy Code, of the assumption and assignment or rejection of executory contracts and unexpired leases as provided for herein. All executory contracts and unexpired leases assumed and assigned as provided for herein shall, upon assignment to New OTC or Fun Express LLC (as the case may be) or any subsequent assignment to any subsidiary thereof, be valid, binding and in full force and effect and enforceable by New OTC or Fun Express LLC (as the case may be) or such subsidiary in accordance with their respective terms (except as otherwise modified by the provisions of the Plan or by any order of the Bankruptcy Court), notwithstanding any provision of any executory contract or unexpired lease (including those of the type described in Sections 365(b)(2) and 365(f) of the Bankruptcy Code) or other legal restriction that prohibits, restricts or conditions such assignment or transfer.

6.1.2 Cure Payments, Etc. All cure payments that may be required under Section 365(b)(1) of the Bankruptcy Code in connection with the assumption and assignment of an executory contract or an unexpired lease under Section 6.1.1 shall be made on the

Effective Date, as soon as practicable thereafter or as otherwise agreed to by the counterparty whose executory contract or unexpired lease is being assumed; provided, however, that in the event of a dispute concerning (i) the amount of any cure payment, (ii) the ability of New OTC or Fun Express LLC (as the case may be) or any subsidiary thereof to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the executory contract or the unexpired lease to be assumed and assigned or (iii) any other matter pertaining to the assumption and assignment of an executory contract or an unexpired lease, New OTC, Fun Express LLC or such subsidiary, as the case may be, shall make such cure payment or provide such assurance, as required, in accordance with Final Orders of the Bankruptcy Court or upon such other terms as the parties to such executory contract or unexpired lease may otherwise agree.

6.2 [Employee Compensation and Benefit Programs. Except as set forth in Section 5.6(b) of the Plan, all of the Debtors' existing compensation and benefit agreements, plans, policies and programs applicable to their employees, officers and non-employee directors (including, without limitation, healthcare plans, disability plans, paid-time off plans, life and disability insurance plans, expense reimbursement policies, employment and severance agreements, offer letters, the OTC Retention Plan and the OTC Key Employee Performance Incentive Plan) that are set forth on a schedule to be included in the Plan Supplement (a) shall be amended, as applicable, in a manner agreed to by the Debtors and the First Lien Steering Committee, (b) shall be deemed, and treated as, executory contracts for purposes of the Plan and (c) as of the Effective Date, shall be assumed by the Debtors as so amended and assigned to the New Companies pursuant to Sections 365 and 1123 of the Bankruptcy Code.]

6.3 Rejection. A Claim under an executory contract or an unexpired lease that has been rejected shall constitute a Class 2 Claim, if secured, or a Class 5 Claim, if unsecured. All Claims arising out of the rejection of executory contracts and unexpired leases hereunder must be filed within thirty (30) days after the date of entry of an order of the Bankruptcy Court approving such rejection. Any Claims not filed within such time shall be forever barred from assertion against the Debtors and their Estates and the New Companies.

6.4 Director and Officer Liability Insurance Policies. As of the Effective Date, the Debtors shall assume all of the insurance policies for directors and officers' liability maintained by the Debtors as of the Commencement Date pursuant to Section 365(a) of the Bankruptcy Code.

ARTICLE 7

DISTRIBUTIONS

7.1 Distributions to Distribution Agent. On the Effective Date, New OTC and New Holdco (on behalf of the Debtors) shall transmit or cause to be transmitted to the Distribution Agent Cash, the New Term Loans and, if applicable, the New Term Loan Cash Consideration, and the New Securities to make the distributions and payments required by the Plan to be made on the Effective Date.

7.1.1 Distributions.

(a) The Distribution Agent shall be responsible for making all of the distributions required to be made by the Debtors or New OTC, as the case may be, under the Plan. All costs and expenses in connection with such distributions, including, without limitation, any fee and expense of the Distribution Agent, shall be borne by New OTC.

(b) The Distribution Agent shall have the right to employ one or more sub-agents on such terms and conditions as the Distribution Agent and such sub-agent(s) shall agree, subject to approval of the Debtors and New OTC.

(c) No Distribution Agent shall be required to provide any bond or surety or other security in connection with the making of any distributions pursuant to, and the performance of its duties under, the Plan, unless otherwise ordered by the Bankruptcy Court.

7.1.2 Dates of Distributions. The Distribution Agent shall make each required distribution by the date stated in the Plan with respect to such distribution. Except as set forth in Section 7.1.4 of the Plan, any distribution required to be made on the Effective Date shall be deemed to be made on such date if made as soon as practicable after such date and, in any event, within thirty (30) days from such date. Any distribution required to be made on the date on which a Claim becomes an Allowed Claim shall be deemed to be made on such date if made on the nearest Distribution Date occurring after such date.

7.1.3 Manner of Payment. At the sole option of the Distribution Agent, Cash distributions required to be paid by the Debtors on the Effective Date may be made in cash, by wire transfer or by a check drawn on a domestic bank, and such payment shall be deemed made when the check or wire transfer is transmitted. Distribution of New Term Loans and New Securities shall be made by the issuance and delivery of such New Term Loans and New Securities. Distribution of the New Term Loan Cash Consideration, if applicable, shall be made in cash or by wire transfer.

7.1.4 Distributions to First Lien Lenders, Second Lien Lenders and Mezzanine Lenders. All distributions to the First Lien Lenders, the Second Lien Lenders and the Mezzanine Lenders shall be made on the Effective Date.

7.2 Undeliverable Distributions. If a distribution is returned to the Distribution Agent as undeliverable, the Distribution Agent shall hold such distribution and shall not be required to take any further action with respect to the delivery of the distribution unless and until the Distribution Agent is notified in writing of the then current address of the Person entitled to receive the distribution. Unless and until the Distribution Agent is so notified, such distribution shall be deemed to be Unclaimed Property and shall be dealt with in accordance with Section 7.6(a) of the Plan. The Distribution Agent shall not be entitled to vote any New Securities that the Distribution Agent holds as undeliverable.

7.3 Old Securities, First Lien Credit Agreement, Second Lien Credit Agreement and Mezzanine Loan Agreement.

7.3.1 Rights of Holders of Old Securities. As of the Effective Date, (a) all Old Securities shall be deemed automatically canceled and deemed void and of no further force or effect, without any further action on the part of any Person, and (b) the Debtors' obligations under such Old Securities shall be deemed discharged.

7.3.2 Rights of Holders of First Lien Claims, First Lien Guarantee Claims, Second Lien Claims, Second Lien Guarantee Claims and Mezzanine Claims. On the Effective Date, the First Lien Credit Agreement, the Second Lien Credit Agreement and the Mezzanine Loan Agreement shall be deemed canceled, discharged, terminated and of no further force and effect; provided, however, that any obligations of the First Lien Lenders under the First Lien Credit Agreement to indemnify the First Lien Agent that are expressly stated to survive the payment in full of the First Lien Claims shall so survive. Notwithstanding the foregoing, such cancellation shall not impair the rights of any Holder of a First Lien Claim, a Second Lien Claim or a Mezzanine Claim to receive distributions on account of such Claim under the terms of the Plan. Except as expressly set forth in the first sentence of Section 10.5 of the Plan, nothing herein shall constitute a waiver or modification of any party's rights and obligations under the Intercreditor Agreement, which shall remain in full force and effect notwithstanding the confirmation and consummation of the Plan.

7.3.3 Cancellation of Liens. Except as otherwise provided in the Plan, on the Effective Date, any Lien securing any Secured Claim, including without limitation, any Liens created under the DIP Facility Agreement or the DIP Order, shall be deemed released, and the Holder of such Secured Claim shall be authorized and directed to release any collateral or other property of any Debtor (including without limitation, any cash collateral) held by such Person and to take such actions as may be requested by such Debtor to evidence the release of such Lien, including, without limitation, the execution, delivery and filing or recording of such releases as may be requested by such Debtor.

7.4 Fractional Securities and Rounding of Payments.

(a) No fractional share of New Holdco Common Stock shall be issued on the Effective Date and no New Warrant to purchase a fractional share of New Holdco Common Stock shall be issued under the Plan. Each Person otherwise entitled to receive a number of shares of New Holdco Common Stock issued on the Effective Date that includes a fractional share or a New Warrant that is exercisable to purchase a fractional share of New Holdco Common Stock shall receive a share of New Holdco Common Stock or a New Warrant that has been rounded down to the next whole number of shares (if such fraction is less than one-half) or rounded up to the next whole number of shares (if such fraction is equal to, or greater than, one-half). Notwithstanding the foregoing, whenever rounding to the next lower whole number would result in such Person receiving no shares of New Holdco Common Stock or a New Warrant that is not exercisable to purchase any shares of New Holdco Common Stock, such Person shall receive one share of New Holdco Common Stock or a New Warrant that is exercisable to purchase one share of New Holdco Common Stock, as applicable.

(b) Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars or less being rounded down. To the extent that Cash remains undistributed as a result of the rounding of such fraction to the nearest whole dollar, such Cash shall be treated as Unclaimed Property under Section 7.6(a) of the Plan.

7.5 Compliance with Tax Requirements. The Debtors, the New Companies and the Distribution Agent shall comply with all withholding and reporting requirements imposed by federal, state or local taxing authorities in connection with making distributions pursuant to the Plan. With respect to any Person from whom a tax identification number, certified tax identification number or other Tax information required by law to avoid withholding has not been received by the Debtors, the New Companies or the Distribution Agent, the Debtors, the New Companies or the Distribution Agent may, at their sole option, withhold the amount required to be withheld out of the Cash, the New Term Loans and, if applicable, the New Term Loan Cash Consideration, or the New Securities distributable to such Person and distribute the balance to such Person or decline to make any distribution to such Person until the applicable Tax information is received.

7.6 Distribution of Unclaimed Property.

(a) If any Person entitled to receive Cash or New Securities pursuant to the Plan is not known to the Debtors or the New Companies on the Effective Date or on such other date on which such Person becomes eligible for distribution of such Cash or New Securities, such Cash or New Securities shall be deemed to be "Unclaimed Property". Nothing contained in the Plan shall require the Debtors or the New Companies (or the

Distribution Agent) to attempt to locate such Person. The Unclaimed Property shall be set aside and (in the case of Cash) held in a segregated interest-bearing account to be maintained by the Distribution Agent.

(b) If such Person presents itself within one (1) year from the Confirmation Date, the Unclaimed Property distributable to such Person, without interest or dividends earned thereon, shall be paid or distributed to such Person on the next Distribution Date. If such Person does not present itself within one (1) year from the Confirmation Date, any such Unclaimed Property and accrued interest earned thereon shall become the property of, and shall be released to, New OTC and the Claim of any other Holder to such property or interest in property shall be discharged and forever barred notwithstanding any applicable federal or state escheat, abandoned or unclaimed property laws to the contrary.

7.7 Setoff. Each of the Debtors and New OTC may, but is not required to, setoff against or recoup from any Claim and the distribution to be made pursuant to the Plan in respect of such Claim (other than the DIP Facility Claims, the First Lien Claims, the First Lien Guarantee Claims, the Second Lien Claims, the Second Lien Guarantee Claims and the Mezzanine Claims, which Claims shall not be subject to setoff, recoupment or reduction of any kind, including pursuant to Section 502(d) of the Bankruptcy Code), any claims of any nature which such Debtor or New OTC may have against the Holder of such Claim. Neither the failure by any Debtor or New OTC to effect such a setoff nor the allowance of any Claim shall constitute a waiver or a release of any claim which such Debtor or New OTC may have against the Holder of such Claim.

7.8 Distribution Record Date. Only Holders of record of Class 3 Claims, Class 4 Claims, Class 7 Claims, Class 8 Claims or Mezzanine Claims as of the Distribution Record Date shall be entitled to receive distributions provided for with respect to the applicable Class of Claims under the Plan.

7.9 Allocation of Plan Distributions Between Principal and Interest. To the extent that any Allowed Claim entitled to a distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such distribution shall, to the extent permitted by applicable law, be allocated to the portion of the Claim representing the principal amount and then, to the extent that the consideration exceeds such principal amount, to the portion of the Claim representing accrued but unpaid interest.

ARTICLE 8

PROCEDURES FOR RESOLVING OBJECTIONS TO CLAIMS

8.1 Objections to Claims.

8.1.1 Deadline to Object to Claims. Prior to the Effective Date, the Debtors shall be responsible for pursuing any objection to the allowance of any Claim. From and after the Effective Date, New OTC shall have the right to pursue, and be responsible for pursuing, any objection to the allowance of any Claim. Unless another date is established by the Bankruptcy Court or the Plan, any objection to a Claim shall be filed with the Bankruptcy Court and served on the Person holding such Claim within one hundred and twenty (120) days from the Effective Date. New OTC may request (and the Bankruptcy Court may grant) an extension of such deadline by filing a motion with the Bankruptcy Court, based upon a reasonable exercise of its business judgment. Any motion seeking to extend the deadline to object to any Claim shall not be deemed an amendment to the Plan. Any objections to, or other proceedings contesting the allowance of, any Claims may be litigated to judgment, settled or withdrawn, in New OTC's sole discretion. New OTC may settle any such objections or proceedings without Bankruptcy Court approval or may seek Bankruptcy Court approval without notice to any Person other than the Holder of the applicable Claim.

8.1.2 Claims That are Not Timely Filed. Any proof of Claim relating to a Claim filed after the applicable bar date shall be automatically disallowed as a late filed claim, without any action by the Debtors or New OTC, unless and until the party filing such proof of Claim obtains the written consent of the Debtors or New OTC to file such Claim late or obtains an order of the Bankruptcy Court, upon written motion on notice to the Debtors or New OTC, that permits the late filing of the Claim. In the event any proof of Claim is permitted to be filed after the applicable bar date by such written consent or order, New OTC shall have one hundred eighty (180) days from the date of such consent or order to object to such Claim, which deadline may be extended by the Bankruptcy Court on motion of New OTC without a hearing or notice to any party.

8.2 Treatment of Disputed Claims.

8.2.1 No Distribution Pending Allowance. If any portion of a Claim is a Disputed Claim, no payment or distribution provided for under the Plan shall be made on account of the portion of such Claim that is a Disputed Claim unless and until such Disputed Claim becomes an Allowed Claim, but the payment or distribution provided for under the Plan shall be made on account of the portion of such Claim that is an Allowed Claim.

8.2.2 Distribution After Allowance. On the next Distribution Date following the date on which a Disputed Claim becomes an Allowed Claim, the Distribution Agent shall distribute to the Holder of such Claim any Cash that would have been distributable to such Person if such Claim had been an Allowed Claim on the Effective Date.

8.2.3 Reserves for Disputed Claims. In the event that Disputed Claims are pending, the Distribution Agent may establish reserves for such Disputed Claims in an amount equal to 100% of the distributions to which holders of such Disputed Claims

would be entitled under the Plan if the Disputed Claims were Allowed Claims or in such lesser amount as may be approved by the Bankruptcy Court upon application by New OTC. The aggregate property to be distributed to Holders of Allowed Claims on any Distribution Date shall be adjusted to reflect such reserves.

ARTICLE 9

EFFECTS OF PLAN CONFIRMATION

9.1 Discharge. Except as otherwise expressly provided in the Plan or the Confirmation Order, upon the occurrence of the Effective Date, each Debtor shall be discharged, effective immediately, from any Claim and any "debt" (as that term is defined in Section 101(11) of the Bankruptcy Code), and each Debtor's liability in respect thereof shall be extinguished completely, whether reduced to judgment or not, liquidated or unliquidated, contingent or noncontingent, asserted or unasserted, fixed or not, matured or unmatured, disputed or undisputed, legal or equitable, known or unknown, that arose from any agreement of any Debtor entered into or obligation of any Debtor incurred before the Confirmation Date, or from any conduct of any Debtor prior to the Confirmation Date, or that otherwise arose before the Confirmation Date, including, without limitation, all interest accrued and expenses incurred, if any, on any such debts, whether such interest accrued or such expenses were incurred before or after the Commencement Date, and including, without limitation, any liability of a kind specified in Sections 502(g), 502(h) and 502(i) of the Bankruptcy Code, whether or not a proof of claim was filed or is deemed filed under Section 501 of the Bankruptcy Code, such Claim is allowed under Section 502 of the Bankruptcy Code or the Holder of such Claim has accepted the Plan.

9.2 Revesting. Except as otherwise expressly provided in the Plan or the Confirmation Order, on the Effective Date, without any further action, the New Companies will be vested with all of the Transferred Assets, free and clear of all Claims, Liens and Interests, and may operate their businesses and may use, acquire or dispose of their assets free of any restrictions imposed by the Bankruptcy Code or by the Bankruptcy Court. Except as otherwise expressly provided in the Plan or the Confirmation Order, all claims against third parties on account of, and all causes of action owed to or in favor of, any Debtor (including, without limitation, any claims, rights or causes of action arising under Sections 510, 542, 543, 544, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code) are hereby preserved, retained for enforcement solely and exclusively by and at the discretion of the New Companies and are revested in the New Companies on the Effective Date. Any recoveries realized by the New Companies from the assertion of any such claims or causes of action shall be the sole property of the New Companies. The New Companies shall be deemed successors or affiliates of the Debtors under Section 1145 of the Bankruptcy Code and representatives of the Estates under Section 1123(b) of the Bankruptcy Code.

ARTICLE 10

RELEASES, INJUNCTIONS AND EXCULPATION

10.1 Release of Releasees by Debtors. From and after the Effective Date, and without limiting the protections afforded to the First Lien Agent, the First Lien Lenders and their respective Representatives in the DIP Order, the Releasees shall be released by each Debtor from any and all claims (as defined in Section 101(5) of the Bankruptcy Code), obligations, suits, judgments, damages, rights, causes of action and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any Debtor is entitled to assert in its own right or on behalf of the Holder of any Claim or Interest or other Person, based in whole or in part upon any act or omission, transaction, agreement, event or other occurrence taking place on or prior to the Effective Date (including, without limitation, any and all Claims arising under Chapter 5 of the Bankruptcy Code), except for (a) claims against or liabilities of officers, directors or employees of any Debtor in respect of (i) any loan, advance or similar payment by any Debtor to any such Person or (ii) any contractual obligation owed by such Person to any Debtor, and (b) claims or causes of action against any member of the Committee with whom the Debtors transact business, arising out of any business transaction between any Debtor and such member.

10.2 Release of Releasees by Holders of Class 3 Claims, Class 4 Claims, Class 5 Claims, Class 7 Claims, Class 8 Claims and Class 9 Claims. From and after the Effective Date, any Holder of a Class 3 Claim, Class 4 Claim, Class 5 Claim, Class 7 Claim, Class 8 Claim or Class 9 Claim (a) who has affirmatively voted to accept the Plan or who is deemed to accept the Plan and (b) who has not checked the box on its duly completed ballot indicating its election not to consent to the releases provided by this Section 10.2, shall release each Releasee from any and all claims (as defined in Section 101(5) of the Bankruptcy Code), obligations, suits, judgments, damages, rights, causes of action and liabilities whatsoever, whether known or unknown, foreseen or unforeseen, existing or hereafter arising, in law, equity or otherwise, that any Holder of a Class 3 Claim, Class 4 Claim, Class 5 Claim, Class 7 Claim, Class 8 Claim or Class 9 Claim is entitled to assert against any Releasee, based in whole or in part upon any act or omission, transaction, agreement, event or occurrence taking place on or before the Effective Date in any way relating to any Debtor, the Chapter 11 Cases or the negotiation, formulation and preparation of the Plan or any related document.

10.3 Injunctions and Stays. Unless otherwise provided in the Plan or the Confirmation Order, all injunctions and stays provided for in the Chapter 11 Cases pursuant to Sections 105 and 362 of the Bankruptcy Code or otherwise in effect on the Confirmation Date, shall remain in full force and effect until the Effective Date. From and after the Effective Date, all Persons are permanently enjoined from, and restrained against, commencing or continuing in any court any suit, action or other proceeding, or

otherwise asserting any claim or interest, seeking to hold (a) the Debtors, (b) the New Companies, (c) the property of the Debtors or the New Companies or (d) any Releasee liable for any claim, obligation, right, interest, debt or liability that has been discharged or released pursuant to the Plan.

10.4 Exculpation. No Debtor, New Company, Releasee or the Committee shall have or incur any liability to any Holder of any Claim or Interest or other Person for any act or omission in connection with or arising out of the negotiation, documentation, preparation and pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan, the Chapter 11 Cases or the property to be distributed under the Plan except for liability based on willful misconduct or fraud as finally determined by the Bankruptcy Court. The Debtors, the New Companies, the Releasees, the Committee and each of their respective officers, directors, employees and other agents, advisors, attorneys and accountants shall be entitled to rely, in every respect, upon the advice of counsel with respect to their duties and responsibilities under the Plan.

10.5 Waiver of Subordination Rights. The distribution of New Warrants to any Holder of a Class 4 Claim pursuant to Section 4.4 shall not be subject to levy, garnishment, attachment, turnover or other legal process by any Holder of a Class 3 Claim under the Intercreditor Agreement. On the Effective Date, each Holder of a Claim (a) by virtue of the acceptance of the Plan by the requisite majority in number and amount of members in its Class, (b) by virtue of the acceptance or deemed acceptance of the Plan by such Holder or (c) by the acceptance by such Holder of any distribution made or consideration given under the Plan, waives and relinquishes any and all rights arising under any subordination agreements or applicable law, including, without limitation, Section 510 of the Bankruptcy Code, to the payment or distributions of consideration made or to be made under the Plan to any other Holder of a Claim against any Debtor. Notwithstanding the foregoing, and except to the extent set forth in the first sentence of this Section 10.5, nothing herein shall constitute a waiver or modification of any party's rights and obligations under the Intercreditor Agreement, which shall remain in full force and effect notwithstanding confirmation and consummation of the Plan.

ARTICLE 11

CONDITIONS TO CONFIRMATION AND CONSUMMATION

11.1 Conditions Precedent to Plan Confirmation. It shall be a condition precedent to the confirmation of the Plan that on or prior to the Confirmation Date, the Bankruptcy Court shall have entered one or more orders (in form and substance reasonably satisfactory to the First Lien Steering Committee) which shall be in full force and effect and not stayed and which shall:

(a) find and determine that Classes 1, 2 and 10 are not entitled to vote on the Plan;

(b) authorize the implementation of the Plan in accordance with its terms, including, without limitation, the execution and delivery of the agreements and instruments entered into pursuant to the Plan (including, without limitation, each of the Plan Documents);

(c) issue the injunction and authorize the issuance of the releases and exculpations as set forth in the Plan effective on the Effective Date;

(d) decree that, on the Effective Date, the transfers of assets by any Debtor contemplated by the Plan (including, without limitation, the Asset Transfer) (i) are or will be legal, valid and effective transfers of property, (ii) vest or will vest in the transferee (including, without limitation, any of the New Companies) good title to such property free and clear of all Claims, Interests and Liens, except those provided for in the Plan or the Confirmation Order, (iii) do not or will not constitute fraudulent conveyances under any applicable law and (iv) do not and will not subject any of the Debtors, any of the New Companies or property so transferred to any liability by reason of such transfer under applicable law or any theory of law including, without limitation, any theory of successor or transferee liability;

(e) provide that notwithstanding Rule 3020 of the Bankruptcy Rules, the Confirmation Order shall be immediately effective, subject to the terms and conditions of the Plan; and

(f) confirm the Plan and authorize its implementation in accordance with its terms.

11.2 Conditions Precedent to Plan Consummation. It shall be a condition precedent to the consummation of the Plan that:

(a) the orders referred to in Section 11.1, including, without limitation, the Confirmation Order, shall not then be stayed, vacated or reversed;

(b) the Exit Facility Documents shall have been executed and all conditions to the effectiveness thereof shall have been satisfied or waived by the parties designated as lenders thereunder, as required thereunder;

(c) the New Term Loan Documents shall have been executed and all conditions to the effectiveness thereof shall have been satisfied or waived by the parties designated as lenders thereunder, as required thereunder;

(d) all of the Debtors' obligations under the DIP Facility Agreement shall have been satisfied in full and discharged as provided in Section 2.1 of the Plan;

(e) all other agreements and instruments contemplated by, or to be entered into pursuant to, the Plan, including, without limitation, each of the Plan Documents, shall have been duly and validly executed and delivered by the parties thereto and all conditions to their effectiveness shall have been satisfied or waived; and

(f) all authorizations, consents and regulatory approvals required (if any) in connection with the consummation of the Plan shall have been obtained.

11.3 Waiver of Conditions. The Debtors, with the consent of the First Lien Steering Committee, may waive at any time, without notice, leave or order of the Bankruptcy Court, and without any formal action other than proceeding to consummate the Plan, the conditions set forth in Sections 11.1(d) and (e) to confirmation of the Plan or in Section 11.2(e) to consummation of the Plan.

ARTICLE 12

RETENTION OF JURISDICTION

12.1 Retention of Jurisdiction. Notwithstanding the entry of the Confirmation Order or the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over the Chapter 11 Cases and any of the proceedings arising from, or relating to, the Chapter 11 Cases pursuant to Section 1142 of the Bankruptcy Code and 28 U.S.C. § 1334 to the fullest extent permitted by the Bankruptcy Code and other applicable law, including, without limitation, such jurisdiction as is necessary to ensure that the purpose and intent of the Plan are carried out. Without limiting the generality of the foregoing, the Bankruptcy Court shall retain jurisdiction for the following purposes:

(a) to hear and determine any and all objections to the priority, classification or allowance, or requests for estimation, of Claims or the establishment of reserves pending the resolution of Disputed Claims;

(b) to consider and act on the compromise and settlement of any Claim against, or cause of action on behalf of, any Debtor or any Estate;

(c) to hear and determine any motions pending on the Effective Date to assume any executory contract or unexpired lease or to reject any executory contract or unexpired lease and to determine the allowance of any Claim resulting therefrom;

(d) to hear and determine any issues regarding the application of Section 1145 to the issuance and resale of the New Securities;

(e) to enter such orders as may be necessary or appropriate in connection with the recovery of any Debtor's assets wherever located;

(f) to hear and determine any and all applications for allowance of compensation and reimbursement of expenses;

(g) to hear and determine any and all controversies, suits and disputes arising under or in connection with the interpretation, implementation or enforcement of the Plan and any of the documents intended to implement the provisions of the Plan or any other matters to be resolved by the Bankruptcy Court under the terms of the Plan; provided that any dispute arising under or in connection with the New Term Loan Documents or the Exit Facility Documents shall be dealt with in accordance with the provisions thereof;

(h) to hear and determine any motions or contested matters involving Taxes, tax refunds, tax attributes and tax benefits and similar and related matters with respect to any Debtor arising prior to the Effective Date or relating to the administration of the Chapter 11 Cases, including, without limitation, matters involving federal, state and local Taxes in accordance with Sections 346, 505 and 1146 of the Bankruptcy Code (including the expedited determination of taxes under Section 505(b) of the Bankruptcy Code);

(i) to hear and determine any and all applications, claims, adversary proceedings and contested or litigated matters pending on the Effective Date or that may be commenced thereafter as provided in the Plan or timely filed pursuant to the Bankruptcy Code or an order of the Bankruptcy Court, including without limitation, any claims or causes of action arising under chapter 5 of the Bankruptcy Code;

(j) to effectuate distributions under and performance of, and resolve any issues relating to distributions under, the provisions of the Plan;

(k) to hear and determine any applications to modify any provision of the Plan to the full extent permitted by the Bankruptcy Code;

(l) to correct any defect, cure any omission or reconcile any inconsistency in the Plan, the exhibits to the Plan and annexes thereto, or any order of the Bankruptcy Court, including the Confirmation Order, as may be necessary to carry out the purposes and intent of the Plan;

(m) to determine such other matters as may be provided for in the Confirmation Order or as may from time to time be authorized under the provisions of the Bankruptcy Code or any other applicable law;

(n) to enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings issued or entered in connection with the Chapter 11 Cases or the Plan;

(o) to enter such orders as may be necessary or appropriate in aid of confirmation and to facilitate implementation of the Plan, including, without limitation, any stay orders as may be appropriate in the event that the Confirmation Order is for any reason stayed, revoked, modified or vacated and appropriate orders (which may include contempt or other sanctions) to protect the Debtors and the New Companies;

(p) to determine any other matter that may arise in connection with the Chapter 11 Cases, the Plan or the Confirmation Order or that is not inconsistent with the Bankruptcy Code; and

(q) to enter an order closing the Chapter 11 Cases.

ARTICLE 13

MODIFICATION OR WITHDRAWAL OF PLAN

13.1 Modification of Plan. At any time prior to the Confirmation Date, the Debtors may, with the prior consent of the First Lien Steering Committee, supplement, amend or modify the Plan. After the Confirmation Date, the Debtors or the New Companies may, with the prior consent of the First Lien Steering Committee, apply to the Bankruptcy Court, pursuant to Section 1127 of the Bankruptcy Code, to modify the Plan or waive any of the conditions thereto. After the Confirmation Date, the Debtors or the New Companies may, with the prior consent of the First Lien Steering Committee, apply to remedy defects or omissions in the Plan or the Confirmation Order or to reconcile inconsistencies in the Plan, the Plan Supplement or the Confirmation Order. A Holder of a Claim that has voted to accept the Plan shall be deemed to accept the Plan as altered, amended or modified so long as such alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such Holder. Otherwise, the Debtors or the New Companies may alter, amend or modify the treatment of Claims if the Holders of the Claims that have voted to accept the Plan agree or consent to such alteration, amendment or modification, or as ordered by the Bankruptcy Court.

13.2 Withdrawal of Plan. The Debtors reserve the right, upon written notification filed by the Debtors with the Bankruptcy Court and served upon the First Lien Agent, the

Committee and the Office of the United States Trustee for the District of Delaware, to revoke and withdraw the Plan at any time before the Confirmation Date or, if the conditions set forth in Section 11.2 hereof cannot be satisfied for any reason after the Confirmation Date, at any time up to the Effective Date. If the Debtors revoke or withdraw the Plan prior to the Confirmation Date, then the Plan shall be deemed null and void. In such event, nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors. In the event that the Plan is revoked or withdrawn subsequent to the Confirmation Date but prior to the Effective Date, (a) the Confirmation Order shall be vacated, (b) no distributions under the Plan shall be made, (c) the Debtors and all Holders of Claims and Interests shall be restored to the status quo ante as of the day immediately preceding the date of such withdrawal or revocation as though the Confirmation Date had never occurred and (d) all of the Debtors' obligations with respect to the Claims and Interests shall remain unchanged and nothing contained herein shall be deemed to constitute a waiver or release of any claims by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

ARTICLE 14

MISCELLANEOUS

14.1 Payment Dates. Whenever any payment or distribution to be made under the Plan shall be due on a day other than a Business Day, such payment or distribution shall instead be made, without interest, on the immediately following Business Day.

14.2 Headings. The headings used in the Plan are inserted for convenience only and neither constitute a portion of the Plan nor in any manner affect the construction of the provisions of the Plan.

14.3 Notices. All notices and requests in connection with the Plan shall be in writing and shall be hand delivered or sent by mail addressed to:

To the Debtors:

Oriental Trading Company, Inc.
5455 South 90th Street
Omaha, Nebraska 68127
Attention: Steven G. Mendlik
Robert R. Siffring, Esq.
Fax: (402) 331-3873
Email: siffring@oriental.com

with copies to:

Debevoise & Plimpton LLP
919 Third Avenue
New York, New York 10022
Attention: Richard F. Hahn, Esq.
My Chi To, Esq.
Fax: (212) 909-6836
Email: rfhahn@debevoise.com & mcto@debevoise.com

and:

Young Conaway Stargatt & Taylor, LLP
The Brandywine Building
1000 West Street, 17th Floor
P.O. Box 391
Wilmington, Delaware 19899
Attention: Joel A. Waite, Esq.
Kenneth J. Enos, Esq.
Fax: (302) 571-1253
Email: jwaite@ycst.com & kenos@ycst.com

To the First Lien Agent:

JPMorgan Chase Bank, N.A.
383 Madison Avenue, 23rd Floor
New York, New York 10179
Attention: Charles Freedgood
Fax: (212) 622-4557
Email: charles.freedgood@jpmorgan.com

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, New York 10017
Attention: Steven Fuhrman, Esq.
Elisha D. Graff, Esq.
Fax: (212) 455-2502
Email: sfuhrman@stblaw.com & egraff@stblaw.com

14.4 Governing Law. Except to the extent that the Bankruptcy Code, Bankruptcy Rules or other federal law shall be applicable, or to the extent an exhibit to the Plan or Plan Supplement provides otherwise (in which case the governing law specified therein

shall be applicable to such exhibit), the rights, duties and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of New York, without giving effect to the principles of conflicts of law thereof to the extent that the application of the law of another jurisdiction would be required thereby.

14.5 Successors and Assigns. The rights, duties and obligations of any Person or entity named or referred to in the Plan shall be binding upon and shall inure to the benefit of, the successor and assigns of such Person or entity.

14.6 Committee. Except as otherwise provided in this Section 14.6, on the Effective Date, the Committee shall cease to exist and its members, employees or agents (including, without limitation, attorneys, investment bankers, financial advisors, accountants and other professionals) shall be released and discharged from any further authority, duties, responsibilities and obligations relating to, arising from, or in connection with the Committee. The Committee shall continue to exist after such date solely with respect to all applications filed pursuant to Sections 330 and 331 of the Bankruptcy Code seeking payment of fees and expenses incurred by any professional, and any appeals of the Confirmation Order.

14.7 Severability of Plan Provisions. If, prior to the Confirmation Date, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court, shall, with the consent of the Debtors and the First Lien Steering Committee have the power to interpret, modify or delete such term or provision (or portions thereof) to make it valid, enforceable or confirmable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be operative as interpreted, modified or deleted. Notwithstanding any such interpretation, modification or deletion, the remainder of the terms and provisions of the Plan shall in no way be affected, impaired or invalidated by such interpretation, modification or deletion. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision, as it may have been interpreted, modified or deleted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

14.8 No Waiver. Except to the extent that it is an Allowed Claim, the failure of any Debtor to object to any Claim for purposes of voting shall not be deemed a waiver of such Debtor's or any New Company's right to object to or examine such Claim, in whole or in part.

14.9 Payment of Post-Petition Interest and Attorneys' Fees. Unless otherwise expressly provided in the Plan, allowed by order of the Bankruptcy Court or required by applicable bankruptcy law, the Debtors shall not be required to pay to any Holder of a Claim any interest or any attorneys' fees with respect to such Claim accruing on or after the Commencement Date.

14.10 Post-Effective Date Fees and Expenses. From and after the Confirmation Date, the Debtors and the New Companies shall be authorized to employ and pay any professional, in the ordinary course of business without the necessity for any notice to or approval by the Bankruptcy Court.

14.11 Exemption from Certain Transfer Taxes and Recording Fees. Pursuant to Section 1146(a) of the Bankruptcy Code, any transfer from a Debtor to a New Company or to any entity in accordance with, in contemplation of, or in connection with the Plan or pursuant to: (a) the Asset Transfer or the Fun Express Asset Transfer, (b) the issuance, transfer or exchange of the New Term Loans or the New Securities under or in connection with the Plan, (c) the creation or recording of public record of any mortgage, deed of trust or other security interest, (d) the making or assignment of any lease or sublease or (e) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any document recording tax, stamp tax, conveyance fee, sales or use tax, intangibles or similar tax, mortgage tax, stamp act, real estate transfer tax, mortgage recording tax, Uniform Commercial Code filing or recording fee or other similar Tax or governmental assessment, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such Tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such Tax or governmental assessment. The Asset Transfer and the Fun Express Asset Transfer shall qualify as occasional or casual sales for the purposes of Nebraska sales and use Taxes and Iowa sales and use Taxes.

14.12 Statutory Fees. All fees payable under Chapter 123 of 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date. Any such fees accrued after the Effective Date shall be paid when due pursuant to such Section 1930 until the entry of a final decree or the conversion or dismissal of the Chapter 11 Cases.

14.13 Further Documents and Action. The Debtors and the New Companies shall execute, and are authorized to file with the Bankruptcy Court, such agreements and other documents (on terms reasonably satisfactory to the First Lien Steering Committee), take or cause to be taken such action, and deliver such documents or information as may be necessary or appropriate to effect and further evidence the terms and conditions of the Plan and to consummate the transactions and transfers contemplated by the Plan. The Debtors and the New Companies, and all other parties, shall execute any and all documents and instruments that must be executed under or in connection with the Plan in order to implement the terms of the Plan or to effectuate the distributions under the Plan, provided that such documents and instruments are reasonably acceptable to such party or parties.

14.14 Reservation of Rights. If the Plan is not confirmed by the Confirmation Order, or if the Plan is confirmed and does not become effective, the rights of all parties in interest in the Chapter 11 Cases are and shall be reserved in full. Any concessions or settlements reflected herein, if any, are made for purposes of the Plan only, and if the Plan does not become effective, no party in interest in the Chapter 11 Cases shall be bound or deemed prejudiced by any such concession or settlement.

14.15 Inconsistencies. In the event that the terms or provisions of the Plan are inconsistent with the terms and provisions of the Exhibits to the Plan or documents executed in connection with the Plan, the terms of the Plan shall control.

14.16 Compromise of Controversies. In consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan constitute a good faith compromise and settlement of all Claims and controversies resolved under the Plan and the entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of such compromise and settlement under Bankruptcy Rule 9019.

14.17 Exemption from Securities Laws. The issuance of the New Holdco Common Stock on the Effective Date and the New Warrants (and New Holdco Common Stock for which such New Warrants are exercisable) and any other securities issued pursuant to the Plan and any subsequent sales, resales or transfers or other distributions of any such securities shall be authorized under Section 1145 of the Bankruptcy Code and shall be exempt from any federal or state securities laws registration requirements as of the Effective Date without any further act or action by any Person.

14.18 Restrictions on Certain Persons Owning Old Securities. Unless otherwise ordered by the Bankruptcy Court, pursuant to the Confirmation Order (a) any Person owning any Old Securities that is treated as a "5-percent shareholder" within the meaning of Section 382 of the Internal Revenue Code of 1986, as amended, shall be enjoined from conveying, assigning, selling, transferring or otherwise disposing of any Old Securities (including, without limitation, granting an option with respect to such Old Securities) to any Person at any time prior to the Effective Date and (b) any Person owning any Old Securities that is treated as a "50-percent shareholder" within the meaning of such Section 382 shall be enjoined from claiming a worthless stock deduction with respect to any Old Securities held by such Person (or otherwise treating such Old Securities as worthless for U.S. federal income tax purposes) for any taxable year of such Person ending prior to the Effective Date. Conveying, assigning, transferring or otherwise disposing of any Old Securities or claiming any worthless stock deduction with respect to any Old Securities or treating any Old Securities as worthless in any Tax Return in violation of this Section 14.18 of the Plan shall be null and void ab initio.

Dated: Wilmington, Delaware
September 24, 2010

OTC HOLDINGS CORPORATION
(for itself and on behalf of its affiliated debtors as Debtors and Debtors in Possession)

By: 

Name: Steven G. Mendlik
Title: Chief Financial Officer

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APPENDIX C

LIQUIDATION ANALYSIS

APPENDIX C

LIQUIDATION ANALYSIS

Pursuant to Section 1129(a)(7) of the Bankruptcy Code (sometimes called the "best interests test"), the Bankruptcy Code requires that each holder of an impaired claim or equity interest either (a) accepts the plan or (b) receives or retains under the plan property of a value, as of the effective date of the plan, that is not less than the value such holder would receive or retain if the debtor were liquidated under Chapter 7 of the Bankruptcy Code on the effective date. The first step in meeting this test is to determine the dollar amount that would be generated from the hypothetical liquidation of the Debtors' assets and properties in the context of a Chapter 7 liquidation case. The gross amount of cash available would be the sum of the proceeds from the disposition of the Debtors' assets and the cash held by the Debtors at the time of the commencement of the Chapter 7 case. Such amount is reduced by the amount of any claims secured by such assets, the costs and expenses of the liquidation, and such additional administrative expenses and priority claims that may result from the termination of the Debtors' business and the use of Chapter 7 for the purposes of a hypothetical liquidation. Any remaining net cash would be allocated to creditors and equity holders in strict priority in accordance with Section 726 of the Bankruptcy Code.

A general summary of the assumptions used by the Debtors' management in preparing this Liquidation Analysis follows. The more specific assumptions are discussed in notes to the Liquidation Analysis. The Liquidation Analysis does not imply any recommendation or any intention of the Debtors to file petitions under Chapter 7 of the Bankruptcy Code. Further, the Liquidation Analysis assumes that a Chapter 7 trustee effectuates the hypothetical liquidation of the Debtors on an orderly basis but does not sell the Debtors as a going concern. The Liquidation Analysis is presented on a consolidated basis. The Debtors do not believe that a separate liquidation analysis for each of the Debtors would be materially different.

Estimate of Net Proceeds

Estimates were made of the cash proceeds which might be realized from the liquidation of the Debtors' assets. The Chapter 7 liquidation period is assumed to commence on January 1, 2011 and to average six months following the appointment of a Chapter 7 trustee. While some assets may be liquidated in less than six months, other assets may be more difficult to collect or sell, requiring a liquidation period substantially longer than six months; this time would allow for the collection of receivables, sale of

assets and wind down of daily operations. For certain assets, such as certain real property, estimates of the liquidation proceeds were made for each asset individually. For other assets, such as accounts receivable and inventory, liquidation values were assessed for general classes of assets by estimating the percentage recoveries which the Debtors might achieve through their disposition.

Estimate of Costs

The Debtors' costs of liquidation under Chapter 7 would include the fees payable to a Chapter 7 trustee, as well as those which might be payable to attorneys and other professionals that such a trustee may engage. Further, costs of liquidation would include any other costs to close down the Debtors' facilities and prepare the assets for sale.

Distribution of Net Proceeds Under Absolute Priority Rule

The foregoing postpetition types of claims, costs, expenses, fees and such other claims that may arise in a liquidation case would be paid in full from the liquidation proceeds before the balance of those proceeds would be made available to pay prepetition priority and unsecured claims. Under the absolute priority rule, no junior creditor would receive any distribution until all senior creditors are paid in full, and no equity holder would receive any distribution until all creditors are paid in full.

After consideration of the effects that a Chapter 7 liquidation would have on the ultimate proceeds available for distribution to creditors in a Chapter 11 case, including (a) the increased costs and expenses of a liquidation under Chapter 7 arising from fees payable to a trustee in bankruptcy and professional advisors to such trustee, (b) the erosion in value of assets in a Chapter 7 case in the context of the expeditious liquidation required under Chapter 7 and the "forced sale" atmosphere that would prevail, and (c) substantial increases in claims which would be satisfied on a priority basis, THE DEBTORS HAVE DETERMINED THAT CONFIRMATION OF THE PLAN WILL PROVIDE EACH CREDITOR AND EQUITY HOLDER WITH A RECOVERY THAT IS NOT LESS THAN IT WOULD RECEIVE PURSUANT TO A LIQUIDATION OF THE DEBTORS UNDER CHAPTER 7 OF THE BANKRUPTCY CODE.

Moreover, the Debtors believe that the value of any distributions from the liquidation proceeds to each class of Allowed Claims in a Chapter 7 case would be less than the value of distributions under the Plan because such distributions in a Chapter 7 case may not occur for a substantial period of time. In the event litigation were necessary to resolve claims asserted in the Chapter 7 case, the delay could be further prolonged and administrative expenses further increased. The effects of this delay on the value of distributions under the hypothetical liquidation have not been considered.

THE DEBTORS' LIQUIDATION ANALYSIS IS AN ESTIMATE OF THE PROCEEDS THAT MAY BE GENERATED AS A RESULT OF A HYPOTHETICAL

CHAPTER 7 LIQUIDATION OF THE ASSETS OF THE DEBTORS. Underlying the Liquidation Analysis are a number of estimates and assumptions that are inherently subject to significant economic, competitive and operational uncertainties and contingencies beyond the control of the Debtors or a Chapter 7 trustee. The actual amounts of claims against the estate could vary significantly from the Debtors' estimate, depending on the claims asserted during the pendency of the Chapter 7 case. This Liquidation Analysis does not include liabilities that may arise as a result of litigation, certain new tax assessments or other potential claims. Therefore, the actual liquidation value of the Debtors could vary materially from the estimates provided herein.

The Liquidation Analysis set forth below was based on the estimated values of the Debtors' assets as of January 1, 2011. To the extent operations through such date are different than estimated, the asset values may change. These values have not been subject to any review, compilation or audit by any independent accounting firm.

Oriental Trading Company
Hypothetical Liquidation Analysis as of January 1, 2011

($000s)

		Projected Balance	Estimated Recovery %		Estimated Recovery Proceeds	
			Low	High	Low	High
I.	**Assets Available for Distribution**					
	Cash	$ 14,142	100%	100%	$ 14,142	$ 14,142
	Accounts Receivable	10,535	58%	79%	6,066	8,300
	Inventory	81,027	55%	75%	44,600	60,800
	Miscellaneous Receivables and Deposits	4,505	91%	100%	4,084	4,505
	Real Estate	27,555	56%	134%	15,417	36,930
	Other Fixed Assets	25,252	9%	44%	2,237	11,187
	Notes Receivable	1,073	0%	100%	-	1,073
	Other Assets	-	N/A	N/A	1,500	3,000
		164,088	54%	85%	88,045	139,936
	Less: Chapter 7 Trustee Fees				(2,641)	(4,198)
	Wind-down Budget and Facility Closing Expenses				(3,000)	(2,000)
	Proceeds Available to Pay Secured Claims				82,404	133,738
II.	**Secured Claims**					
	Projected DIP Facility Obligations as of 1/1/11	32,090	100%	100%	32,090	32,090
	1st Lien Debt	401,897	13%	25%	50,314	101,648
	2nd Lien Debt	185,825	0%	0%	-	-
		619,812	13%	22%	82,404	133,738
	Proceeds Available to Pay Administrative, Priority and Unsecured Claims [a]				$ -	$ -

[a] Avoidance actions are not encumbered by the liens securing the secured claims. The Debtors have not yet completed analyses of potential recoveries but estimate that there may be limited proceeds from avoidance actions. Given a potential range of $800,000 - $4,200,000, or 1.0 - 5.0% of disbursements in the ninety days prior to the petition date, any such proceeds would not be sufficient to pay administrative claims in full. Accordingly, there would be no proceeds available for distribution on priority or unsecured claims.

Notes to Liquidation Analysis.

1. **Cash** – Reflects the projected cash balance as of January 1, 2011.

2. **Accounts Receivable** - Reflects the projected amount of credit card and customer accounts receivable and assumes collections at 100% for credit card receivables and 50% - 75% for customer accounts receivable.

3. **Inventory** – Reflects the projected inventory balance without regard to reserves. The estimated recovery percentages are based on market comparables and input from the Debtors' advisors.

4. **Miscellaneous Receivables and Deposits** – Includes credit card deposits /reserves held by credit card processors, Nebraska sales tax incentive program refunds, federal tax refunds and restructuring-related deposits that do not offset outstanding accounts payable. The estimated recovery percentages are based on management experience.

5. **Real Estate** – With respect to two of the Debtors' properties located in Underwood, Iowa and Omaha, Nebraska, the value of such properties is based on indications of interest received, with estimated recoveries of 70% to 100% of those indications of interest. With respect to the four other properties in Nebraska the Debtor own, the estimated recoveries for those properties are 50 - 150% of tax-assessed values.

6. **Other Fixed Assets** – Other fixed assets consist of warehouse and related equipment ($9.8 million of net book value), office assets ($13.2 million of net book value) and construction-in-process ($2.2 million of net book value). The projected balance reflects the net book value as of August 28, 2010 with estimated recovery percentages of 0% to 50%, depending on the nature of the fixed asset category.

7. **Notes Receivable** – Notes receivable includes notes outstanding from two employees. The collectability is unknown and the estimated recoveries, therefore, range from 0% to 100%.

8. **Other Assets** – Other assets include warehouse supplies, catalog paper, customer lists and intellectual property. The Debtors account for these items by varying methods depending on the nature of the item. They are not carried on the balance sheet as individual assets. The estimated recovery amounts are based on management experience and input from the Debtors' advisors.

9. **Chapter 7 Trustee Fees** – Chapter 7 trustee fees are estimated at 3% of the net proceeds of asset sales.

10. **Wind-Down Budget and Facility Closing Expenses** - In the hypothetical liquidation, the Debtors would incur costs to close down their facilities and prepare the assets for sale. The wind-down budget also includes fee estimates for professionals retained by the Chapter 7 trustee, including attorneys, accountants and appraisers to liquidate the remaining assets and wind down the estates.

11. **Projected DIP Facility Obligations** - Reflects the projected principal balance under the DIP Facilities, accrued and unpaid interest and outstanding letters of credit as of January 1, 2011.

12. **1st Lien Debt** - Represents outstanding principal balance of the prepetition first lien term loans and revolving loans, the estimated early termination amount under the related interest hedges and consent fees related to amendments to the First Lien Credit Agreement.

13. **2nd Lien Debt** – Represents the amount of outstanding principal and accrued but unpaid interest at the Commencement Date under the Second Lien Credit Agreement.

APPENDIX D

AUDITED ANNUAL FINANCIAL STATEMENTS FOR FISCAL YEAR ENDED APRIL 3, 2010

OTC Investors Corporation and Subsidiaries

(A Wholly-Owned Subsidiary of
OTC Holdings Corporation)

Consolidated Financial Statements as of April 3, 2010
and March 28, 2009, and for the Years Ended
April 3, 2010, March 28, 2009, and March 29, 2008,
and Independent Auditors' Report

OTC INVESTORS CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of OTC Holdings Corporation)

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INDEPENDENT AUDITORS' REPORT

To the Stockholders of
OTC Investors Corporation:

We have audited the accompanying consolidated balance sheets of OTC Investors Corporation (a wholly-owned subsidiary of OTC Holdings Corporation) and subsidiaries (the "Company") as of April 3, 2010 and March 28, 2009, and the related consolidated statements of operations, stockholders' equity (deficit), and cash flows for the years ended April 3, 2010, March 28, 2009, and March 29, 2008. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of OTC Investors Corporation and subsidiaries as of April 3, 2010 and March 28, 2009, and the results of their operations and their cash flows for the years ended April 3, 2010, March 28, 2009, and March 29, 2008 in conformity with accounting principles generally accepted in the United States of America.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 3 to the financial statements, the Company is operating under short-term waivers of certain financial covenants of its First Lien Credit Agreement. While the Company is currently negotiating a restructuring of its long-term debt and capital structure, the potential inability to accomplish such a restructuring raises substantial doubt about its ability to continue as a going concern given the current capital structure. Management's plans concerning this matter are also described in Note 3. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Deloitte & Touche LLP

July 1, 2010

OTC INVESTORS CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of OTC Holdings Corporation)

CONSOLIDATED BALANCE SHEETS
AS OF APRIL 3, 2010 AND MARCH 28, 2009
(Amounts in thousands except share and per share amounts)

	April 3, 2010	March 28, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 5,723	$ 67,242
Receivables — less allowance for doubtful accounts of $577 and $515 in 2010 and 2009, respectively	11,266	12,678
Inventories	67,645	75,692
Prepaid catalog expenses	18,799	23,324
Other assets and prepaid taxes	9,179	6,434
Total current assets	112,612	185,370
PROPERTY AND EQUIPMENT — Net (Note 2)	51,497	54,127
RELATED PARTY RECEIVABLE (Note 10)	1,060	-
DEFERRED FINANCING COSTS — Net	11,662	14,991
CUSTOMER RELATIONSHIPS — Net (Note 11)	73,748	97,553
TRADE NAMES — Net (Note 11)	68,318	68,527
GOODWILL (Note 11)	144,362	144,362
TOTAL	$ 463,259	$ 564,930
LIABILITIES AND STOCKHOLDERS' EQUITY(DEFICIT)		
CURRENT LIABILITIES:		
Revolving credit line	$ -	$ 47,000
Current portion of long-term debt (Note 3)	4,100	4,625
Accounts payable	24,773	18,151
Accrued expenses	15,830	23,902
Accrued employee compensation and benefits	5,014	5,667
Unearned revenue	5,214	6,728
Total current liabilities	54,931	106,073
LONG-TERM DEBT — Less current portion (Note 3)	671,922	662,640
DEFERRED INCOME TAXES (Note 6)	23,448	23,448
FAIR VALUE OF FINANCIAL INSTRUMENTS (Notes 4 and 5)	6,262	7,379
Total liabilities	756,563	799,540
COMMITMENTS AND CONTINGENCIES (Notes 3, 4, 7, 8 and 9)		
STOCKHOLDERS' EQUITY(DEFICIT) (Note 8):		
Common stock, $.01 par value; authorized 1,000 shares; 10 shares issued and outstanding in 2010 and 2009	-	-
Additional paid-in capital	365,079	365,009
Accumulated deficit	(656,183)	(593,452)
Accumulated other comprehensive loss	(2,200)	(6,167)
Total stockholders' (deficit)	(293,304)	(234,610)
TOTAL	$ 463,259	$ 564,930

See accompanying notes to consolidated financial statements.

OTC INVESTORS CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of OTC Holdings Corporation)

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED APRIL 3, 2010, MARCH 28, 2009, AND MARCH 29, 2008
(Amounts in thousands)

	April 3, 2010 (53 Weeks)	March 28, 2009 (52 Weeks)	March 29, 2008 (52 Weeks)
SALES	$485,421	$ 544,338	$624,972
COST OF SALES (exclusive of depreciation and amortization)	184,822	207,946	219,568
GROSS PROFIT	300,599	336,392	405,404
OPERATING EXPENSES	248,994	276,511	323,853
DEPRECIATION EXPENSE	12,120	13,497	14,223
AMORTIZATION EXPENSE (Note 11)	24,014	30,031	39,493
IMPAIRMENT EXPENSE (Note 11)	-	530,109	-
OPERATING INCOME (LOSS)	15,471	(513,756)	27,835
OTHER INCOME (EXPENSE):			
Interest expense	(75,513)	(59,539)	(63,877)
Interest income	88	673	973
Other — net	(2,866)	(1,067)	-
Total other expense	(78,291)	(59,933)	(62,904)
LOSS BEFORE INCOME TAXES	(62,820)	(573,689)	(35,069)
INCOME TAX BENEFIT (Note 6)	(89)	(28,550)	(11,873)
NET LOSS	$ (62,731)	$ (545,139)	$ (23,196)

See accompanying notes to consolidated financial statements.

OTC INVESTORS CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of OTC Holdings Corporation)

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED APRIL 3, 2010, MARCH 28, 2009, AND MARCH 29, 2008
(Amounts in thousands except share and per share amounts)

	Common Stock	Additional Paid-in Capital — Common Stock	Accumulated Deficit	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity (Deficit)
BALANCE — March 31, 2007	$ -	$364,292	$ (23,867)	$ (797)	$ 339,628
Comprehensive (loss):					
Net loss	-	-	(23,196)	-	(23,196)
Unrealized losses on cash flow hedges — net of tax (Note 4)	-	-	-	(3,904)	(3,904)
Total comprehensive (loss)					(27,100)
Dividends paid to Parent (Note 10)	-	-	(1,250)	-	(1,250)
Stock-based compensation (Note 8)	-	699	-	-	699
BALANCE — March 29, 2008	-	364,991	(48,313)	(4,701)	311,977
Comprehensive (loss):					
Net loss	-	-	(545,139)	-	(545,139)
Unrealized losses on cash flow hedges — net of tax (Note 4)	-	-	-	(2,652)	(2,652)
Reclassification of cash flow hedges into earnings — net of tax (Note 4)	-	-	-	1,186	1,186
Total comprehensive (loss)					(546,605)
Stock-based compensation (Note 8)	-	18	-	-	18
BALANCE — March 28,2009	-	365,009	(593,452)	(6,167)	(234,610)
Comprehensive (loss):					
Net loss	-	-	(62,731)	-	(62,731)
Reclassification of cash flow hedges into earnings — net of tax (Note 4)	-	-	-	3,967	3,967
Total comprehensive (loss)					(58,765)
Stock-based compensation (Note 8)	-	70	-	-	70
BALANCE — April 3, 2010	$ -	$365,079	$(656,183)	$(2,200)	$(293,304)

See accompanying notes to consolidated financial statements.

OTC INVESTORS CORPORATION AND SUBSIDIARIES
(A Wholly-Owned Subsidiary of OTC Holdings Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED APRIL 3, 2010, MARCH 28, 2009, AND MARCH 29, 2008
(Amounts in thousands)

	April 3, 2010 (53 Weeks)	March 28, 2009 (52 Weeks)	March 29, 2008 (52 Weeks)
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net loss	$(62,731)	$(545,139)	$(23,196)
Adjustments to reconcile net loss to net cash flows from operating activities:			
Depreciation	12,120	13,497	14,223
Amortization of intangibles	24,014	30,031	39,493
Amortization of deferred financing costs and cap premium	3,329	3,405	3,389
Non-cash impairment expense	-	530,109	-
Deferred income taxes	-	(28,461)	(11,695)
Non-cash gain/loss on interest rate swaps and collars	(753)	1,496	-
Loss on disposal of assets	254	337	35
Accrued interest on mezzanine debt	13,882	12,092	10,593
Stock-based compensation expense	70	18	699
Changes in assets and liabilities			
Receivables	1,382	2,189	1,246
Inventories	8,047	(9,162)	7,911
Prepaid expenses and other assets	1,594	13,011	(1,027)
Accounts payable	6,457	(4,595)	(3,814)
Accrued expenses	(6,635)	587	(4,321)
Net cash flows from operating activities	$ 1,030	19,415	33,536
CASH FLOWS FROM INVESTING ACTIVITIES:			
Additions to property and equipment	$ (9,394)	$ (7,585)	$(12,501)
Loan to related party	(1,030)	-	-
Net cash flows from investing activities	(10,424)	(7,585)	(12,501)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on long-term debt	$ (5,125)	$ (4,100)	$(13,075)
Net borrowings on line of credit	(47,000)	47,000	-
Net cash flows from financing activities	(52,125)	42,900	(14,325)
NET CHANGE IN CASH AND CASH EQUIVALENTS	(61,519)	54,730	6,710
CASH AND CASH EQUIVALENTS — Beginning of year	67,242	12,512	5,802
CASH AND CASH EQUIVALENTS — End of year	$ 5,723	$ 67,242	$ 12,512
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid (received) during the year for:			
Income taxes	$ (1)	$ (1,251)	$ 1,982
Interest	$ 61,222	$ 40,820	$ 51,029
Noncash investing and financing activities — unpaid purchase of equipment included in accounts payable	$ 1,165	$ 1,000	$ 1,171

See accompanying notes to consolidated financial statements.

1. ORGANIZATION, BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization — OTC Investors Corporation, through Oriental Trading Company, Inc., Fun Express, Inc. and OTC Marketing, Inc., is a direct marketer of party supplies, novelties, toys, children's arts and crafts, school supplies and value-priced home décor and giftware. Oriental Trading Company, Inc. is a wholly-owned subsidiary of OTC Investors Corporation. Fun Express, Inc. is a wholly-owned subsidiary of Oriental Trading Company, Inc. Their products are marketed to individual consumers, teachers, schools, churches, non-profit organizations and businesses through direct mail catalogs and websites. OTC Marketing, Inc. is a wholly-owned subsidiary of Oriental Trading Company, Inc. and is currently inactive.

On July 31, 2006, Carlyle Partners IV, L.P. and CP IV Coinvestment, L.P. (the "Carlyle Group") acquired the controlling interest in OTC Holdings Corporation, the parent company of OTC Investors Corporation through a series of transactions (the "2006 Transaction").

Principles of Consolidation — All intercompany transactions and balances have been eliminated in the consolidated financial statements of the Company.

Fiscal Year — The Company has a 52 or 53 week fiscal year ending on the Saturday closest to March 31 each year. The fiscal years ended April 3, 2010, March 28, 2009, and March 29, 2008, contained 53, 52 and 52 weeks, respectively. The effect of the extra week in fiscal year 2010 on total revenues was an additional $8,176,000 as compared to fiscal year 2009.

Cash and Cash Equivalents — All highly liquid investments with original maturities of three months or less are considered to be cash equivalents. Cash and cash equivalents consist primarily of deposits with financial institutions.

Inventories — Inventories consist of finished goods merchandise purchased for resale and are stated at the lower of first-in, first-out cost or market.

Property and Equipment — Property and equipment are stated at cost less accumulated depreciation or amortization. Property and equipment are assessed for impairment in accordance with ASC 360-10, *Property, Plant and Equipment*, whenever events or changes in the circumstances indicate the carrying amount may not be recoverable based on an undiscounted cash flow model. Depreciation and amortization are provided using either the straight-line method or the double-declining balance method over the following estimated useful lives:

Buildings and improvements	20 years
Warehouse and office equipment	3–10 years
Furniture and fixtures	5–7 years
Software	3–7 years
Leasehold improvements	Shorter of useful life or lease term

Software costs are primarily related to externally purchased software. For internally developed software, software development costs are generally capitalized commencing with the application development stage. After that time, direct costs are capitalized and amortized using the straight-line method when the software is placed in service.

Revenue Recognition — Sales, including shipping and handling charges, and the related cost of sales are recognized upon delivery of product to the customer. Amounts collected in advance of delivery to the customer totaled $4,556,000 and $6,143,000 at April 3, 2010 and March 28, 2009, respectively, and are included in unearned revenue. Discounts provided to customers are accounted for as a reduction of sales. An allowance for sales returns and customer credits is estimated based on historical trends and current sales performance. Changes to this allowance and returns and credits issued to customers are recorded as a reduction of sales.

Cost of Sales and Operating Expenses — Cost of sales primarily consists of merchandise acquisition costs, including freight-in costs as well as costs to ship merchandise to customers. Operating expenses primarily consist of selling expenses, including amortization of prepaid catalog expenses, warehouse, call center and general and administrative expenses.

Prepaid Catalog Expenses — Costs of catalogs, which include production and circulation costs, are capitalized and amortized in proportion to the sales they are estimated to generate, generally over a three-to nine-month period. Costs of catalogs expensed by the company for the year ended April 3, 2010, March 28, 2009 and March 29, 2008 were $112,695,000, $141,225,000 and $176,694,000, respectively.

Deferred Financing Costs — Financing costs are capitalized and amortized to interest expense using the effective interest method. The company deferred $23,998,000 in financing costs in conjunction with new debt agreements and a subsequent amendment as discussed in Note 3. The company amortized $3,329,000, $3,405,000 and $3,389,000 of these deferred financing costs for the years ended April 3, 2010, March 28, 2009 and March 29, 2008, respectively.

Identifiable Intangible Assets — In conjunction with the 2006 Transaction, the Company recorded the value of customer relationships and trade names as identifiable intangible assets. The values of customer relationships are amortized over estimated useful lives of up to 10 years in proportion to the pattern in which the economic benefits are expected to be consumed. The "Oriental Trading Company, Inc." trade name was determined to have an indefinite life. Intangible assets with an indefinite life and goodwill are analyzed for impairment annually or as indicators warrant. An impairment loss of $60,727,000 was recorded in impairment expense in the consolidated statements of operations during the year ended March 28, 2009, relating to the "Oriental Trading Company, Inc." trade name due to changes in the

underlying cash flows resulting from changes in the macroeconomic environment in 2008 based on a discounted cash flow methodology. No impairment was recorded during the years ended March 29, 2008 and April 3, 2010.

Other trade names are amortized on a straight-line basis over an estimated 10-year life. Definite-lived intangible assets are assessed for impairment whenever events or changes in the circumstances indicate the carrying amount may not be recoverable based on an undiscounted cash flow model. When it is determined that recoverability of the intangible asset is uncertain, the Company discounts the cash flow model to measure the impairment. An impairment loss of $485,000 was recorded in impairment expense, relating to the "Terry's Village" trade name, in the consolidated statements of operations during the year ended March 28, 2009. No impairment was recorded during the years ended March 29, 2008 and April 3, 2010.

Goodwill — The Company performs its goodwill impairment test in the fourth quarter in connection with the annual planning process. The first step of the goodwill impairment test compares the fair value of the reporting unit with its carrying amount including goodwill. The Company has determined it has one reporting unit. If the carrying amount of a reporting unit exceeds its fair value, the second step of the goodwill impairment test is performed. Key assumptions used in the testing include, but are not limited to, the use of an appropriate discount rate and estimated future cash flows. Due to significant changes in the macroeconomic environment and the related impact on the Company's business during 2008, the Company revised its future growth and operating income projections and accordingly the carrying amount of the Company exceeded its fair value. During the year ending March 28, 2009, a goodwill impairment loss of $468,897,000 was recognized based on the results of the second step of the impairment test where the implied fair value of the goodwill using the expected present value of future cash flows and the Company's expectation of market conditions was greater than the carrying value. This loss is recorded in impairment expense in the consolidated statements of operations. No impairment was recorded during the years ended March 29, 2008 and April 3, 2010.

Income Taxes — Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the estimated future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. Deferred tax assets and liabilities are measured using enacted tax rates in effect for the year in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. Valuation allowances are established when necessary to reduce deferred tax assets to the amount that is more likely than not to be fully realized.

On March 29, 2009, the Company adopted the provisions relating to uncertainty in income taxes in ASC 740-10, *Income Taxes*, (formerly Financial Accounting Standards Board ("FASB") Interpretation No. 48, *Accounting for Uncertainty in Income Taxes — an interpretation of FASB Statement No. 109)*. This provision applies to all uncertain tax positions and clarifies when and how to recognize tax benefits in the financial statements with a two-step approach of recognition and measurement. Tax benefits are recognized only for tax positions that are more likely than not to be sustained upon examination by tax authorities. The amount recognized is measured as the largest amount of benefit that is more likely than not to be realized upon ultimate settlement. Unrecognized tax benefits are tax benefits claimed in the Company's tax returns that do not meet these recognition and measurement standards. The adoption had no effect on the Company's financial statements.

Derivative Instruments and Hedging Activities — The fair value of derivative instruments are recorded on the balance sheet within current and long-term liabilities. If it can be concluded that the hedging relationship is expected to be highly effective in achieving offsetting cash flows attributable to changes in the benchmark interest rate due to the critical terms of the derivative instrument matching those of the hedged item, then the hedged item is designated and qualifies as a cash flow hedge. Changes in the fair value of derivative instruments designated and qualifying as cash flow hedges are deferred in accumulated other comprehensive income ("OCI"). If the derivative instruments are sold or terminated or if the Company removes the designation as a cash flow hedge or the hedge is no longer highly effective, the net gain or loss accumulated in OCI would remain in OCI and be reclassified into earnings in the same period or periods during which the hedged item affects earnings unless it is probable that the hedged transaction would not occur by the end of the originally specified time period, or within an additional two months thereafter, at which time any remaining gain or loss in OCI would be reclassified into earnings immediately.

Share-Based Payments — Non-vested equity retention awards are measured at the cost of employee services received in exchange for an award of equity instruments based on the grant-date fair value of the award. The cost is recognized on a straight-line basis over the vesting period during which an employee is required to provide service in exchange for the award or upon satisfaction of certain conditions.

Use of Estimates — The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the disclosure of contingent assets and liabilities as of the balance sheet dates and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.

Economic Environment — Negative macro-economic factors are causing a period of unprecedented volatility, and the future economic environment may continue to be less favorable than that of recent years. The Company is highly leveraged and its substantial indebtedness could limit cash flow available for operations and could adversely affect its ability to service debt or obtain additional financing.

2. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following as of April 3, 2010 and March 28, 2009:

	April 3, 2010	March 28, 2009
Land, buildings, and improvements	$31,217	$30,764
Leasehold improvements	239	449
Warehouse and office equipment	45,757	43,747
Software	14,641	10,156
Furniture and fixtures	3,090	2,774
Construction in progress	1,894	285
Total property and equipment	96,838	88,175
Less accumulated depreciation and amortization	45,341	34,048
Net property and equipment	$51,497	$54,127

In December 2009, the company's "F Street" building was damaged due to weather. The company is fully insured for all damages. The carrying value of the building as of April 3, 2010 is $406,000.

3. DEBT

Long-Term Debt — Long-term debt consisted of the following as of April 3, 2010 and March 28, 2009:

	April 3, 2010	March 28, 2009
First Lien Term Loan	$384,625	$389,750
Second Lien Term Loan	180,000	180,000
Mezzanine Loan	111,397	97,515
	676,022	667,265
Less current portion	4,100	4,625
Long-term debt	$671,922	$662,640

The Company borrowed $410,000,000 of term debt ("First Lien Term Loan") under the First Lien Credit Agreement on July 31, 2006 which is secured by substantially all of the Company's assets. Quarterly principal payments of $1,025,000 are due through June 30, 2013, followed by a lump sum payment of $371,300,000 on the maturity date of July 31, 2013. The First Lien Credit Agreement contains provisions for optional prepayments and mandatory prepayments under certain defined circumstances. At April 3, 2010 and March 28, 2009, $0 and $3,600,000, respectively, was mandatorily pre-payable. The Company may elect a Eurocurrency rate or ABR rate, as defined, under the First Lien Credit Agreement from time to time. At the inception of the First Lien Credit Agreement on July 31, 2006, the interest rate on Eurocurrency borrowings was the Eurocurrency interest rate plus an applicable margin of up to 2.50% for revolving loans and 2.75% for term loans. On February 10, 2009 the First Lien Credit Agreement was amended to increase the applicable margin for term loans to 5.00% for Eurocurrency borrowings and to 4.00% for ABR borrowings. The amendment also implemented the definition for the Eurocurrency interest rate as the greater of the Eurocurrency interest rate or 2.50%. On May 1, 2009 the First Lien Credit Agreement was amended to increase the applicable margin for term loans to 6.75% for Eurocurrency borrowings and to 5.75% for ABR borrowings. The amendment also implemented the definition for the Eurocurrency interest rate as the greater of the Eurocurrency interest rate or 3.00% and implemented the definition for the ABR interest rate as the greater of the Prime Rate, the Federal Funds Effective Rate plus ½ of 1.00%, or the Eurocurrency rate plus 1.00%. The average annualized rate of interest for the First Lien Term Loan was 9.84% and 5.80% for the years ended April 3, 2010 and March 28, 2009, respectively. As of April 3, 2010 and March 28, 2009, the interest rate was 9.75% and 7.50%, respectively.

The First Lien Term Loan contains various financial performance covenants. During fiscal 2010, the Company obtained Amendment No. 5 to the Agreement which waived compliance with the consolidated total leverage and consolidated net interest coverage financial covenants from May 1, 2009 through April 4, 2010. Subsequent to year-end, the Company has received additional Waivers, the last of which waives compliance through August 18, 2010. The Company incurred fees of approximately $2,867,000 and $1,067,000 for the years ended April 3, 2010 and March 28, 2009, respectively, in obtaining the Waiver and Amendment which were recorded within other expense in the consolidated statement of operations.

The Company borrowed $180,000,000 of term debt ("Second Lien Term Loan") under the Second Lien Credit Agreement dated July 31, 2006, which is also secured by substantially all of the Company's assets, but is subordinate to collateral rights under the First Lien Credit Agreement. The Second Lien Term Loan is non-amortizing with a maturity date of January 31, 2014. The Second Lien Credit Agreement contains provisions for optional prepayments and mandatory prepayments under certain defined circumstances. No amounts were mandatorily prepayable at April 3, 2010 and March 28, 2009. The Company may elect a Eurocurrency rate or ABR rate, as defined, under the Second Lien Credit Agreement from time to time. The interest rate on Eurocurrency borrowings is the Eurocurrency interest rate plus an applicable margin of 6.00%, which was 6.26% and 6.48% at April 3, 2010 and March 28, 2009, respectively. The average annualized rate of interest for the Second Lien Term Loan was 6.49% and 8.17% for the year ended April 3, 2010 and March 28, 2009, respectively.

The Company also borrowed $70,000,000 under a Mezzanine Loan Agreement on July 31, 2006 ("Mezzanine Loan"). The Mezzanine Loan is unsecured, matures on January 31, 2015, and bears an interest rate of 13.50%. Interest payable on the Mezzanine Loan may, at the Company's option, be paid in cash or by increasing the principal amount of the Mezzanine Loan. As of April 3, 2010 the Company has elected to include accumulated accrued interest of $41,397,000 in the principal amount of the Mezzanine Loan. The Company has the option to prepay the Mezzanine Loan at a premium.

Line of Credit Facility — Under the First Lien Credit Agreement dated July 31, 2006, the Company has the ability to borrow, subject to certain terms and conditions, $50,000,000 in loans or letters of credit under a revolving credit facility expiring July 31, 2012, which is secured by substantially all of the Company's assets. On March 25, 2010, the First Lien Credit Agreement was amended to lower the Company's ability to borrow up to $15,000,000 in loans or letters of credit under the revolving credit facility. The Company had outstanding letters of credit of approximately $1,287,000 and $1,169,000 as of April 3, 2010 and March 28, 2009, respectively and utilized line of credit of $0 and $47,000,000 as of April 3, 2010 and March 28, 2009, respectively.

Aggregate annual maturities of the long-term debt agreements existing as of April 3, 2010, for the subsequent five fiscal years are as follows:

Fiscal Year Ending	Principal Payments
2011	$ 4,100
2012	4,100
2013	4,100
2014	663,722
Total maturities	$676,022

Going Concern — As discussed above, the Company has received Waivers and Amendments to their First Lien Credit Agreement which waived compliance with the consolidated total leverage and consolidated net interest coverage financial covenants. The most recent Waiver and Amendment expires on August 18, 2010. Based on the Company's current projections, it believes it will have difficulty servicing its existing debt. Management is continuing to execute all its business plans and believes it will continue to generate positive operating income as well as cash flows from the business which will enable it to negotiate covenant relief for fiscal 2011, secure alternative financing, or pursue other capital structures necessary for the Company to continue its operations for a reasonable period of time. As such, these financial statements have been prepared assuming that the Company will continue as a going concern.

4. DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

On August 9, 2006, the Company entered into an interest rate swap agreement to hedge the variability in quarterly interest payments on the Company's First Lien Term Loan for a notional amount of $105,835,000. Under the interest rate swap agreement, the Company pays a fixed rate of interest and receives a variable rate of interest effectively converting $105,835,000 of the $410,000,000 variable rate First Lien Term Loan to fixed rate debt. The interest rate swap agreement expired August 28, 2009.

On August 10, 2006, the Company entered into interest rate collar agreements to hedge the variability in quarterly interest payments on the Company's First Lien Term Loan for an additional notional amount of $88,865,000. The collar includes cap agreements to hedge the exposure to variable interest payments on the Company's First Lien Term Loan when 3-month LIBOR rises above 6.0% and floor agreements in which the Company has forgone the benefits of a decline in variable interest payments when 3-month LIBOR falls below 4.415%. The interest rate collar agreements expired August 31, 2009.

On May 6, 2008, the Company entered into an interest rate swap agreement to hedge the variability in quarterly interest payments on the Company's First Lien Term Loan for a notional amount of $50,000,000. Under the interest rate swap agreement, the Company pays a fixed rate of interest and receives a variable rate of interest effectively converting $50,000,000 of the $410,000,000 variable rate First Lien Term Loan to fixed rate debt. The interest rate swap agreement expires May 31, 2011.

On September 26, 2008, the Company entered into an interest rate swap agreement to hedge the variability in quarterly interest payments on the Company's First Lien Term Loan for a notional amount of $100,000,000. Under the interest rate swap agreement, the Company pays a fixed rate of interest and receives a variable rate of interest effectively converting $100,000,000 of the $410,000,000 variable rate First Lien Term Loan to fixed rate debt. The interest rate swap agreement expires July 31, 2011.

Through February 2009, the Company had accounted for the interest rate swap and collar agreements as cash flow hedges. This requires that, both at the inception and on an ongoing basis, it can be concluded that the hedging relationships are expected to be perfectly effective in achieving offsetting cash flows attributable to changes in LIBOR since the critical terms of the swap and collar interest rate caps match those of the debt associated with the variable cash flows. Changes in fair values of the interest rate swap and collars agreements are recorded in OCI. In February 2009, the Company de-designated the cash flow hedge designation for its interest rate swap and collar agreements. The deferred loss recognized in accumulated other comprehensive loss for changes in fair value of the interest rate swap and collar agreements was $9,398,000 and $1,913,000, or $6,108,000 and $1,244,000 net of tax, respectively, at February 10, 2009, which is the last time the interest rate swap and collar agreements were deemed an effective designated cash flow hedge. The associated other comprehensive loss for these interest rate swap and collar contracts will be reclassified into earnings over the remaining life of these contracts, which terminate between August 31, 2009 and July 31, 2011. During the year ending April 3, 2010, $6,102,000, or $3,967,000 net of tax, of other comprehensive loss was reclassified and recorded as interest expense. Between February and March 28, 2009, $1,825,000, or $1,186,000 net of tax, of other comprehensive loss was reclassified and recorded as interest expense.

At April 3, 2010, the fair value of the interest rate swap agreements of $6,262,000 was recorded as liabilities, and there were no collar agreements. At March 28, 2009, the fair value of the interest rate swap and collar agreements of $9,549,000 and $1,433,000, respectively, were recorded as liabilities ($3,603,000 recorded within accrued expenses). The deferred loss in accumulated other comprehensive loss to be reclassified into earnings for changes in fair value of the interest rate swap agreements was $3,384,000, net of tax of $1,184,000 at April 3, 2010. The deferred loss in accumulated other comprehensive loss to be reclassified into earnings for changes in fair value of the interest rate swap and collar agreements was $8,119,000 and $1,367,000, net of tax of $2,842,000 and $478,000 respectively at March 28, 2009.

By using derivative financial instruments to hedge exposures to changes in interest rates, the Company exposes itself to credit risk and market risk. Credit risk is the failure of the counterparty to perform under the terms of the derivative contract. The Company attempts to minimize the credit risk in derivative instruments by entering into transactions with high-quality counterparties.

5. FAIR VALUE DISCLOSURES

Following is a description of the valuation methodologies used for assets and liabilities measured at fair value.

Interest Rate Swaps and Collars — The effect of the interest rate swaps and collars is to change a variable rate debt obligation to a fixed rate for that portion of the debt that is hedged. We record the interest rate swaps and collars at fair value. The fair value of the interest rate swaps and collars is based on a model whose inputs are observable for substantially the full term of the financial instrument; therefore, the fair value of these interest rate swaps is based on a Level 2 input.

Assets and liabilities at April 3, 2010 measured at fair value on a recurring basis, in thousands, are summarized below:

Description	Fair Value and Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities — interest rate swaps	$ 6,262	$ -	$ 6,262	$ -

The fair value of our First and Second lien debt at April 3, 2010 based on available information was approximately $373,866,000 compared to the carrying amount of $564,625,000. The Company's mezzanine debt, which has a carrying value of $111,397,000 at April 3, 2010, is not traded and bears an interest rate of 13.50%, a portion of which increases the outstanding principal balance.

Assets and liabilities at March 28, 2009, measured at fair value on a recurring basis, in thousands, are summarized below:

Description	Fair Value and Carrying Amount	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Liabilities:				
Interest rate swaps	$ 9,549	$ -	$ 9,549	$ -
Interest rate collars	1,433	-	1,433	-
Total liabilities — fair value	$ 10,982	$ -	$ 10,982	$ -

6. INCOME TAXES

The Company files consolidated income tax returns. Income tax expense (benefit) for the years ended April 3, 2010, March 28, 2009, and March 29, 2008 consists of the following:

	April 3, 2010 (53 Weeks)	March 28, 2009 (52 Weeks)	March 29, 2008 (52 Weeks)
Current:			
Federal	$ (89)	$ (89)	$ (178)
State	-	-	-
	(89)	(89)	(178)
Deferred	-	(28,461)	(11,695)
Income tax expense (benefit)	$ (89)	$ (28,550)	$ (11,873)

The actual tax benefit differs from the "expected" tax benefit (computed by applying the U.S. Federal corporate income tax rate of 35% to income before income taxes) as follows:

	April 3, 2010 (53 Weeks)	March 28, 2009 (52 Weeks)	March 29, 2008 (52 Weeks)
Computed "expected" tax benefit	$ (21,987)	$ (200,791)	$ (12,274)
Nondeductible interest expense	934	802	703
Nondeductible impairment expense	-	164,114	-
Nondeductible loss on interest rate swaps and collars	3,524	-	-
Valuation allowance	17,704	7,513	-
Other	(264)	(188)	(302)
Income tax benefit	$ (89)	$ (28,550)	$ (11,873)

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities at April 3, 2010 and March 28, 2009 are presented below:

	April 3, 2010	March 28, 2009
Deferred tax assets:		
Tax goodwill	$ 21,631	$ 26,106
Accrued expenses and allowances	11,679	11,569
Net operating loss carryforward and tax credits	12,891	3,184
Accrued interest	12,533	8,444
2006 Transaction expenses	1,476	1,616
Fair value of financial instruments	2,192	3,844
Valuation allowance	(25,217)	(7,513)
Total deferred tax assets	37,185	47,250
Deferred tax liabilities:		
Customer relationships	25,812	34,144
Trade names	23,911	23,984
Property and equipment	4,650	4,705
Prepaid catalog expenses	6,195	7,738
Other	65	127
Total deferred tax liabilities	60,633	70,698
Net deferred tax liabilities	$ (23,448)	$ (23,448)

The Company had approximately $36,233,000 and $209,000 of unused net operating loss (NOL) and tax credit carryforwards, respectively, at April 3, 2010 and $9,098,000 and $167,000 of unused net operating loss (NOL) and tax credit carryforwards, respectively, at March 28, 2009. The NOL and tax credit carryforwards expire in fiscal years 2026-2029.

In assessing the realizability of deferred tax assets, management considers the likelihood that some portion or all of the deferred tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible, or the availability of carry backs. Management considers the scheduled reversal of deferred tax liabilities, projected future taxable income, and tax planning strategies in making this assessment.

Due to the tax losses incurred by the Company during the years ended April 3, 2010 and March 28, 2009 and projections for taxable income in future years, the Company has provided a valuation allowance against the net of its deferred tax assets less certain deferred tax liabilities of $25,217,000 and $7,513,000, respectively.

The Company will continue to assess the recoverability of deferred tax assets and the related valuation allowance. To the extent the Company generates taxable income in future years and it is determined that all or a portion of the valuation allowance is no longer required, the tax benefit of the remaining deferred tax assets will be recognized at such time.

In preparing tax returns, management is required to interpret complex tax laws and regulations. The Company files tax returns in the U.S. federal jurisdiction which may give rise to different interpretations of these complex laws and regulations.

In 2009, the Company adopted guidance in ASC 740, *Income Taxes,* related to uncertain tax positions. Uncertain tax positions are evaluated and amounts are recorded when it is more likely than not that the position will be sustained upon examination, including resolutions of any related appeals or litigation processes, based on the technical merits. Judgment is required in evaluating each uncertain tax position to determine whether the more likely than not threshold has been met. The adoption had no impact on the Company's financial statements.

7. BENEFIT PLANS

The Company maintains a defined contribution benefit plan covering substantially all employees. Eligible employees can contribute a percentage of their earnings to the 401(k) savings feature of the plan. The percentage of elective deferral contributions matched, if any, shall be a percentage as determined by the Company. As of March 29, 2008, the Company matched 100% of the first 4% of an employee's annual contribution. In January 2009, the Company discontinued the match. The Company may elect to make additional discretionary profit sharing contributions in such amounts as may be determined by the Board of Directors. The Company's matching contributions to the plan were approximately $0, $1,042,000, and $1,357,000 for the years ended April 3, 2010, March 28, 2009, and March 29, 2008, respectively.

8. STOCK-BASED COMPENSATION PLANS

Effective July 31, 2006, OTC Holdings Corporation, the parent company of OTC Investors Corporation and subsidiaries, adopted a Stock Incentive Plan (the 2006 Plan). Under the terms of the 2006 Plan, up to 642,732 shares of common stock of OTC Holdings Corporation are authorized for issuance as retention equity awards. The stock generally vests 20% on each anniversary date over a five year service period or based upon the occurrence of specific events or meeting certain financial performance levels. As of April 3, 2010, 96,981 service period shares and 57,715 specific event or performance based shares are outstanding. The parent, at its option, could repurchase vested shares in the 2006 Plan at fair market value in the event of termination of employment of the holder.

Compensation expense totaled $70,000, $42,000, and $699,000, or $46,000, $27,000, and $454,000 net of tax, for the years ended April 3, 2010, March 28, 2009, and March 29, 2008, respectively. During the year ended March 29, 2008, compensation expense includes amounts related to the immediate vesting of certain shares. No compensation expense was recognized for the shares tied to the occurrence of specific events or meeting certain financial performance levels as vesting is not deemed probable.

Unrecognized compensation expense at April 3, 2010 related to these service awards totaled $132,000, which is expected to be amortized over the weighted average remaining service period of 1.50 years. The fair value of the stock used in calculating compensation expense was estimated based on a calculated value.

A summary of nonvested shares activity during the fiscal year is as follows:

	Number of Shares	Weighted Average Grant Date Fair Value
Nonvested shares outstanding — March 31, 2007	239,954	4.51
Granted	276,088	4.51
Forfeited	(139,259)	4.51
Vested	(137,331)	4.51
Nonvested shares outstanding — March 29, 2008	239,452	4.51
Granted	12,000	4.51
Forfeited	(100,837)	4.51
Vested	(27,581)	4.51
Nonvested shares outstanding — March 28, 2009	123,034	4.51
Granted	-	4.51
Forfeited	(21,424)	4.51
Vested	(6,027)	4.51
Nonvested shares outstanding — April 3, 2010	95,583	4.51

9. COMMITMENTS AND CONTINGENCIES

Various tax and legal claims involving product liability, intellectual property and other claims arise in the normal course of business. It is not possible to predict with certainty the outcome of such matters. However, management does not expect that the resolution in any of these matters will have a material adverse effect on the Company's results of operations, financial position or cash flows.

Various states have requested information regarding whether the Company should be collecting and remitting sales and use taxes. The Company believes that current law supports the Company's filing practices and it will vigorously defend against any actions that challenge the Company's practices.

The Company recognized rent expense under operating leases for the years ended April 3, 2010 and March 28, 2009 and March 29, 2008 of approximately $3,911,000, $4,052,000 and $4,005,000, respectively. The leases expire on various dates through fiscal year 2027. Future minimum lease commitments as of April 3, 2010 are as follows:

Fiscal Year Ending	Lease Payments
2011	$ 3,831
2012	3,831
2013	3,831
2014	3,831
2015	3,831
2016 and thereafter	45,657
Total	$64,812

10. RELATED PARTY TRANSACTIONS

The Company receives management services from their primary stockholders. The Company recorded management fees of $1,000,000 in operating expenses during each of the years ended April 3, 2010, March 28, 2009 and March 29, 2008.

On May 27, 2009, the Company entered into an agreement with an officer of the Company for a $1,000,000 loan. The loan is payable upon the earlier of certain events including the tenth anniversary of the loan, a change in control, or termination by the officer of employment with the Company. Interest accrues on the unpaid principal amount at 3.58% and is payable on the date the principal amount or portion thereof becomes payable. Interest added to the principal balance of the loan during the year ended April 3, 2010 and recognized as interest income by the Company was $30,000. The total amount due from the related party as of April 3, 2010 is $1,030,000.

11. IDENTIFIABLE INTANGIBLE ASSETS AND GOODWILL

Amortized intangible assets as of April 3, 2010 and March 28, 2009 were as follows:

	As of April 3, 2010		
	Gross Carrying Amount	Accumulated Amortization	Estimated Life
Customer relationships	$ 206,649	$ 132,901	10 years
Trade names	2,027	704	10 years
	$ 208,676	$ 133,605	

	As of March 28, 2009		
	Gross Carrying Amount	Accumulated Amortization	Estimated Life
Customer relationships	$ 206,649	$ 109,096	10 years
Trade names	2,027	495	10 years
	$ 208,676	$ 109,591	

The useful lives assigned to finite-lived intangible assets included consideration of factors such as past and expected experience related to customer retention rates and the expected use of the intangible asset. An impairment loss of $485,000 was recorded during the year ended March 28, 2009 relating to one of the finite-lived trade names. No impairment loss was recorded during the years ended March 29, 2008 and April 3, 2010. Amortization expense for intangible assets was $24,014,000, $30,031,000 and $39,493,000 for the years ended April 3, 2010, March 28, 2009 and March 29, 2008 respectively. Estimated annual amortization expense related to finite-lived intangible assets is as follows:

Fiscal Year Ending	Estimated Amortization Expense
2011	$ 19,293
2012	15,645
2013	12,534
2014	10,267
2015	8,556

The Company recorded $127,722,000 for the Oriental Trading Company, Inc. trade name with an indefinite life in conjunction with the 2006 Transaction. In its determination of this trade name as indefinite-lived, the Company considered such factors as its expected future use of the trade name and legal and competitive factors that could impact the useful life or value of the trade name. An impairment loss of $60,727,000 was recorded during the year ended March 28, 2009 relating to this trade name. At March 28, 2009 and April 3, 2010, the carrying amount of the Oriental Trading Company, Inc. trade name was $66,995,000 and at March 29, 2008, it was $127,722,000. No impairment loss was recorded during the years ended March 29, 2008 and April 3, 2010.

The carrying amount of goodwill as of April 3, 2010 and March 28, 2009, was as follows:

	Gross Carrying Amount	Accumulated Impairment	Net Carrying Amount
Goodwill	$613,259	$468,897	$144,362

The Company performed its annual impairment testing of goodwill and other intangible assets as of December 31, 2009 and December 31, 2008. As a result of that testing, an impairment charge of $468,897,000 was recorded for the year ended March 28, 2009. No impairment charge was recorded for the years ended March 29, 2008 and April 3, 2010. Key assumptions used in the testing include, but are not limited to, the use of an appropriate discount rate and estimated future cash flows.

12. ACCOUNTING PRONOUNCEMENTS

In June 2009, the FASB issued guidance under ASC 105-10, *Generally Accepted Accounting Principles*. This guidance establishes the ASC as the single source of authoritative non-governmental Generally Accepted Accounting Principles ("GAAP"), superseding existing pronouncements published by the FASB, American Institute of Certified Public Accountants, Emerging Issues Task Force and other accounting bodies. This guidance establishes only one level of authoritative GAAP. All other accounting literature will be considered non-authoritative. The ASC reorganizes the GAAP pronouncements into accounting topics and displays them using a consistent structure. This guidance is effective for financial statements issued for annual periods ending after September 15, 2009. The Company adopted this guidance in fiscal 2010.

In May 2009, the FASB issued guidance under ASC 855-10, *Subsequent Events* ("ASC 855-10"). This guidance establishes general standards of accounting for and disclosure of events that occur after the balance sheet date but before financial statements are issued or are available to be issued. This guidance is effective for annual fiscal periods ending after June 15, 2009. In accordance with the provisions of ASC 855-10, the Company has evaluated subsequent events through July 1, 2010. No subsequent events requiring recognition were identified and therefore none were incorporated into the consolidated financial statements presented herein.

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APPENDIX E

UNAUDITED QUARTERLY FINANCIAL STATEMENTS FOR FISCAL QUARTER ENDED JULY 3, 2010

OTC INVESTORS CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEET - UNAUDITED
July 3, 2010 and July 4, 2009

ASSETS	July 3, 2010	July 4, 2009
Current assets:		
Cash and cash equivalents	$ 3,892,581	$ 35,511,742
Accounts receivable, less allowance for uncollectible accounts of $604,189 and $476,000 as of July 3, 2010 and July 4, 2009 respectively	12,238,625	11,796,693
Inventories	76,416,221	57,421,817
Prepaid catalog expenses	10,412,386	10,383,843
Deferred income taxes	-	-
Other assets	10,024,500	8,412,605
Total current assets	**112,984,313**	**123,526,700**
Fixed assets:		
Land & building	31,504,994	30,904,107
Leasehold Improvements	263,011	229,738
Warehouse equipment	27,300,949	27,016,064
Office equipment	34,641,318	27,564,449
Furniture and fixtures	3,137,787	2,777,783
Transportation equipment	246,894	246,747
Construction in progress	1,287,177	1,174,115
	98,382,130	89,913,002
Less - accumulated depreciation and amortization	48,213,738	36,789,178
Total fixed assets	**50,168,391**	**53,123,825**
Deferred financing costs, net	10,833,711	14,155,736
Notes Receivable	1,069,443	1,002,942
Customer relationships, net	68,977,281	91,602,101
Trade names, net	68,265,698	68,474,580
Goodwill	144,362,000	144,362,000
Total assets	**$ 456,660,838**	**$ 496,247,883**

OTC INVESTORS CORPORATION & SUBSIDIARIES
CONSOLIDATED BALANCE SHEET - UNAUDITED
July 3, 2010 and July 4, 2009

LIABILITIES AND STOCKHOLDERS' EQUITY	July 3, 2010	July 4, 2009
Current liabilities:		
Revolving credit line	$ -	$ -
Current portion of long-term debt	4,100,000	1,525,000
Accounts payable	25,651,442	17,389,567
Accrued expenses	31,639,625	32,004,779
Total current liabilities	**61,391,067**	**50,919,346**
Long-term liabilities, less current maturities:		
First lien notes payable	379,500,000	383,600,000
Second lien notes payable	182,848,300	180,000,000
Mezzanine notes payable	111,397,394	97,515,152
Fair value of financial instruments	3,793,339	3,972,291
Deferred income taxes	23,448,250	23,448,250
Total long-term liabilities	**700,987,282**	**688,535,693**
Total liabilities	**762,378,350**	**739,455,039**
Stockholders' equity:		
Common stock, $.01 par value; authorized 1,000 shares; 10, 10 shares issued and outstanding July 3, 2010 and July 4, 2009 respectively	0	0
Additional paid-in capital - common stock	365,092,497	365,018,840
Accumulated other comprehensive (loss) income	(1,770,448)	(4,386,496)
Accumulated deficit	(669,039,560)	(603,839,500)
Total stockholders' equity (deficit)	**(305,717,511)**	**(243,207,156)**
Total liabilities and stockholders' equity	**$ 456,660,838**	**$ 496,247,883**

OTC INVESTORS CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED
For the Months Ended July 3, 2010 and July 4, 2009

	July 3, 2010	July 04, 2009
Net sales	$ 50,358,615	$ 54,872,933
Cost of sales	17,728,498	21,186,711
Gross profit	**32,630,116**	**33,686,221**
Gross profit %	*64.80%*	*61.39%*
Selling, general & administrative expenses	27,330,779	26,157,127
Earnings before interest, taxes, depreciation & amortization (EBITDA)	**5,299,338**	**7,529,094**
Depreciation	981,615	1,010,433
Amortization of customer relationships	1,590,330	1,983,759
Amortization of trade names	17,407	6,387
Earning before interest, taxes & other (EBIT)	**2,709,986**	**4,528,515**
Net interest:		
Interest expense	6,388,100	3,515,740
Interest income	(5,783)	(9,649)
Net interest	6,382,317	3,506,091
Other	-	-
Total interest & other (income) expense	6,382,317	3,506,091
Net income (loss) before income taxes	**(3,672,331)**	**1,022,424**
Income tax expense (benefit)	-	1,611,863
Net income (loss)	**$ (3,672,331)**	**$ (589,438)**

OTC INVESTORS CORPORATION & SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS - UNAUDITED
For the Months Ended July 3, 2010 and July 4, 2009

	July 3, 2010	July 4, 2009
Cash flows from operating activities:		
Net income (loss)	$ (3,672,331)	$ (589,438)
Adjustments to reconcile net income to net		
cash provided (used) by operating activities:		
Depreciation	981,615	1,010,433
Amortization of customer relationships and trade names	1,607,737	1,990,145
Amortization of deferred financing costs	275,984	279,993
Non-cash impairment loss	-	-
(Gain) loss on disposal of assets, net	(1,984)	11,380
Accrued interest on debt	-	-
Non-cash loss (gain) on interest rate swaps & collars	(668,719)	(4,071,901)
Deferred tax expense	-	1,611,863
Provision for bad debts	30,232	43,562
Stock-based compensation expense	4,605	3,283
Changes in assets and liabilities:		
(Increase) decrease in receivables	3,015,373	3,379,461
(Increase) decrease in inventories	(6,067,697)	6,800,483
(Increase) decrease in prepaids and other	4,558,790	6,228,060
Increase (decrease) in accounts payable	1,516,182	(931,759)
Increase (decrease) in accrued expenses	946,438	(497)
Total adjustments	6,198,555	16,354,506
Net cash provided (used) by operating activities	2,526,224	15,765,068
Cash flows provided (used) by investing activities:		
Capital expenditures	(665,424)	(991,757)
Proceeds from sale of assets	1,984	-
Loan to related party	(3,535)	(1,002,942)
Net cash provided (used) by investing activities	(666,975)	(1,994,699)
Cash flows provided (used) by financing activities:		
Net borrowings (reduction) on revolving credit line	-	-
Principal payments on long term debt	(1,025,000)	(3,600,000)
Net cash provided (used) by financing activities	(1,025,000)	(3,600,000)
Net increase (decrease) in cash	834,250	10,170,368
Cash, beginning of period	3,058,331	25,341,374
Cash, end of period	$ 3,892,581	$ 35,511,742
Supplemental disclosure of cash flow information:		
Cash paid during the period for income tax	$ -	$ -
Cash paid during the period for interest	3,495,417	4,454,618

APPENDIX F

PRO FORMA BALANCE SHEET

APPENDIX G

FINANCIAL PROJECTIONS

APPENDIX H

VALUATION ANALYSIS