IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
PIERRE FOODS, INC., et al.,[1]	)	Case No. 08-11480 (KG)
Debtors.	)	Jointly Administered

DISCLOSURE STATEMENT FOR THE JOINT PLAN OF REORGANIZATION OF PIERRE FOODS, INC. AND ITS AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

THIS IS NOT A SOLICITATION OF ACCEPTANCES OF THE PLAN.

ACCEPTANCES MAY NOT BE SOLICITED UNTIL THE DISCLOSURE STATEMENT HAS BEEN APPROVED BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL TO THE BANKRUPTCY COURT BUT HAS NOT YET BEEN APPROVED BY THE BANKRUPTCY COURT AT THIS TIME.

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Dated: September 29, 2008

[1] The Debtors in these Chapter 11 Cases, along with the last four digits of each Debtor's federal tax identification number, are: Pierre Foods, Inc. (5643); Pierre Holding Corp. (0320); PF Management, Inc. (4935); Pierre Real Property, LLC (5302); Fresh Foods Properties, LLC (1730); Clovervale Farms, Inc. (1082); Chefs Pantry, Inc. (5649); Clovervale Transportation, Inc. (9470); Zartic, LLC (9891); Zartic Real Property, LLC (9895); Zar Tran, LLC (9892); Warfighter Foods, LLC (5678); Zar Tran Real Property, LLC (9896). Pierre Real Property, LLC, Zartic Real Property, LLC, and Warfighter Foods, LLC are not operating entities and do not have any officers. The location of the Debtors' corporate headquarters and the service address for all Debtors is: 9990 Princeton Road, Cincinnati, Ohio 45246.

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THE VOTING DEADLINE IS 4:00 P.M. PREVAILING PACIFIC TIME ON [DECEMBER 5, 2008][2]
(UNLESS THE DEBTORS EXTEND THE VOTING DEADLINE).

TO BE COUNTED AS A VOTE TO ACCEPT OR REJECT THE PLAN,
THE VOTING AND CLAIMS AGENT MUST ACTUALLY RECEIVE YOUR BALLOT
OR MASTER BALLOT, AS APPLICABLE, ON OR BEFORE THE VOTING DEADLINE.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT, THE PLAN AND ANY EXHIBITS ATTACHED HERETO IS HIGHLY SPECULATIVE, AND SUCH DOCUMENTS SHOULD NOT BE RELIED UPON IN MAKING INVESTMENT DECISIONS WITH RESPECT TO THE DEBTORS OR ANY OTHER ENTITIES THAT MAY BE AFFECTED BY THESE CHAPTER 11 CASES.

[2] All bracketed dates set forth herein are proposed dates. On or before October 10, 2008, the Debtors intend to file a motion seeking entry of an order: (i) approving this Disclosure Statement; (ii) establishing, among other dates, the voting record date and the deadline for voting on the Plan and for objecting to the Plan; and (iii) approving procedures for soliciting, receiving and tabulating votes on and filing objections to the Plan. Until the entry of such order, however, bracketed dates should not be relied upon by any party in interest.

IMPORTANT INFORMATION FOR YOU TO READ

THE DEBTORS ARE PROVIDING THE INFORMATION IN THIS DISCLOSURE STATEMENT FOR THE JOINT PLAN OF REORGANIZATION OF PIERRE FOODS, INC. AND ITS AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE TO HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN FOR THE PURPOSE OF SOLICITING VOTES TO ACCEPT THE PLAN. NOTHING IN THIS DISCLOSURE STATEMENT MAY BE RELIED UPON OR USED BY ANY ENTITY FOR ANY OTHER PURPOSE.

THIS DISCLOSURE STATEMENT WAS NOT FILED WITH THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE AUTHORITY AND NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE AUTHORITY HAVE PASSED UPON THE ACCURACY OR ADEQUACY OF THIS DISCLOSURE STATEMENT OR UPON THE MERITS OF THE PLAN.

THIS DISCLOSURE STATEMENT CONTAINS "FORWARD LOOKING STATEMENTS" WITHIN THE MEANING OF THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. SUCH STATEMENTS CONSIST OF ANY STATEMENT OTHER THAN A RECITATION OF HISTORICAL FACT AND CAN BE IDENTIFIED BY THE USE OF FORWARD LOOKING TERMINOLOGY SUCH AS "MAY," "EXPECT," "ANTICIPATE," "ESTIMATE" OR "CONTINUE" OR THE NEGATIVE THEREOF OR OTHER VARIATIONS THEREON OR COMPARABLE TERMINOLOGY. THE READER IS CAUTIONED THAT ALL FORWARD LOOKING STATEMENTS ARE NECESSARILY SPECULATIVE AND THERE ARE CERTAIN RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL EVENTS OR RESULTS TO DIFFER MATERIALLY FROM THOSE REFERRED TO IN SUCH FORWARD LOOKING STATEMENTS. THE LIQUIDATION ANALYSIS, DISTRIBUTION PROJECTIONS AND OTHER INFORMATION CONTAINED HEREIN AND ATTACHED HERETO ARE ESTIMATES ONLY, AND THE TIMING AND AMOUNT OF ACTUAL DISTRIBUTIONS TO HOLDERS OF ALLOWED CLAIMS MAY BE AFFECTED BY MANY FACTORS THAT CANNOT BE PREDICTED. THEREFORE, ANY ANALYSES, ESTIMATES OR RECOVERY PROJECTIONS MAY OR MAY NOT TURN OUT TO BE ACCURATE.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED PURSUANT TO SECTION 1125 OF THE BANKRUPTCY CODE AND BANKRUPTCY RULE 3016(B) AND IS NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER SIMILAR LAWS. THE SECURITIES DESCRIBED HEREIN WILL BE ISSUED TO CREDITORS WITHOUT REGISTRATION UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR ANY SIMILAR FEDERAL, STATE OR LOCAL LAW, AND WILL INSTEAD RELY UPON THE EXEMPTIONS SET FORTH IN SECTION 1145 OF THE BANKRUPTCY CODE TO THE MAXIMUM EXTENT PERMITTED AND APPLICABLE. THE DEBTORS RECOMMEND THAT POTENTIAL RECIPIENTS OF ANY SECURITIES PURSUANT TO THE PLAN CONSULT THEIR OWN LEGAL COUNSEL CONCERNING THE SECURITIES LAWS GOVERNING THE TRANSFERABILITY OF ANY SUCH SECURITIES.

NO LEGAL OR TAX ADVICE IS PROVIDED TO YOU BY THIS DISCLOSURE STATEMENT. THE DEBTORS URGE EACH HOLDER OF A CLAIM OR AN EQUITY INTEREST TO CONSULT WITH ITS OWN ADVISORS WITH RESPECT TO ANY LEGAL, FINANCIAL, SECURITIES, TAX OR BUSINESS ADVICE IN REVIEWING THIS DISCLOSURE STATEMENT, THE PLAN AND EACH OF THE PROPOSED TRANSACTIONS CONTEMPLATED THEREBY. FURTHERMORE, THE BANKRUPTCY COURT'S APPROVAL OF THE ADEQUACY OF DISCLOSURE CONTAINED IN THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL OF THE MERITS OF THE PLAN.

IT IS THE DEBTORS' POSITION THAT THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE, AND MAY NOT BE CONSTRUED AS, AN ADMISSION OF FACT, LIABILITY, STIPULATION OR WAIVER. RATHER, HOLDERS OF CLAIMS AND EQUITY INTERESTS AND

OTHER ENTITIES SHOULD CONSTRUE THIS DISCLOSURE STATEMENT AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS RELATED TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER PENDING OR THREATENED LITIGATION OR ACTIONS.

NO RELIANCE SHOULD BE PLACED ON THE FACT THAT A PARTICULAR LITIGATION CLAIM OR PROJECTED OBJECTION TO A PARTICULAR CLAIM IS, OR IS NOT, IDENTIFIED IN THE DISCLOSURE STATEMENT. THE DEBTORS OR THE REORGANIZED DEBTORS MAY SEEK TO INVESTIGATE, FILE AND PROSECUTE CLAIMS AND MAY OBJECT TO CLAIMS AFTER THE CONFIRMATION OR EFFECTIVE DATE OF THE PLAN IRRESPECTIVE OF WHETHER THE DISCLOSURE STATEMENT IDENTIFIES ANY SUCH CLAIMS OR OBJECTIONS TO CLAIMS.

THIS DISCLOSURE STATEMENT CONTAINS, AMONG OTHER THINGS, SUMMARIES OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN EVENTS IN THE DEBTORS' CHAPTER 11 CASES AND CERTAIN DOCUMENTS RELATED TO THE PLAN THAT ARE ATTACHED HERETO AND INCORPORATED HEREIN BY REFERENCE. ALTHOUGH THE DEBTORS BELIEVE THAT THESE SUMMARIES ARE FAIR AND ACCURATE, THESE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY TO THE EXTENT THAT THE SUMMARIES DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS OR EVERY DETAIL OF SUCH EVENTS. IN THE EVENT OF ANY INCONSISTENCY OR DISCREPANCY BETWEEN A DESCRIPTION IN THIS DISCLOSURE STATEMENT AND THE TERMS AND PROVISIONS OF THE PLAN OR ANY OTHER DOCUMENTS INCORPORATED HEREIN BY REFERENCE, THE PLAN OR SUCH OTHER DOCUMENTS WILL GOVERN FOR ALL PURPOSES. EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED, FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT. PIERRE DOES NOT REPRESENT OR WARRANT THAT THE INFORMATION CONTAINED HEREIN OR ATTACHED HERETO IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THE DEBTORS' MANAGEMENT HAS REVIEWED THE FINANCIAL INFORMATION PROVIDED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THE DEBTORS HAVE USED THEIR REASONABLE BUSINESS JUDGMENT TO ENSURE THE ACCURACY OF THIS FINANCIAL INFORMATION, THE FINANCIAL INFORMATION CONTAINED IN, OR INCORPORATED BY REFERENCE INTO, THIS DISCLOSURE STATEMENT, OTHER THAN THE FINANCIAL STATEMENTS INCLUDED IN THE DEBTORS' ANNUAL REPORT, HAS NOT BEEN AUDITED.

THE DEBTORS ARE GENERALLY MAKING THE STATEMENTS AND PROVIDING THE FINANCIAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT AS OF THE DATE HEREOF WHERE FEASIBLE, UNLESS OTHERWISE SPECIFICALLY NOTED. ALTHOUGH THE DEBTORS MAY SUBSEQUENTLY UPDATE THE INFORMATION IN THIS DISCLOSURE STATEMENT, THE DEBTORS HAVE NO AFFIRMATIVE DUTY TO DO SO. HOLDERS OF CLAIMS REVIEWING THIS DISCLOSURE STATEMENT SHOULD NOT INFER THAT, AT THE TIME OF THEIR REVIEW, THE FACTS SET FORTH HEREIN HAVE NOT CHANGED SINCE THE DISCLOSURE STATEMENT WAS FILED. THE DEBTORS HAVE NOT AUTHORIZED ANY ENTITY TO GIVE ANY INFORMATION ABOUT OR CONCERNING THE PLAN OTHER THAN THAT WHICH IS CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTORS HAVE NOT AUTHORIZED ANY REPRESENTATIONS CONCERNING THE DEBTORS OR THE VALUE OF THEIR PROPERTY OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT.

HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN MUST RELY ON THEIR OWN EVALUATION OF THE DEBTORS AND THEIR OWN ANALYSES OF THE TERMS OF THE PLAN IN DECIDING WHETHER TO VOTE TO ACCEPT OR REJECT THE PLAN. IMPORTANTLY, PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT AND ANY EXHIBITS HERETO, INCLUDING THE RISK FACTORS DESCRIBED IN GREATER DETAIL IN SECTION VI HEREIN, "PLAN-RELATED RISK FACTORS."

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EXHIBITS

EXHIBIT A	Plan of Reorganization
EXHIBIT B	Disclosure Statement Order (including the Solicitation and Voting Procedures) [**TO COME**]
EXHIBIT C	The Reorganized Debtors' Projections [**TO COME**]
EXHIBIT D	The Reorganized Debtors' Valuation
EXHIBIT E	Liquidation Analysis

THE DEBTORS HEREBY ADOPT AND INCORPORATE EACH EXHIBIT ATTACHED TO THIS DISCLOSURE STATEMENT BY REFERENCE AS THOUGH FULLY SET FORTH HEREIN.

I.
EXECUTIVE SUMMARY

Pierre Foods, Inc. ("Pierre"),[3] a North Carolina corporation with its primary headquarters in Cincinnati, Ohio, and its affiliates identified on the title page above as debtors and debtors in possession (collectively, the "Debtors") submit this Disclosure Statement pursuant to section 1125 of the Bankruptcy Code to Holders of Claims[4] in connection with (a) the solicitation of acceptances of the Debtors' Joint Plan of Reorganization dated September 29, 2008 (the "Plan"), which was filed by the Debtors with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") and (b) the Confirmation Hearing, which is scheduled to commence at [9:30] a.m. prevailing Eastern Time on [December 10, 2008]. A copy of the Plan is attached hereto as Exhibit A.

Prior to soliciting acceptances of a proposed plan of reorganization, section 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment regarding acceptance of the plan of reorganization. As such, this Disclosure Statement is being submitted in accordance with the requirements of section 1125 of the Bankruptcy Code.

This Executive Summary is being provided as an overview of the material items addressed in the Disclosure Statement and the Plan, which is qualified by reference to the entire Disclosure Statement and by the actual terms of the Plan (and including all exhibits attached hereto and to the Plan), and should not be relied upon for a comprehensive discussion of the Disclosure Statement and/or the Plan. This Disclosure Statement includes, without limitation, information about:

- the Debtors' prepetition operating and financial history;
- the events leading up to the commencement of these Chapter 11 Cases;
- the significant events that occurred during the Chapter 11 Cases;
- the solicitation procedures for seeking acceptances of the Plan;
- the Confirmation process and the voting procedures that Holders of Claims who are entitled to vote on the Plan must follow for their votes to be counted;
- the terms and provisions of the Plan, including certain effects of Confirmation of the Plan, certain risk factors relating to the Debtors or the Reorganized Debtors, the Plan and the securities to be issued under the Plan and the manner in which Distributions will be made under the Plan; and
- the proposed organization, operations and financing of the Reorganized Debtors if the Plan is confirmed and becomes effective.

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[3] All capitalized terms used but not otherwise defined herein shall have the meanings set forth in Section X herein, titled, "Glossary of Key Terms." To the extent that a definition of a term in the text of this Disclosure Statement and the definition of such term in the "Glossary of Key Terms" is inconsistent, the definition included in the Glossary of Key Terms shall control.

[4] Except in the case of written requests made in accordance with Local Rule 3017-1(c) or except as otherwise provided herein, as set forth in this Disclosure Statement and pursuant to the Disclosure Statement Order, only Holders of Allowed Claims in Classes 3 and 4 are entitled to vote on the Plan and, therefore, only Holders of Allowed Claims in Classes 3 and 4 will receive this Disclosure Statement. All other Holders of Claims will receive a notice of the Disclosure Statement, which will provide details on how to procure copies of this Disclosure Statement.

A. KEY CONSTITUENT SUPPORT FOR AND SETTLEMENT UNDER THE PLAN

The Debtors are very pleased that after extensive, good faith negotiations, the Plan is supported by all key creditor constituencies in these Chapter 11 Cases. Specifically, the Plan is supported by both the Plan Sponsor, in its capacity as the Debtors' single largest creditor, and the Committee.

Subsequent to the Commencement Date, the Debtors began discussions with the Plan Sponsor and the Committee regarding the terms of a plan of reorganization. Ultimately, these efforts and extensive arms'-length negotiations resulted in a settlement with respect to the allocation of recoveries under the Plan and the Committee's agreement to support the Plan, which, as described in more detail herein, provides for holders of Allowed General Unsecured Claims to receive no less than $0.12 in Cash for each dollar of their Allowed General Unsecured Claim. The settlement encapsulated in the Plan also requires that the Debtors, the Plan Sponsor and the Committee exchange certain releases, which are set forth in Article X of the Plan, including releases for current and former directors and officers and current and former employees (plus other third parties and professionals, among others), and provides for indemnification of those directors, officers and employees in place immediately prior to the Effective Date.

The Debtors submit that the compromise contemplated under the Plan is fair and equitable, will maximize the Debtors' value and provide the best recovery to creditors. In addition to avoiding a lengthy valuation proceeding (and the attendant expense and strain on management), the parties believe that the compromise reached and the resulting financial restructurings proposed under the Plan will provide sufficient liquidity to fund the Debtors' swift emergence from chapter 11, appropriately capitalize the Reorganized Debtors and facilitate the implementation of the Debtors' business plan, which, in turn, will send a positive message to and help regain the confidence of the market regarding the Debtors and their anticipated emergence.

In addition to securing the support of their key creditor constituencies, the Debtors and their advisors have also worked very hard during the course of these Chapter 11 Cases to build consensus and generate cooperation among all the parties in interest, including the Debtors' key customers, suppliers, utility providers and employees. The Debtors' objective throughout these Chapter 11 Cases has been to emerge from chapter 11 as quickly as possible and to do everything to maintain good relations with the parties critical to their ongoing operations. As such, the Debtors, the Plan Sponsor and their advisors have spent considerable time working behind the scenes to build consensus and to manage these Chapter 11 Cases smoothly and efficiently. As a result, in shortly over two months since the Commencement Date, the Debtors have garnered support for the Plan from their key creditor constituencies, have worked cooperatively with their customers and suppliers to stabilize those key relationships, have initiated and will soon complete a comprehensive review of their contracts and leases and, following Confirmation, will be poised to emerge from chapter 11 as a financially and operationally stronger and more competitive business.

B. PURPOSE AND EFFECT OF THE PLAN

1. Plan of Reorganization Under Chapter 11 of the Bankruptcy Code

The Debtors are reorganizing pursuant to chapter 11 of the Bankruptcy Code, which is the principal business reorganization chapter of the Bankruptcy Code. As a result, the Confirmation of the Plan means that the Reorganized Debtors will continue to operate their business going forward and does not mean that the Debtors will be liquidated or forced to go out of business. Additionally, as discussed in greater detail in Section IV.J herein titled, "Binding Nature of the Plan," a bankruptcy court's confirmation of a plan binds the debtor, any entity acquiring property under the plan, any holder of a claim or equity interest in a debtor and all other entities as may be ordered by the bankruptcy court in accordance with the applicable provisions of the Bankruptcy Code, to the terms and conditions of the confirmed plan.

2. Financial Restructurings Under the Plan

The Plan contemplates the following restructuring transactions (described in greater detail in Section IV.D herein titled, "Means for Implementation of the Plan"):

- $100 million of the outstanding secured debt under the Prepetition Credit Agreement will be converted into equity of the Reorganized Debtors in accordance with the terms and conditions set forth in the Plan;
- $50 million of the outstanding secured debt under the Prepetition Credit Agreement will be converted into the Mezzanine Debt Facility in accordance with the terms and conditions set forth in the Plan;
- all other secured debt outstanding under the Prepetition Credit Agreement will be restructured into New Term Loans in an aggregate principal amount of approximately $97 million pursuant to and in accordance with the terms of the Amended and Restated Credit Agreement;
- the Debtors' $125 million Senior Subordinated Notes will be cancelled; and
- the Reorganized Debtors will obtain the Exit Facility in an amount to be agreed to by the Debtors and the Plan Sponsor.

The Debtors believe that consummation of the financial restructurings proposed under the Plan will simplify and de-lever their capital structure so that it is better aligned to match their business, provide sufficient liquidity to fund their emergence from chapter 11, appropriately capitalize the Reorganized Debtors and facilitate the implementation of the Debtors' business plan.

(a) Entry Into the Exit Facility

On the Effective Date, the Reorganized Debtors will enter into the Exit Facility to obtain the funds necessary to, among other things, satisfy the DIP Credit Agreement Claims, make other payments under the Plan and conduct their post-reorganization operations. The Exit Facility may be secured by liens and security interests in all existing and future collateral, senior to any liens granted in connection with the New Term Loans and the Mezzanine Debt Facility.

(b) New Stock To be Issued Under the Plan

On the Effective Date, Reorganized Pierre will issue the New Stock to Holders of Allowed Prepetition Credit Agreement Claims pursuant to the terms set forth in the Plan. The New Stock will represent all of the equity interests in Reorganized Pierre as of the Effective Date and shall be subject to dilution by any equity issued in connection with the Management and Director Equity Incentive Program as set forth in the Plan. The Reorganized Debtors will not be obligated to list the New Stock on a national securities exchange and the New Stock will be issued without registration under the Securities Act or any similar federal, state or local law as set forth in greater detail in Section VIII herein, titled "Exemptions From Securities Act Registration."

EACH HOLDER OF AN ALLOWED PREPETITION CREDIT AGREEMENT CLAIM SHALL BE REQUIRED TO EXECUTE AND BE BOUND BY THE SHAREHOLDERS AGREEMENT AS A CONDITION PRECEDENT TO RECEIVING ITS ALLOCATION OF NEW STOCK. THE SHAREHOLDERS AGREEMENT WILL BE FILED NO LATER THAN 5 DAYS PRIOR TO THE DISCLOSURE STATEMENT HEARING.

3. Restructuring Transactions That May Occur on or After the Effective Date

To provide flexibility to effect a restructuring of the business or the overall organizational structure of the Debtors or Reorganized Debtors, on or subsequent to the Effective, the applicable Debtors or Reorganized Debtors, as the case may be, may effectuate certain Restructuring Transactions. Such Restructuring Transactions will be

clearly set forth in the "Restructuring Transactions Notice," which will be filed as part of the Plan Supplement (discussed below). Pursuant to the Plan (and/or the Restructuring Transactions Notice), such Restructuring Transactions may include, without limitation, one or more mergers, consolidations, restructurings, conversions, dissolutions, transfers or liquidations as may be determined by the Plan Sponsor to be necessary or appropriate. For a more detailed discussion of the Restructuring Transactions, including actions to effect the Restructuring Transactions and the parties authorized to take such actions, please see Section IV.D herein, titled "Means for Implementation of the Plan."

4. Credit Enhancement Provided by the Plan Sponsor

To implement the Plan and in consideration of the Plan Sponsor Release, the Plan Sponsor has agreed to provide credit enhancement to the Reorganized Debtors to improve overall liquidity and in particular to ensure adequate funding of Class 4 Distributions. Specifically, if the Debtors will have insufficient liquidity on either the Initial Distribution Date or any given Periodic Distribution Date to make the required distributions to Allowed General Unsecured Claims in Class 4, the Debtors shall give notice of such insufficiency to the Plan Sponsor, the Indenture Trustee and the Committee no later than five (5) days prior to the Initial Distribution Date or the applicable Periodic Distribution Date. In the event such notice is given by the Debtors, the Plan Sponsor shall purchase from Holders of Allowed Senior Subordinated Note Claims their right to the distributions due on the Initial Distribution Date or the applicable Periodic Distribution Date under the Plan by paying to the Indenture Trustee, no later than five (5) days after the Initial Distribution Date or applicable Periodic Distribution Date, any Payout Amount due on the Initial Distribution Date or applicable Periodic Distribution Date on account of the Senior Subordinated Note Claims, plus any interest accrued thereon through and including the Initial Distribution Date or applicable Periodic Distribution Date.

The Plan Sponsor has further agreed that, in the event the Plan Sponsor succeeds to the rights to distribution of the Holders of Senior Subordinated Note Claims as a result of such purchase, the Reorganized Debtors may defer payments on account of such Claims purchased by the Plan Sponsor until the date that is 120 days after the Effective Date, notwithstanding anything in the Plan to the contrary. In the event that the Plan Sponsor fails to purchase the obligations in accordance with Article V.D of the Plan, the Indenture Trustee or the Committee shall have the right to enforce the provisions of Article V.D of the Plan against the Plan Sponsor before the Bankruptcy Court.

The following illustrative example[5] demonstrates how the credit enhancement will work: The Reorganized Debtors will be required to make distributions on account of the Senior Subordinated Note Claims every thirty days after the Effective Date in the amount of $3.75 million (assuming $125 million x $0.12 x 25%). To the extent that trade claims are allowed in advance of any of those distribution dates, the Reorganized Debtors will also be required to make distributions on account of those claims, which amounts may be as high as $300,000 (assuming $10 million in allowed claims x $0.12 x 25%). Accordingly, at any given distribution date, the Reorganized Debtors' total distribution obligation might be $4.05 million. If the Reorganized Debtors have insufficient liquidity to fund such distributions, the Plan Sponsor has committed to purchase from Holders of Allowed Senior Subordinated Note Claims their right to the distributions on such dates such that the Debtors' distribution date obligation is effectively reduced to $300,000. As a result, it is virtually assured that the Reorganized Debtors will be able to satisfy the $300,000 obligation (to their trade creditors), which benefits all Class 4 Claim Holders.

C. ADMINISTRATIVE, DIP CREDIT AGREEMENT AND PRIORITY TAX CLAIMS

The following is a summary of the treatment of Administrative, DIP Credit Agreement and Priority Tax Claims under the Plan. For a more detailed description of the treatment of such Claims under the Plan, please see Article II of the Plan.

[5] The numbers used in this example are for illustrative purposes only and are in no way intended to reflect the actual allowed amounts of claims with respect to either the Senior Subordinated Note Claims or other General Unsecured Claims.

1. Administrative Claims

On or as soon as reasonably practicable after the Effective Date, each Holder of an Allowed Administrative Claim will be paid the full unpaid amount of such Claim in Cash. Allowed Administrative Claims representing liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 Cases will be paid in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements or other documents governing such transactions. As such, Holders of Administrative Claims related to such ordinary course liabilities do not need to file or serve any request for payment of such Claims.

2. DIP Credit Agreement Claims

On the Effective Date, unless otherwise agreed to by the DIP Lenders, the DIP Credit Agreement Claims shall be paid in full in Cash and any outstanding letters of credit shall be collateralized as provided under Section 8.01(t) of the DIP Credit Agreement.

3. Priority Tax Claims

On or as soon as reasonably practicable after the Effective Date, except as otherwise agreed to by the parties, each Holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date will receive on account of such Claim (a) payment in full in Cash, (b) Cash in an amount agreed to by parties or (c) at the Debtors' option, Cash in an aggregate amount of such Allowed Priority Tax Claim to be paid in installments over a period of five years from the Commencement Date.

D. CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS UNDER THE PLAN

The following table provides a summary of the classification and treatment of Claims and Equity Interests and the potential distributions to Holders of Allowed Claims and Equity Interests under the Plan.

THE PROJECTED RECOVERIES SET FORTH IN THE TABLE BELOW ARE ESTIMATES ONLY AND THEREFORE ARE SUBJECT TO CHANGE. FOR A COMPLETE DESCRIPTION OF THE DEBTORS' CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS, REFERENCE SHOULD BE MADE TO THE ENTIRE PLAN.

SUMMARY OF EXPECTED RECOVERIES

Class	Claim/Equity Interest	Treatment of Claim/Equity Interest	Projected Recovery Under the Plan
1	Other Priority Claims	Each Holder of an Allowed Class 1 Claim shall receive, in full and final satisfaction of such Allowed Class 1 Claim, payment of the Allowed Class 1 Claim in full in Cash.	100%
2	Other Secured Claims	Each Holder of an Allowed Class 2 Claim shall receive one of the following treatments, in the sole discretion of the applicable Debtor, in consultation with the Plan Sponsor, in full and final satisfaction of such Allowed Class 2 Claim: • payment in full in Cash, including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code; • delivery of the collateral securing such Allowed Class 2 Claim; or • other treatment that renders the Class 2 Claim Unimpaired.	100%
3	Prepetition Credit Agreement Claims	The Prepetition Credit Agreement Claims shall be Allowed and deemed to be Allowed Claims in the amount of $242,213,076.35 as of the Commencement Date, plus: • reimbursement obligations of up to $6,369,500.00 with respect to letters of credit; • interest and fees payable from the Commencement Date through and including the Effective Date; • fees and expenses payable to the Prepetition Agent and Lenders through and	73 – 92%

SUMMARY OF EXPECTED RECOVERIES

Class	Claim/Equity Interest	Treatment of Claim/Equity Interest	Projected Recovery Under the Plan
		including the Effective Date; and • contingent and unliquidated Claims arising under the Prepetition Credit Agreement, including for indemnification; which Allowed Class 3 Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairment or any other challenges under applicable law or regulation by any Entity. Each Holder of an Allowed Prepetition Credit Agreement Claim shall receive, in full and final satisfaction of such Allowed Class 3 Claims, their Pro Rata share of each of: (i) the Amended and Restated Credit Agreement; (ii) the Mezzanine Debt Facility; and (iii) the Prepetition Lender Equity Allocation, the key terms and provisions of which, respectively, are as follows: i. Amended and Restated Credit Agreement: • Principal: Approximately $97 million, representing an aggregate principal amount equal to the outstanding amounts due under the Prepetition Credit Agreement (after the conversion of debt and issuance of the Mezzanine Debt and New Stock as provided for in the Plan); • Interest: LIBOR plus 250 bps; • Maturity: Six (6) years after the Effective Date; and • Collateral: The New Term Loans shall be secured by liens and security interests in all existing and future collateral, subject to the senior liens granted in connection with any Exit Facility. ii. Mezzanine Debt Facility: • Principal: $50 million; • Interest: 14% payable periodically in Cash or in kind, at the Reorganized Debtors' election; provided, however, that payment in kind of interest may not exceed, at any time, 50% of the aggregate interest accrued at such time (whether unpaid or paid in Cash or in kind). Notwithstanding the foregoing, the Reorganized Company shall be required to make AHYDO "catch-up" payments through the payments of interest in cash before the close of the first accrual period ending after the fifth anniversary of the Effective Date in an amount sufficient to result in the Mezzanine Debt to be treated as not having "significant original issue discount" within the meaning of Section 163(i)(2) of the Internal Revenue Code; • Maturity: Eight (8) years after the Effective Date; • Collateral: The Mezzanine Debt shall be secured by liens and security interests in all existing and future Collateral, subject to any senior liens granted in connection with the New Term Loans and the Exit Facility; and • Covenants: The Mezzanine Debt shall include usual and customary covenants typically found in debt of this type. iii. Prepetition Lender Equity Allocation: • New Stock representing 100% of the equity interest in Reorganized Pierre.	
4	General Unsecured Claims	*Senior Subordinated Note Claims*. The Senior Subordinated Note Claims shall be Allowed and deemed to be Allowed Claims in the amount of $131,222,135.00 as of the Commencement Date, plus applicable fees, expenses and other amounts due under the Senior Subordinated Notes Indenture as of the Commencement Date, which Allowed Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairment or any other challenges under applicable law or regulation by any Entity.	12%

SUMMARY OF EXPECTED RECOVERIES

Class	Claim/Equity Interest	Treatment of Claim/Equity Interest	Projected Recovery Under the Plan
		All Other General Unsecured Claims. All other General Unsecured Claims shall be determined and Allowed in accordance with the procedures set forth in Articles VII and VIII in the Plan. Except to the extent that a Holder of an Allowed Class 4 Claim has been paid by the Debtors prior to the Effective Date or agrees to alternate treatment, each Holder of an Allowed Class 4 Claim shall receive, in full and final satisfaction of such Allowed Class 4 Claim, $0.12 in Cash for each dollar in respect of its Allowed Claim (the "Payout Amount"), plus accrued interest as set forth below: i. With respect to Class 4 Claims Allowed on or before the Effective Date, the Payment Amount shall be paid in four equal installments with the first 25% of the Payout Amount to be paid on the Initial Distribution Date. The balance of the Payout Amount will be paid in three (3) additional installments of 25%, each commencing on the next immediately following Periodic Distribution Date and ending on the second consecutive Periodic Distribution Date thereafter. To be clear, Holders of Allowed Class 4 Claims whose claims are Allowed as of the Effective Date shall receive the full Payout Amount plus interest as described below no later than 120 days after the Effective Date. ii. With respect to Class 4 Claims Allowed after the Effective Date, the first 25% of the Payout Amount, plus any missed payment(s) as a result of such claim not being Allowed as of the Effective Date will be paid on the Periodic Distribution Date immediately following the date on which such Allowed Class 4 Claim is Allowed or deemed Allowed. The balance of the Payout Amount will be paid in additional installments of 25%, each commencing on the next immediately following Periodic Distribution Date, provided, however, that on the date that is 120 days after the Effective Date, any outstanding balance owed to Holder of an Allowed Claim will be paid in full. To be clear, Holders of Allowed Class 4 Claims whose claims are Allowed after the Effective Date but before 120 days after the Effective Date shall receive the full Payout Amount plus interest as described below no later than 120 days of the Effective Date. To the extent a Class 4 Claim is Allowed on the date that is 120 days after the Effective Date as a result of the Debtors' not filing an objection to such Claim by that date, such Claim will be paid in full no later than 125 days after the Effective Date. iii. Interest shall accrue on the Payout Amount at a rate of 12% *per annum* (or 1% per month) beginning on the Effective Date, regardless of when such Class 4 Claim is Allowed or deemed Allowed. Accrued interest with respect to any Payout Amount will be paid together with the Payout Amount installments described in (i) above, with the interest accrued as of the applicable Periodic Distribution Date payable on that date.	
5	Equity Interests in Pierre Holding Corp.	There will be no distribution to the Holders of Class 5 Equity Interests. On the Effective Date, all Class 5 Equity Interests will be deemed canceled and will be of no further force and effect, whether surrendered for cancellation or otherwise.	0%
6	Intercompany Interests	Subject to any Restructuring Transactions, to preserve the Debtors' corporate structure, Intercompany Interests will not be canceled and, to implement the Plan, will either: • be retained, in which case the Debtor holding such Intercompany Interest shall continue to hold such Equity Interests and the legal, equitable and contractual rights to which the Holders of such Intercompany Interests are entitled shall remain unaltered; or • be cancelled and new Intercompany Interests in the applicable subsidiary Debtor shall be issued pursuant to the Plan to the Reorganized Debtors or the Reorganized Debtor that holds such Intercompany Interests.	N/A

E. SOLICITATION PROCEDURES

1. The Solicitation and Voting Procedures

On [___, 2008], the Court entered an order (a) approving, among other things, the dates, procedures and forms applicable to the process of soliciting votes on and providing notice of the Plan as well as certain vote tabulation procedures (the "Solicitation and Voting Procedures") and (b) establishing the deadline for filing objections to the Plan and scheduling the hearing to consider Confirmation of the Plan [Docket No. ___] (the "Disclosure Statement Order").

The discussion of the Solicitation and Voting Procedures below is a summary of the solicitation and voting process. Detailed voting instructions are provided with each Ballot and Master Ballot, as applicable, and are also set forth in greater detail in the Solicitation and Voting Procedures annexed as Exhibit 1 to the Disclosure Statement Order, which is attached as Exhibit A to this Disclosure Statement.

PLEASE REFER TO THE INSTRUCTIONS ACCOMPANYING THE BALLOTS AND MASTER BALLOTS, AS APPLICABLE, AND THE SOLICITATION AND VOTING PROCEDURES FOR MORE INFORMATION REGARDING VOTING REQUIREMENTS TO ENSURE THAT YOUR BALLOT OR MASTER BALLOT, AS APPLICABLE, IS PROPERLY AND TIMELY SUBMITTED SUCH THAT YOUR VOTE MAY BE COUNTED.

2. The Voting and Claims Agent

With the approval of the Bankruptcy Court, the Debtors retained Kurtzman Carson Consultants LLC to, among other things, act as solicitation agent in connection with the solicitation of votes to accept the Plan (the "Voting and Claims Agent").

Specifically, the Voting and Claims Agent will assist the Debtors with: (a) distributing the Solicitation Packages; (b) soliciting, receiving and tabulating Ballots and Master Ballots, as applicable; (c) responding to inquiries from Holders of Claims and other Entities relating to the Disclosure Statement, the Plan, the Ballots and Master Ballots, the Solicitation and Voting Procedures (including procedures and requirements for voting to accept or reject the Plan and for objecting to the Plan) and other matters relating thereto; (d) contacting creditors and Holders of Claims regarding the Plan, if necessary; and (e) filing a Voting Report prior to the Confirmation Hearing.

3. Holders of Claims Entitled to Vote on the Plan

Under the provisions of the Bankruptcy Code, not all holders of claims against and equity interests in a debtor are entitled to vote on a chapter 11 plan. The following table provides a summary of the status and voting rights of each Class (and, therefore, of each Holder of a Claim within such Class) under the Plan:

SUMMARY OF STATUS AND VOTING RIGHTS

Class	Claim/Equity Interest	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	**Prepetition Credit Agreement Claims**	**Impaired**	**Entitled to Vote**
4	**General Unsecured Claims**	**Impaired**	**Entitled to Vote**
5	Equity Interests	Impaired	Deemed to Reject
6	Intercompany Interests	Unimpaired	Deemed to Accept

Based on the foregoing, the Debtors **are** soliciting votes to accept the Plan only from Holders of Claims in Classes 3 and 4 (collectively, the "Voting Classes") because Holders of Claims in the Voting Classes are Impaired under the Plan and, therefore, have the right to vote to accept or reject the Plan. The Debtors are **not** soliciting votes from (a) Holders of Unimpaired Claims in Classes 1, 2 and 6 because such parties are conclusively presumed to have accepted the Plan or (b) Holders of Equity Interests in Class 5 because such parties are conclusively presumed to have rejected the Plan.

4. The Record Date

The Bankruptcy Court has approved [October 31, 2008] as the Record Date. The Record Date is the date on which it will be determined: (a) which Holders of Claims in Classes 3 and 4 are entitled to vote to accept or reject the Plan and receive Solicitation Packages in accordance with the Solicitation and Voting Procedures; and (b) whether Claims have been properly assigned or transferred to an assignee pursuant to Bankruptcy Rule 3001(e) such that the assignee can vote as the Holder of a Claim.

5. Contents of the Solicitation Package

The following documents and materials will collectively constitute the Solicitation Package:

- a cover letter from the Debtors urging Holders of Allowed Claims to vote in favor of the Plan;
- a letter from the Committee recommending that Holders of Allowed Claims vote in favor of the Plan;
- the Disclosure Statement (together with the Plan, which is annexed as Exhibit A thereto);
- the Disclosure Statement Order (together with the Solicitation and Voting Procedures, which are annexed as Exhibit 1 thereto);
- the Confirmation Hearing Notice;
- an appropriate form of Ballot or Master Ballot, as applicable, with corresponding voting instructions with respect thereto (together with a pre-addressed, postage prepaid return envelope); and
- such other materials as the Court may direct.

6. Distribution of the Solicitation Package to Holders of Claims Entitled to Vote on the Plan

With the assistance of the Voting and Claims Agent, the Debtors intend to distribute Solicitation Packages within seven (7) calendar days after the Record Date to Holders of Claims that are entitled to vote on the Plan as of the Record Date. The Debtors submit that the timing of such distribution will provide such Holders of Claims with adequate time within which to review the materials required to allow such parties to make informed decisions with respect to voting on the Plan in accordance with Bankruptcy Rules 3017(d) and 2002(b). The Debtors will make every reasonable effort to ensure that Holders who have more than one Allowed Claim in a single voting Class receive no more than one Solicitation Package.

7. Distribution of Notices to Holders of Claims in Non-Voting Classes

As set forth above, certain Holders of Claims and Equity Interests are **not** entitled to vote on the Plan. As a result, such parties will not receive Solicitation Packages and, instead, will receive the appropriate form of Non-Voting Status Notice as follows:

- Unimpaired Claims – Deemed to Accept. Administrative Claims, DIP Credit Agreement Claims and Priority Tax Claims are unclassified, non-voting Claims and Claims in Classes 1, 2 and 6 are Unimpaired under the Plan and, therefore, are presumed to have accepted the Plan. As such, Holders of such Claims will receive a "Non-Voting Status Notice With Respect to Unimpaired Classes Deemed to Accept the Plan" in lieu of a Solicitation Package.
- Impaired Claims – Deemed to Reject. Holders of Equity Interests in Class 5 are receiving no distribution under the Plan and, therefore, are conclusively presumed to reject the Plan. As such, Holders of such Claims will receive a "Non-Voting Status Notice With Respect to Impaired Classes Deemed to Reject the Plan" in lieu of a Solicitation Package.

- Disputed Claims. Subject to the procedures for the temporary allowance of Disputed Claims described in the Solicitation and Voting Procedures, Holders of Disputed Claims will receive a "Disputed Claim Notice" in lieu of a Solicitation Package.

- Contract and Lease Counterparties. Parties to certain of the Debtors' executory contracts and unexpired leases may not have scheduled Claims or Claims based upon filed Proofs of Claim pending the disposition of their contracts or leases by assumption or rejection. To ensure that such parties nevertheless receive notice of the Plan, counterparties to the Debtors' executory contracts and unexpired leases will receive a "Contract/Lease Party Notice" in lieu of a Solicitation Package.

8. Additional Distribution of Solicitation Documents

In addition to the distribution of Solicitation Packages to Holders of Claims in Voting Classes, the Debtors will also provide parties who have filed requests for notices under Bankruptcy Rule 2002 as of the Record Date with certain solicitation documents, including the Disclosure Statement, Disclosure Statement Order and Plan, on CD-ROM. Additionally, parties may request (and obtain at the Debtors' expense) a copy of the Disclosure Statement (and any exhibits thereto, including the Plan) by: (a) calling the Debtors' restructuring hotline at (888) 733-1437; (b) writing to Pierre Foods Balloting Center, c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245; and/or (c) visiting the Debtors' restructuring website at: http://www.kccllc.net/pierre. Parties may also obtain any documents filed in these Chapter 11 Cases for a fee via PACER at http://www.deb.uscourts.gov.

9. Filing of the Plan Supplement

The Debtors will file the Plan Supplement no later than five (5) Business Days before the Confirmation Hearing but will not cause copies of the Plan Supplement to be served on parties in interest. Instead, parties may obtain a copy of the Plan Supplement by: (a) calling the Debtors' restructuring hotline at (888) 733-1437; (b) visiting the Debtors' restructuring website at: http://www.kccllc.net/pierre; and/or (c) writing to Pierre Foods Balloting Center, c/o Kurtzman Carson Consultants LLC, 2335 Alaska Avenue, El Segundo, California 90245.

The Plan Supplement will include, without limitation, the following information:

- the new organizational documents;

- to the extent known, the identity of the members of the New Board and the nature of any compensation for any member of the New Board who is an "insider" under the Bankruptcy Code;

- the list of the parties receiving notices of proposed assumptions under Article VI.C of the Plan and corresponding proposed cure amounts;

- the list of Executory Contracts and Unexpired Leases designated by the Debtors, with the consent of the Plan Sponsor, to be rejected on the Effective Date;

- the forms of the Amended and Restated Credit Agreement, the Mezzanine Debt Facility, the Exit Facility and related documents;

- the Restructuring Transactions Notice;

- the terms of the New Stock; and

- the list of Employee-Related Agreements.

F. VOTING PROCEDURES

1. The Voting Deadline

The Bankruptcy Court has approved 4:00 p.m. prevailing Pacific Time on [December 5, 2008] as the Voting Deadline. The Voting Deadline is the date by which all Ballots and Master Ballots, as applicable, must be properly executed, completed and delivered to the Voting and Claims Agent in order to be counted as votes to accept or reject the Plan.

2. Voting Instructions

Under the Plan, Holders of Claims in the Voting Classes (Classes 3 and 4) are entitled to vote to accept or reject the Plan and may do so by completing a Ballot or Master Ballot, as applicable, and returning it to the Voting and Claims Agent prior to the Voting Deadline.

PLEASE REFER TO THE INSTRUCTIONS ATTACHED TO THE BALLOTS OR MASTER BALLOTS FOR MORE DETAILED INFORMATION REGARDING THE REQUIREMENTS FOR VOTING.

To be counted as votes to accept or reject the Plan, all Ballots and Master Ballots, as applicable, (both of which will clearly indicate the appropriate return address) must be properly executed, completed and delivered by using the return envelope provided by (a) first class mail, (b) overnight courier or (c) personal delivery, so that they are **actually received** on or before the Voting Deadline by the Voting and Claims Agent at the following address:

Pierre Foods Balloting Center
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245

If you have any questions on the procedures for voting on the Plan, please call the Voting and Claims Agent at:
(888) 733 – 1437

3. Additional Voting Instructions for Holders of Claims Based on Senior Subordinated Notes

As set forth in greater detail in the Solicitation and Voting Procedures and the instructions accompanying the Ballots and Master Ballots provided to Holders of Claims based on Senior Subordinated Notes and Nominees, respectively, the following additional procedures apply to Holders of Class 4 Claims based on the Debtors' Senior Subordinated Notes.

Beneficial Holders as Record Holder. Any Beneficial Holder holding Securities as a record holder in its own name shall vote on the Plan by completing and signing a Ballot and returning it directly to the Voting and Claims Agent on or before the Voting Deadline.

Nominees as Record Holders. Any Beneficial Holder holding securities in a "street name" through a Nominee must vote on the Plan through such Nominee. Specifically, upon receiving the Solicitation Package from the Voting and Claims Agent, Nominees should immediately distribute the Solicitation Packages (including Ballots customized for Beneficial Holders) to the respective Beneficial Holders and, subsequently, promptly collect executed and completed Ballots from each Beneficial Holders that chose to cast a vote on the Plan, in such as manner as to ensure that such Nominees have adequate time to: (a) compile and validate the voting and other relevant information on each Beneficial Holders' Ballot; (b) summarize the individual votes reflected on the Beneficial Holders' Ballots on the applicable Master Ballot; and (c) return the Master Ballot to the Voting and Claims Agent such that it is **actually received** by the Voting and Claims Agent on or before the Voting Deadline. Notwithstanding the foregoing, Nominees may, at their option, pre-validate a Beneficial Holder Ballot for delivery

to its Beneficial Holders, together with instructions for mailing such pre-validated Beneficial Holder Ballots directly to the Voting and Claims Agent.

In light thereof, it is important that Beneficial Holders complete and sign their Ballots and return such Ballots to their respective Nominee **as promptly as possible** and in sufficient time so as to allow such Nominee to process the Ballot and return the Master Ballot to the Voting and Claims Agent on or before the Voting Deadline (unless the Nominees has pre-validated the Ballot, as above-discussed).

THE FOLLOWING IS IMPORTANT INFORMATION REGARDING VOTING WHICH YOU SHOULD READ CAREFULLY

- FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY EXECUTED, COMPLETED AND DELIVERED SUCH THAT IT IS **ACTUALLY RECEIVED** ON OR BEFORE THE VOTING DEADLINE BY THE VOTING AGENT.

- A HOLDER OF A CLAIM MAY CAST ONLY ONE BALLOT PER EACH CLAIM SO HELD. BY SIGNING AND RETURNING A BALLOT OR MASTER BALLOT, EACH HOLDER OF A CLAIM WILL CERTIFY TO THE BANKRUPTCY COURT AND THE DEBTORS THAT NO OTHER BALLOTS OR MASTER BALLOTS WITH RESPECT TO SUCH CLAIM HAS BEEN CAST OR, IF ANY OTHER BALLOTS OR MASTER BALLOTS HAVE BEEN CAST WITH RESPECT TO SUCH CLAIM, SUCH EARLIER BALLOTS OR MASTER BALLOTS ARE THEREBY SUPERSEDED AND REVOKED.

- ANY BALLOT OR MASTER BALLOT THAT IS PROPERLY EXECUTED BY THE HOLDER OF A CLAIM BUT THAT DOES NOT CLEARLY INDICATE AN ACCEPTANCE OR REJECTION OF THE PLAN OR THAT INDICATES BOTH AN ACCEPTANCE AND A REJECTION OF THE PLAN, WILL NOT BE COUNTED.

- **ANY BENEFICIAL HOLDER HOLDING SECURITIES IN A "STREET NAME"** THAT SUBMITS A BALLOT TO THE DEBTORS, THE DEBTORS' AGENTS OR THE DEBTORS' FINANCIAL OR LEGAL ADVISORS WILL NOT HAVE SUCH BALLOT COUNTED FOR PURPOSES OF ACCEPTING OR REJECTING THE PLAN UNLESS THE BALLOT HAS BEEN PRE-VALIDATED BY THE NOMINEE.

- **ANY BALLOT OR MASTER BALLOT THAT IS RECEIVED AFTER THE VOTING DEADLINE, WILL NOT BE COUNTED TOWARD CONFIRMATION OF THE PLAN UNLESS THE DEBTORS DETERMINE OTHERWISE.**

- **ADDITIONALLY, THE FOLLOWING BALLOTS AND MASTER BALLOTS WILL NOT BE COUNTED:**

    - any Ballot or Master Ballot that is illegible or contains insufficient information to permit the identification of the Holder of the Claim;

    - any Ballot or Master Ballot cast for a Claim listed in the Schedules as contingent, unliquidated or disputed, or any combination thereof, for which the applicable Claims Bar Date has passed and no Proof of Claim was timely filed;

    - any unsigned Ballot or Master Ballot; and

    - any Ballot or Master Ballot submitted by any Entity not entitled to vote pursuant to the Disclosure Statement Order and in accordance with the Solicitation and Voting Procedures attached thereto.

G. CONFIRMATION OF THE PLAN

1. The Confirmation Hearing Date

The Confirmation Hearing Date will commence at [9:30] a.m. prevailing Eastern Time on [December 10, 2008], before the Honorable Kevin Gross, United States Bankruptcy Judge, in the United States Bankruptcy Court for the District of Delaware, located at 824 Market Street, 6th Floor, Courtroom 3, Wilmington, Delaware 19801-3024. The Confirmation Hearing may be adjourned from time to time without further notice except for an announcement of the adjourned date made at the Confirmation Hearing or any adjournment thereof.

2. The Deadline for Objecting to Confirmation of the Plan

The Plan Objection Deadline is 4:00 p.m. prevailing Eastern Time on [December 5, 2008]. This means that any Objections to Confirmation of the Plan must be filed and served on the Debtors and certain other parties such that they are **actually received** on or before the Plan Objection Deadline in accordance with the Confirmation Hearing Notice that accompanies this Disclosure Statement.

THE COURT WILL NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE PROPERLY SERVED AND TIMELY FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.

3. Effect of Confirmation of the Plan

Article X of the Plan contains certain provisions relating to (a) the compromise and settlement of Claims, (b) the release of the Debtors and related parties, certain third parties and the Plan Sponsor, (c) exculpation of certain parties and (d) the indemnification obligations of the Reorganized Debtors on and subsequent to the Effective Date.

As such, it is important to read such provisions carefully so that you understand the implications of these provisions with respect to your Claim such that you may cast your vote accordingly.

THE PLAN SHALL BIND ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS AND INTERCOMPANY INTERESTS IN THE DEBTORS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (A) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, (B) HAS FILED A PROOF OF CLAIM OR INTEREST IN THE CHAPTER 11 CASES OR (C) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

H. CONSUMMATION OF THE PLAN

It will be a condition to Confirmation of the Plan that all provisions, terms and conditions of the Plan are approved in the Confirmation Order unless otherwise satisfied or waived pursuant to the provisions of Article IX.C of the Plan. Following Confirmation, the Plan will be consummated on the Effective Date.

I. RISK FACTORS

PRIOR TO DECIDING WHETHER AND HOW TO VOTE ON THE PLAN, EACH HOLDER OF A CLAIM IN A VOTING CLASS SHOULD CONSIDER CAREFULLY ALL OF THE INFORMATION IN THIS DISCLOSURE STATEMENT, INCLUDING THE RISK FACTORS DESCRIBED IN SECTION VI HEREIN TITLED, "PLAN-RELATED RISK FACTORS."

II.
BACKGROUND TO THESE CHAPTER 11 CASES

A. THE DEBTORS' CORPORATE HISTORY AND CAPITAL STRUCTURE

The Debtors and their predecessor entities have been in the food manufacturing and distribution industry for over 60 years. Their business strategy has been to focus on product line expansion and to grow market share. In March 1990, Hudson Foods, Inc. purchased Pierre, LLC, at which point the Debtors became the "Pierre Foods Division" of Hudson Foods, Inc. In January 1998, Tyson Foods, Inc. purchased Hudson Foods, Inc. and, shortly thereafter (June 1998), sold the Pierre Foods Division to Fresh Foods, Inc. In July 2000, following a reorganization of its corporate structure, Fresh Foods, Inc. changed its name to "Pierre Foods, Inc." In February 2001, company management formed PF Management, Inc. ("PFMI") and subsequently completed a going-private transaction resulting in Pierre Foods, Inc. becoming a wholly-owned subsidiary of PFMI in July 2002.

1. The Pierre Foods Acquisition

In May 2004, the shareholders of PFMI agreed to sell their shares of PFMI stock to Pierre Holding Corp., an affiliate of Madison Dearborn Partners, LLC ("MDP"), a leading private equity investment firm based in Chicago, Illinois. The sale closed in June 2004 and, as part of the same transaction, Pierre merged with Pierre Merger Corp., another affiliate of MDP, with Pierre being the surviving corporation following the merger.

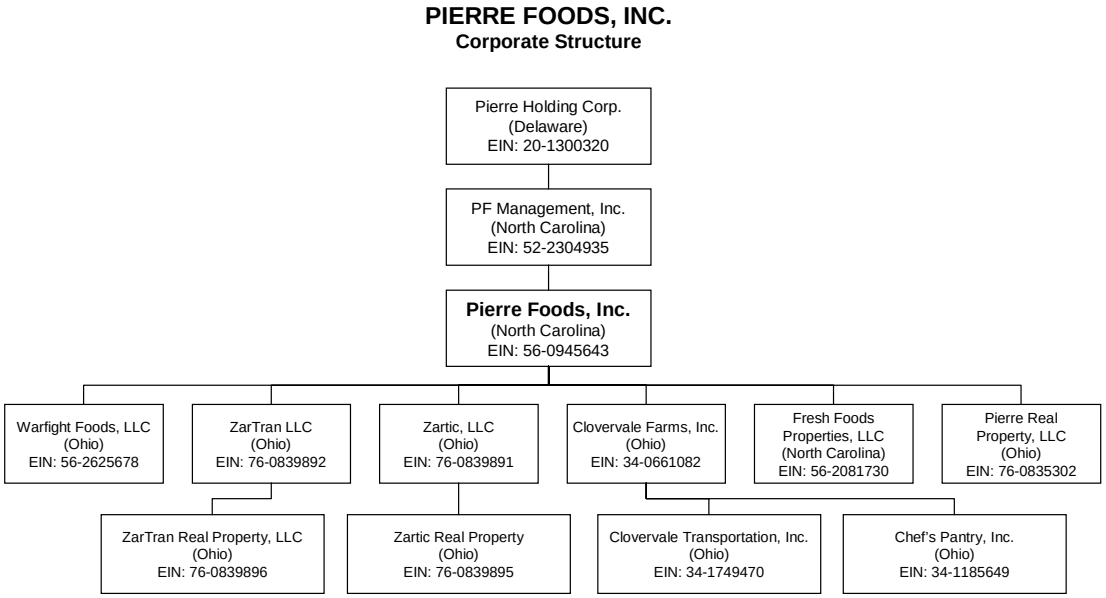
2. The Clovervale and Zartic Acquisitions

To further increase their presence with targeted customers, increase product offerings and expand their production capacity, the Debtors financed two acquisitions in 2006 through increased borrowings under the Prepetition Credit Agreement.

In August, the Debtors acquired all of the issued and outstanding capital stock and certain real property used in the business of Clovervale Farms, Inc. (collectively, "Clovervale"). Prior to the acquisition, Clovervale was a privately-held company that manufactured and sold a variety of food items, such as individually portioned entrees, vegetables, fruit cobblers, peanut butter and jelly bars, sandwiches and cups, sherberts and apple sauce. Clovervale primarily manufactures products for sale and distribution by the Debtors at their manufacturing facilities in Amherst, Ohio and Easley, South Carolina.

Shortly thereafter, in December, the Debtors acquired substantially all of the assets of Zartic, LLC and its affiliated distribution company, Zar Tran, LLC, and certain real property and other assets used in the business (collectively, "Zartic"), a privately-held company that manufactured, sold, delivered and distributed a variety of food items through its operations in Rome, Georgia, Cedartown, Georgia and Hamilton, Alabama. The Zartic acquisition enabled the Debtors to better respond to trends in consumer preferences by significantly broadening their portfolio of products, especially in the areas of sausage, whole muscle chicken, par fry products, bone-in chicken and over 800 other items that met the needs of broad line food service distributors. As discussed below, because of a fire that destroyed the Hamilton, Alabama facility and the closing of the Cedartown, Georgia manufacturing facility, Zartic primarily manufactures products for sale and distribution by the Debtors at their manufacturing facility in Rome, Georgia.

As a result of the transactions described above, the Debtors' current organizational structure is as follows:



B. OVERVIEW OF THE DEBTORS' BUSINESS

1. The Debtors' Manufacturing Operations

The Debtors' product line consists primarily of ready-to-cook and fully-cooked protein products, compartmentalized meals, hand-held convenience sandwiches and specialty bread products. The Debtors' diversified products include, among others, burgers, meatloaf, boneless rib sandwiches, sausage biscuits and chicken strips marketed under a number of brand names, such as Pierre™, Zartic®, Z-Bird®, Circle Z®, Jim's Country Mill Sausage®, Fast Choice®, Rib-B-Q®, Blue Stone Grill™, Hot 'n' Ready®, Big AZ®, Chicken FryZ®, Smokie Grill ® and Chop House®, and the Debtors have licenses to sell sandwiches using other well-known brands, such as Checkers®, Rally's®, Krystal®, Tony Roma's® and Nathan's Famous®.

Headquartered in Cincinnati, Ohio, the Debtors manufacture their products in five manufacturing facilities located throughout the Midwestern and Southeastern United States. The Debtors form, portion, season, cook and freeze beef, poultry and pork in their facilities located in Cincinnati, Ohio and Rome, Georgia. These frozen products are then either shipped to customers or sent to one of the Debtors' sandwich assembly and entree assembly facilities in (a) Claremont, North Carolina, which houses high-speed baking and sandwich assembly lines, or (b) Amherst, Ohio or Easley, South Carolina, which both portion, assemble and package a variety of sandwiches and meal components.

2. The Debtors' Customers

The Debtors' customers span a wide range of markets, including national restaurant chains, schools and colleges, the U.S. military, vending operators and convenience stores and other food service providers. In recent years, the trend among the Debtors' retail and foodservice customers has been toward consolidation. In fiscal year 2008, the Debtors' top ten customers accounted for approximately 46% of their net revenues, and the Debtors' largest customer accounted for approximately 11% of their net revenues. Thus, although the markets for the Debtors' food products remain diverse, the Debtors' customer base is concentrated in terms of buying power, which has increased negotiating strength among many of the Debtors' customers with respect to pricing terms, product quality and the introduction of new products. To the extent the Debtors' customer base continues to consolidate, competition for the business of the surviving customers will likely intensify.

3. School System Market and USDA Programs

For more than 20 years, the Debtors have been a leading producer of food products for school systems, and currently sell a full line of food products to more than 50% of all U.S. public primary and secondary school systems, representing $161.8 million of the Debtors' net revenues in fiscal 2008 (approximately 25% of total 2008 net revenues). The Debtors sell their food products to school systems through both commercial food distributors and their participation in the United States Department of Agriculture ("USDA") sponsored Schools/Child Nutrition Commodity Programs (the "USDA Programs"). Generally speaking, the USDA Programs provide "commodities" or "donated foods" to state agencies that, in turn, distribute such foods to eligible recipients, such as school systems. To make efficient use of these donated foods, school systems contract with food manufacturers, like the Debtors, to convert the USDA-donated foods into more convenient and usable forms.

Most of the Debtors' school customers procure food products from the Debtors through both their commercial distribution channels and their participation in the USDA Programs. Because school systems prefer to contract with food manufacturers that can accommodate both their commercial and commodity-based needs, the Debtors have successfully garnered a significant market share of school systems customers. There is no guarantee, however, that the Debtors' school customers will continue their commercial relationship with the Debtors if the Debtors are unable to continue providing foods via the USDA Programs. The Debtors' continued participation in the USDA Programs is, therefore, critical to their continued success.

C. PREPETITION INDEBTEDNESS

The Debtors' capital structure was initially developed in connection with MDP's acquisition of Pierre, at which time the Debtors obtained $190 million pursuant to the Prepetition Credit Agreement (which was subsequently increased to finance the aforementioned acquisitions) and privately placed and then subsequently registered $125 million in Senior Subordinated Notes. The proceeds of the notes, together with the equity contribution from MDP and certain members of management and the borrowings under the Prepetition Credit Agreement, were used to finance the acquisition of Pierre and repay outstanding indebtedness. Prior to the Commencement Date, the Debtors had outstanding aggregate debt of approximately $365 million, consisting primarily of $238 million of borrowings under the Prepetition Credit Agreement (not including interest accrued and outstanding as of the Commencement Date), $125 million in Senior Subordinated Notes and approximately $2 million of debt obligations arising under various capital leases.

1. The Prepetition Credit Agreement

Prior to the Commencement Date, the Debtors' Prepetition Credit Agreement consisted of (a) a $14 million revolving line of credit, including a $10 million letter of credit subfacility (the "Prepetition Revolving Loan") and (b) a $224 million term loan (the "Prepetition Term Loan"). Each of the Debtors is a borrower and/or guarantor under the Prepetition Credit Agreement. As of the Commencement Date, the Debtors had approximately $6.4 million in outstanding letters of credit issued pursuant to the Prepetition Credit Agreement.

Starting in April 2006, the Debtors entered into a series of amendments to their Prepetition Credit Agreement which, collectively, significantly increased their overall prepetition debt and applicable interest rates:

- Amendment No. 1 (April 3, 2006): reduced the applicable margin with respect to (a) base rate borrowings under the Prepetition Term Loan (as established in the Prepetition Credit Agreement) to prime plus 1.00% (from prime plus 1.50%) and (b) Eurodollar Loans, to prime plus 2.00% (from prime plus 2.50%).

- Amendment No. 2 (August 21, 2006): increased borrowings with respect to the Prepetition Term Loan by $24.0 million to finance the acquisition of Clovervale.

- Amendment No. 3 (December 11, 2006): (a) increased borrowings with respect to the Prepetition Term Loan by $100.0 million to finance the acquisition of Zartic and (b) increased the applicable

margin with respect to (i) base rate borrowings under the Prepetition Term Loan to prime plus 1.25% (from prime plus 1.00%) and (ii) Eurodollar Loans to prime plus 2.25% (from prime plus 2.00%).

- Amendment No. 4 (October 10, 2007): (a) waived the Debtors' noncompliance with the consolidated leverage ratio financial covenant for the second quarter ended September 1, 2007; (b) added a premium of 1.0% on any prepayments of the Prepetition Term Loans made during the prospective one-year period (other than optional prepayments made with excess Cash flow) and certain restrictions, based upon the Debtors' consolidated leverage ratio, on acquisitions and capital expenditures for the construction of new facilities; (c) increased interest rates on Term Loans by 1.75% at the Debtors' current ratings and provided that interest rates on the Prepetition Term Loans will decrease by .25% if the Debtors' corporate family rating and corporate rating is greater than or equal to B2 and B from Moody's and S&P, respectively; and (d) increased interest rates for the Prepetition Revolving Loan by 1.25%.

Borrowings under the Prepetition Credit Agreement were either base rate loans or eurodollar loans, and bore interest at those rates selected from time to time by the Debtors. The Debtors managed their interest rate exposure through the use of LIBOR tranches and interest rate swaps. Repayment of borrowings under the Prepetition Term Loan was initially $375,000 per quarter, which began on September 4, 2004, with a balloon payment of $141.4 million due on June 30, 2010. During fiscal 2008, which ended March 1, 2008, the Debtors made $2 million in prepayments and, as such, were not required to resume scheduled quarterly payments until February 28, 2009. In addition, subsequent to fiscal 2008, the Debtors received $1 million from the sale of their administrative offices located in Rome, Georgia and $2 million in advances on insurance claims related to losses from the fire at the Hamilton, Alabama plant, all of which was paid to the Prepetition Lenders to reduce the Prepetition Term Loan balance. The remaining outstanding balance of approximately $223 million was due on June 30, 2010.

As of the Commencement Date, the Debtors were current on their scheduled quarterly payments and prepayments on the Prepetition Term Loan and had drawn down approximately $14 million of their Prepetition Revolving Loan. However, the Prepetition Credit Agreement contained, among other things, various financial covenants, including covenants on minimum EBITDA and a consolidated leverage ratio, and by March 1, 2008, the Debtors were in default with respect to these financial covenants in the Prepetition Credit Agreement and, as a result, were prohibited from borrowing or obtaining letters of credit under the Prepetition Revolving Loan.

2. The Senior Subordinated Notes

In connection with MDP's acquisition of Pierre, the Debtors issued $125 million in Senior Subordinated Notes, with interest payable on January 15 and July 15 of each year. An interest payment of $6.2 million was due on July 15, 2008. The payment of principal and interest on the Senior Subordinated Notes is subordinated in right of payment to the prior payment, in full, of all senior debt of Pierre, including debt incurred under the Prepetition Credit Agreement. The payment in full of principal and interest on the Senior Subordinated Notes is guaranteed jointly and severally by each of the direct and indirect subsidiaries of Pierre Foods, Inc. (which includes all of the Debtors other than PFMI and Pierre Holding Corp.). The guarantees are subordinated to the guarantees of any senior debt, including debt incurred under the Prepetition Credit Agreement.

3. The USDA Performance Bond

A substantial portion of the products that the Debtors sell to schools use commodities provided to the schools through the USDA Programs. Before receiving any donated food for processing through the USDA Programs, all food processors must furnish a performance supply and surety bond from a USDA-accepted bonding company, provide an irrevocable letter of credit or establish an escrow account sufficient to cover the amount of inventory on hand and on order. Thus, to continue their participation in the USDA Programs (which directly constitutes approximately $52.7 million in net revenues, or 8% of the Debtors' annual net revenues for fiscal 2008), the Debtors are required by the USDA to secure performance obligations of up to approximately $16 million.

In fiscal 2008, the Debtors provided a $5.7 million letter of credit to their insurance carrier for the underwriting of USDA Programs performance bonds. Due to the Debtors' financial condition at that time and reduced bonding capacity, however, the Debtors were required to increase the collateralization of their performance bonds (*e.g.*, by funding additional letters of credit and/or posting Cash deposits) to secure their obligations for fiscal 2009. Failure to meet their obligations to the USDA could result in the Debtors being unable to participate in the USDA Programs which, in turn, could cause the Debtors to lose valuable school system customers and significant revenues. As discussed below, the Debtors used the proceeds provided under the DIP Credit Agreement to secure $8 million in performance obligations to the USDA. The $5.7 million letter of credit the Debtors provided to their insurance carrier for the underwriting of USDA Programs performance bonds was released on or around August 29, 2008, as the Debtors met their obligation to the USDA. It is unclear at this time whether the USDA will require additional collateralization of the performance bonds in the future.

D. EVENTS LEADING TO THE CHAPTER 11 FILING

1. Adverse Economic Conditions

Like other manufacturers, the Debtors' operations require the use of raw materials, labor, energy, fuel and other inputs related to the manufacturing and distribution of their food products. In early fiscal 2008, skyrocketing energy and industrial commodity costs combined with sharp increases in raw material pricing, translated into significant pricing pressure concerns for manufacturers like the Debtors. Depressing the food manufacturing industry as a whole and reducing overall demand for products, these soaring prices contributed to a decline in the Debtors' margins and profitability in the months prior to commencing these cases. In addition to the well-publicized increases in commodity and energy costs, when compared with fiscal 2007, the weighted average prices that the Debtors paid for beef, chicken, pork and cheese (which, together with yeast, seasonings, cheese, breading, soy proteins, peanut butter and packaging supplies, constitute the primary raw materials used in the Debtors' food processing operations) in fiscal 2008 increased by approximately 1.5%, 24.6%, 7.4% and 37.1%, respectively.

While the Debtors were able to partially offset the increased raw materials costs through sales price increases and cost saving initiatives, the Debtors' customers were unable to absorb the price increases at a rate commensurate with that of the market and, as a result, the Debtors' operating results were increasingly negatively impacted by external market forces.

As the spike in oil and natural gas prices continued to escalate prior to the Commencement Date, the Debtors continued to experience increased pricing for packaging materials used to manufacture their products and increased distribution costs (*i.e.*, fuel for transportation and electricity for cold storage). In addition to their Zar Tran transportation company, the Debtors use a core group of contract carriers that have established rates based on mileage to regions or destination states and, as a result, a fuel surcharge addendum is a common component of such carriers' shipping/freight rate schedules. These fuel surcharges have risen dramatically over the past few years and, unfortunately for shipping-intensive businesses like the Debtors', continued to reach historic highs in early 2008, as oil prices swelled which, in turn, significantly increased the Debtors' operating costs.

2. Operational Impact of the Clovervale and Zartic Acquisitions

As set forth above, the Debtors completed both the Clovervale and Zartic acquisitions in fiscal 2007. Although the Debtors believe these strategic acquisitions will ultimately improve their overall cost structure and better position their business for growth, the Debtors had not yet realized such benefits as of the Commencement Date and, instead, had experienced increased costs associated with difficulties integrating these businesses, including some unexpected losses.

Specifically, as mentioned above, on July 14, 2007, less than seven months after the Debtors acquired Zartic, the Debtors' meat processing plant located in Hamilton, Alabama (acquired as part of the Zartic acquisition) was destroyed by a fire and the facility was deemed to be a complete loss. Although the Debtors implemented a disaster recovery plan designed to enable them to continue to supply their customers with products previously manufactured in their Hamilton plant—a necessary means of fulfilling customer orders and mitigating additional losses—they incurred $1.4 million in increased production costs.

Additionally, the Debtors incurred approximately $1.4 million in expenses and $6.9 million in impairment charges in connection with the closure of their Cedartown, Georgia facility (also acquired as part of the Zartic Acquisition). Again, while the Debtors still expect to realize long-term benefits from the closing of the plant (which was part of a product rationalization initiative designed to eliminate certain less-distributed products), as of the end of fiscal 2008, the Debtors had instead incurred significant expenses associated therewith.

3. Acquisition Financing Left Pierre Over-Leveraged

The Debtors financed the Clovervale and Zartic acquisitions by increasing their borrowings under the Prepetition Credit Agreement by an additional $124 million. This additional debt increased pressure on the Debtors' already highly-leveraged balance sheet, leaving them increasingly vulnerable to the above-described adverse market conditions and the unanticipated losses associated with the Clovervale and Zartic acquisitions.

Indeed, for the quarter ending March 1, 2008, the Debtors failed to satisfy the financial covenants in their Prepetition Credit Agreement resulting in a default thereunder. As a result, on June 2, 2008, the Prepetition Lenders notified the Debtors that all outstanding borrowings under the Prepetition Credit Agreement would begin bearing the default interest rate as of February 29, 2008, which was 2% higher than the non-default rate and resulted in an additional $1.2 million in interest as of May 31, 2008. Additionally, on June 2, 2008, the Prepetition Lenders notified the Debtors that they were in default for failing to timely deliver their audited financial statements and report to the Prepetition Lenders.

As a result of these defaults, the Debtors were prohibited from borrowing or obtaining additional letters of credit under the Prepetition Revolving Loan. Although the Debtors and their advisors engaged in extensive discussions with their Prepetition Lenders about the possibility of waiving the defaults and allowing the Debtors to continue borrowing, the Debtors' Prepetition Lenders were simply unwilling to continue lending outside a court supervised restructuring process. The default under the Prepetition Credit Agreement also caused a cross-default of the Swap Agreement that the Debtors had entered into to hedge fluctuations in their Prepetition Term Loan interest rates. The Debtors voluntary terminated the Swap Agreement on June 16, 2008, which resulted in approximately $3.6 million in net settlement payments being due and payable by July 31, 2008.

With no access to borrowings, the Debtors were dependent on Cash flow from operations to fund their obligations. However, as news of the Debtors' covenant defaults and worsening financial condition spread in the weeks prior to commencement of the Chapter 11 Cases, the Debtors' vendors began restricting their trade terms (many requiring Cash on delivery or even Cash in advance), resulting in a significant Cash drain and reducing the Debtors' access to working capital. Such liquidity constraints were particularly difficult for the Debtors to absorb at that point in time, during the summer months, when lower sales volumes (due to the seasonality of school sales) coupled with heightened Cash requirements (due to inventory build in summer months to prepare for the return of school systems customers in September) already negatively impact the Debtors' operating profits and increase working capital requirements.

Concurrently, the Debtors were faced with significant upcoming Cash payments relating to servicing their substantial debt load: (a) $6.2 million in interest payments were due under the Senior Subordinated Notes by July 15, 2008; (b) $3.6 million in net settlement payments were due under the Swap Agreement by July 31, 2008; (c) $5.1 million in interest payments were due under the secured Prepetition Credit Agreement by August 19, 2008; and (d) funds were immediately needed to amend or renew a letter of credit (or post a Cash deposit) to secure the Debtors' performance obligations under the USDA Programs.

In light of the foregoing, the Debtors' highly-levered position and short-term liquidity issues resulting from a decrease in working capital and their inability to obtain borrowings under the terms of the Prepetition Credit Agreement, coupled with the ongoing economic downturn in the manufacturing industry, left them few available options. Accordingly, the Debtors made the difficult but prudent decision to commence these Chapter 11 Cases to restructure their balance sheet and complete their strategic restructuring.

III.
EVENTS DURING THE CHAPTER 11 CASES

A. FIRST DAY MOTIONS AND CERTAIN RELATED RELIEF

Immediately following the Commencement Date, the Debtors devoted substantial efforts to stabilizing their operations and preserving and restoring their relationships with, among others, vendors, customers, employees and utility providers that the Debtors believed could be impacted by the commencement of these Chapter 11 Cases. As a result of these initial efforts, the Debtors were able to minimize, as much as practicable, the negative impacts resulting from the commencement of these Chapter 11 Cases.

On or around the Commencement Date, in addition to filing voluntary petitions for relief, the Debtors also filed a number of motions (collectively referred to herein as "First Day Motions") with the Bankruptcy Court. At preliminary hearings conducted on July 16, 2008 and August 13, 2008, respectively, the Bankruptcy Court entered several orders to, among other things: (i) prevent interruptions to the Debtors' business; (ii) ease the strain on the Debtors' relationships with certain essential constituents, including employees, vendors, customers and utility providers; (iii) provide access to much needed working capital; and (iv) allow the Debtors to retain certain advisors to assist them with the administration of the Chapter 11 Cases (each, a "First Day Order").

1. Procedural Motions

To facilitate a smooth and efficient administration of these Chapter 11 Cases, the Bankruptcy Court entered certain "procedural" First Day Orders, by which the Bankruptcy Court (a) approved the joint administration of the Debtors' Chapter 11 Cases, (b) authorized the Debtors to prepare a list of creditors and file a consolidated list of their 30 largest unsecured creditors and (c) approved an extension of time to file their Schedules.

2. Employment and Compensation of Advisors

To assist the Debtors in carrying out their duties as debtors in possession and to represent their interests in the Chapter 11 Cases, with authorization from the Bankruptcy Court, on August 13, 2008, the Bankruptcy Court entered orders authorizing the Debtors to retain and employ the following advisors: (a) Kirkland & Ellis LLP ("K&E"), as lead restructuring counsel; (b) Richards, Layton & Finger, P.A., as local and conflicts counsel; (c) Perrella Weinberg Partners LP ("PWP"), as investment banker and financial advisor; (d) Thompson Hine LLP, as special counsel; (e) Alvarez and Marsal North America, LLC, as restructuring and crisis management consultant; and (f) KCC as the Voting and Claims Agent in these Chapter 11 Cases (collectively, the "Professionals"). In addition, the Court entered an order authorizing the Debtors to employ John Schaefer as COO pursuant to the terms of an employment agreement. Prior to serving as COO, Mr. Schaefer, through Lightning Management, had served the Debtors as an operational consultant.

Additionally, the Debtors sought and obtained orders approving and establishing procedures for (a) the retention and compensation of certain professionals utilized in the ordinary course of the Debtors' business and (b) the interim compensation and reimbursement of Professionals and Committee members.

3. Stabilizing Operations

Recognizing that any interruption of the Debtors' business, even for a brief period of time, would negatively impact their operations, customer relationships, revenue and profits, the Debtors filed a number of First Day Motions to help facilitate a stabilization of their manufacturing operations and effectuate, as much as possible, a smooth transition into operations as debtors in possession. Specifically, in addition to certain orders discussed in greater detail below, the Debtors sought and obtained First Day Orders authorizing the Debtors to:

- maintain and administer customer programs and honor their obligations arising under or relating to those customer programs;

- pay prepetition wages, salaries and other compensation, reimbursable employee expenses and employee medical and similar benefits;

- determine adequate assurance for future utility service and establish procedures for utility providers to object to such assurance;

- continue insurance coverage, including performance under their self-insurance programs, and enter into new insurance policies, if necessary;

- maintain their existing Cash management systems; and

- remit and pay certain taxes and fees.

In addition to the foregoing relief, to prevent the imposition of the automatic stay from disrupting their business and to ensure continued deliveries on favorable credit terms, the Debtors sought and obtained Bankruptcy Court approval to pay the prepetition claims of certain vendors and third-party service providers who the Debtors believed were essential to the ongoing operation of their business. Importantly, the Debtors were able to condition payments of these prepetition claims on the execution by the recipient supplier or service provider of a trade agreement, which, among other things, included certain provisions to ensure that the Debtors would receive customary trade terms throughout the pendency of these Chapter 11 Cases (and which would not be the case if the Debtors had been forced to wait until Plan Confirmation to make such payments). Indeed, the Debtors' ability to pay the claims of these vendors and service providers was critical to maintaining their ongoing business operations due to the Debtors' inability to acquire essential replacement goods and services of the same quality, reliability, cost or availability from other sources and, ultimately, to the success of the Debtors' Chapter 11 Cases.

4. DIP Financing and Use of Cash Collateral

A critical goal of the Debtors' business stabilization efforts was to ensure the Debtors maintained sufficient liquidity to operate their business during the pendency of these Chapter 11 Cases. As such, beginning in June 2008, with the assistance of PWP, the Debtors began focusing their efforts on securing debtor-in-possession ("DIP") financing. After several weeks negotiating and carefully evaluating the terms and costs of various financing proposals from potential lenders, the Debtors' senior management and advisors determined that, on balance, the commitment underwritten by the Plan Sponsor offered the superior DIP financing proposal, providing the greatest amount of liquidity on the best economic terms and offering a more manageable package of operational and control provisions.

Following extensive, arm's-length negotiations over the terms of the DIP Credit Agreement between the Debtors, the Plan Sponsor and their respective advisors, the Debtors entered into the DIP Credit Agreement, pursuant to which they obtained a $35 million revolving credit facility (including a $25 million sub-limit for letters of credit) on a superpriority administrative claim and first priority priming lien basis. The Debtors' obligations under the DIP Credit Agreement are secured by a first-priority priming lien on substantially all the Debtors' assets, subject only to Permitted Liens and the Carve-Out (as such terms are defined in the DIP Credit Agreement).

At the hearings held on July 16, 2008 and August 13, 2008, the Bankruptcy Court entered interim and final orders, respectively (together, the "DIP Orders"), pursuant to which the Bankruptcy Court, among other things: (a) authorized the Debtors to borrow up to $35 million under the DIP Credit Agreement ($29 million of which was made available upon entry of the interim order with access to the full $35 million commitment following entry of the final order); and (b) approved the Cash Collateral provisions and related adequate protection package for the Prepetition Lenders, which includes, without limitation, (i) adequate protection liens and Allowed Administrative Priority Claims, (ii) current Cash payments of interest accruing under the Prepetition Credit Agreement at the non-default rate and (iii) payment of the fees and expenses of the administrative agent under the Prepetition Credit Agreement.

The financing provided under the DIP Credit Agreement and the use of Cash Collateral has allowed the Debtors to, among other things: (a) continue their business in an orderly manner; (b) maintain their valuable relationships with vendors, suppliers, customers and employees; (c) pay various interest, fees and expenses under the DIP Credit Agreement; (d) satisfy certain of the adequate protection obligations required by the Final DIP Order; and (e) support their working capital, general corporate and overall operational needs—all of which were necessary to preserve and maintain the going-concern value of the Debtors' business and, ultimately, help ensure a successful reorganization.

B. THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS

1. Appointment of the Committee

On July 28, 2008, the U.S. Trustee appointed the Committee pursuant to section 1102 of the Bankruptcy Code. The members of the Committee include the following: (a) U.S. Bank National Association, as Indenture Trustee; (b) Fidelity Puritan Trust: Fidelity Puritan Fund; (c) Federated High Income Bond Fund; (d) Ares II CLO Ltd.; (e) Americraft Carton, Inc.; (e) Skidmore Sales & Distributing Co., Inc.; and (f) Genpak LP.

The Committee retained (a) Akin Gump Strauss Hauer & Feld LLP, as lead counsel; (b) Young Conaway Stargatt & Taylor, LLP, as local and conflicts counsel; and (c) Imperial Capital, LLC, as financial advisor.

2. Meeting of Creditors

The meeting of creditors pursuant to section 341 of the Bankruptcy Code was held on August 22, 2008 at 10:00 a.m. prevailing Eastern Time at the J. Caleb Boggs Federal Building in Wilmington, Delaware. In accordance with Bankruptcy Rule 9001(5) (which requires, at a minimum, that one representative of the Debtors appear at such meeting of creditors for the purpose of being examined under oath by a representative of the U.S. Trustee and by any attending parties in interest), one representative of the Debtors as well as counsel to the Debtors attended the meeting and answered questions posed by the U.S. Trustee and other parties in interest present at the meeting.

3. Committee Participation Throughout These Chapter 11 Cases

Since the formation of the Committee, the Debtors have kept the Committee informed about their business operations and have sought the concurrence of the Committee in connection with certain actions and transactions taken by the Debtors outside of the ordinary course of business. Most importantly, the Debtors, the Plan Sponsor and the Committee engaged in extensive, arm's-length discussions and negotiations with the Committee to address their concerns with respect to the Plan, including the allocation of recoveries under the Plan, and reached consensus that led to the Committee's agreement to support the Plan.

C. FILING OF THE SCHEDULES AND ESTABLISHMENT OF THE CLAIMS BAR DATE

1. Filing of the Schedules

On September 2, 2008, each of the Debtors filed Schedules of Assets and Liabilities, Schedules of Current Income and Expenditures, Schedules of Executory Contracts and Unexpired Leases and Statements of Financial Affairs with the Bankruptcy Court pursuant to section 521 of the Bankruptcy Code.

2. Establishment of the Claims Bar Date

On September 15, 2008, the Bankruptcy Court entered an order establishing October 31, 2008 as the Claims Bar Date for filing proofs of claim and requests for payment of administrative claims under section 503(b)(9) of the Bankruptcy Code and establishing January 9, 2009 as the Governmental Bar Date [Docket No. 248] (the "Claims Bar Date Order").

In accordance with the Claims Bar Date Order, written notice of the applicable Bar Date was mailed to, among others, all known creditors listed on the Schedules and the Claims Bar Date Order was served on all parties

who had filed requests for notices under Bankruptcy Rule 2002 as of the date the Claims Bar Date Order was entered. In addition to mailing such actual notice, the Debtors also published notice of the Claims Bar Date in the *Wall Street Journal* and *USA Today* and, additionally, in regional newspapers and/or trade journals, including The Cincinnati Enquirer, Journal-News, Cleveland Plain Dealer, Chronicle-Telegram, Rome News-Tribune, Greenville News, Charlotte Observer, Marietta Daily Journal, The Birmingham News and Feedstuffs.

A deadline by which Claims asserting administrative expense priority must be filed with the Bankruptcy Court has not been established as of the date of this Disclosure Statement (with the exception of claims asserted pursuant to section 503(b)(9) of the Bankruptcy Code, which, as noted above, are subject to the Claims Bar Date). Instead, the Debtors are requesting that the Bankruptcy Court fix such a date as part of the Confirmation of the Plan.

D. REORGANIZATION STRATEGY

1. Enhancing Pierre's Business Operations

With the assistance of their advisors, the Debtors have been focused on developing and executing a reorganization strategy to (a) maximize the value of their Estates, (b) address the factors that led to the bankruptcy filing and (c) enable the Debtors to emerge from chapter 11 a stronger, more viable company. Specifically, this reorganization strategy is primarily (though not exclusively) focused on:

- engaging in a comprehensive and systematic strategic review of the Debtors' business to provide the basis of the Debtors' strategy going forward;

- managing the Debtors' business to enhance their financial and operating performance, including utilizing the unique powers and opportunities afforded to a chapter 11 debtor in possession;

- continuing to pursue the cost reduction initiatives launched prior to the Commencement Date, including, without limitation, actions intended to: (a) optimize manufacturing operations, maintenance savings, yield improvement and utilities optimization; (b) better control discretionary spending, particularly within the core corporate services functions (*e.g.*, information technology, human resources and finance); and (c) achieve additional savings in the procurement of goods and services; and

- reviewing extensively the Debtors' Executory Contracts and Unexpired Leases to determine whether there are benefits to the Debtors in assuming or rejecting any Executory Contracts or Unexpired Leases.

2. Appropriate Capital Structure and Conversion of Debt

As set forth above, as of the Commencement Date, the Debtors had outstanding debt of approximately $367 million. Upon emergence from chapter 11, the Reorganized Debtors will have an improved balance sheet and more appropriate capital structure resulting from the $100 million Secured Debt Equity Conversion and cancellation of $125 million of Senior Subordinated Notes. The Reorganized Debtors will have funded debt of approximately $147 million, consisting of approximately $97 million of new term loan and the $50 million Mezzanine Debt Facility, plus amounts drawn, if any, under the Exit Facility.

E. EXCLUSIVE PERIOD FOR FILING A PLAN

Under the Bankruptcy Code, a debtor has the exclusive right to file and solicit acceptance of a plan or plans of reorganization for an initial period of 120 days from the date on which the debtor filed for voluntary relief. If a debtor files a plan within this exclusive period, then the debtor has the exclusive right for 180 days from the commencement date to solicit acceptances to the plan. During these exclusive periods, no other party in interest may file a competing plan of reorganization, however, a court may extend these periods upon request of a party in interest and "for cause."

As of the filing of this Disclosure Statement, the Debtors have not filed a motion with the Bankruptcy Court to extend the exclusivity period and, thus, the period of exclusivity for the Debtors' Chapter 11 Cases is, at this point, scheduled to expire on November 12, 2008.

F. DEADLINE TO ASSUME OR REJECT LEASES OF NONRESIDENTIAL REAL PROPERTY

Pursuant to section 365(d)(4) of the Bankruptcy Code, the time within which the Debtors have to assume or reject unexpired leases of nonresidential real property is also scheduled to expire on November 12, 2008, unless extended by order of the Bankruptcy Court. The Debtors intend to seek an extension of this deadline through and including the proposed Confirmation Hearing Date as set forth herein.

IV.
SUMMARY OF THE PLAN

THIS SECTION IV IS INTENDED ONLY TO PROVIDE A SUMMARY OF THE MATERIAL TERMS OF THE PLAN AND IS QUALIFIED BY REFERENCE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN AND SHOULD NOT BE RELIED ON FOR A COMPREHENSIVE DISCUSSION OF THE PLAN. TO THE EXTENT THERE ARE ANY INCONSISTENCIES BETWEEN THIS SECTION IV AND THE PLAN, THE TERMS AND CONDITIONS SET FORTH IN THE PLAN SHALL GOVERN.

A. ADMINISTRATIVE, DIP CREDIT AGREEMENT AND PRIORITY TAX CLAIMS

1. Administrative Claims

Each Holder of an Allowed Administrative Claim shall be paid the full unpaid amount of such Claim in Cash (a) on or as soon as reasonably practicable after the Effective Date, (b) if such Claim is Allowed after the Effective Date, on or as soon as reasonably practicable after the date such Claim is Allowed or (c) upon such other terms as may be agreed upon by the Debtors or the Reorganized Debtors, as applicable, and such Holder or otherwise upon an order of the Bankruptcy Court; provided, however, that Allowed Administrative Expense Claims representing liabilities incurred by the Debtors in the ordinary course of business during the chapter 11 cases, other those liabilities constituting or relating to commercial tort claims or patent, trademark or copyright infringement claims, shall be paid in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents related to such transactions, and holders of claims related to such ordinary course liabilities are not required to File or serve any request for payment of such Administrative Claims.

(a) Bar Date for Administrative Claims

Except as otherwise provided in Article II.A of the Plan, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than 45 days after the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims, including, without limitation, Holders of Claims for liabilities constituting or relating to commercial tort claims or patent, trademark or copyright infringement claims, that do not File and serve such a request by the applicable Claims Bar Date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Debtors or any Reorganized Debtors or their Estates and property and such Administrative Claims shall be deemed discharged as of the Effective Date. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article X.F of the Plan. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (i) 120 days after the Effective Date and (ii) 60 days after the Filing of the applicable request for payment of Administrative Claims, if applicable.

(b) Professional Compensation and Reimbursement Claims

Retained Professionals or other Entities asserting a Fee Claim for services rendered before the Confirmation Date must File and serve on the Reorganized Debtors and such other Entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court an application for final allowance of such Fee Claim no later than 60 days after the Effective Date; provided that the Reorganized Debtors may pay Retained Professionals or other Entities in the ordinary course of business for any work performed after the Confirmation Date; provided, further, that any professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court order, pursuant to the Ordinary Course Professionals Order. Objections to any Fee Claim must be Filed and served on the Reorganized Debtors and the requesting party by the later of (i) 90 days after the Effective Date and (ii) 30 days after the Filing of the applicable request for payment of the Fee Claim. To the extent necessary, the Confirmation

Order shall amend and supersede any previously entered order of the Bankruptcy Court regarding the payment of Fee Claims. Each Holder of an Allowed Fee Claim shall be paid by the Reorganized Debtors in Cash within five (5) Business Days of entry of the order approving such Allowed Fee Claim.

2. DIP Credit Agreement Claims

On the Effective Date, unless otherwise agreed to by the DIP Lenders, the DIP Facility Claims shall be paid in full in Cash and any outstanding letters of credit collateralized as provided under Section 8.01(t) of the DIP Credit Agreement. Upon payment and satisfaction in full of all Allowed DIP Facility Claims, all Liens and security interests granted to secure such obligations shall be terminated and immediately released and/or assigned to the Reorganized Debtors' lenders under the Exit Facility, and the DIP Lenders shall execute and deliver to the Reorganized Debtors such instruments of release, satisfaction and/or assignment (in recordable form) as may be reasonably requested by the Reorganized Debtors.

3. Priority Tax Claims

Each Holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date shall receive, as soon as reasonably practicable after the Effective Date, on account of such Claim: (a) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; (b) Cash in an amount agreed to by the applicable Debtor or Reorganized Debtor, as applicable, and such Holder; provided, however, that such parties may further agree for the payment of such Allowed Priority Tax Claim at a later date; or (c) at the option of the Debtors, Cash in an aggregate amount of such Allowed Priority Claim payable in installment payments over a period not more than five years after the Commencement Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date, such claim shall be paid in full in Cash in accordance with the terms of any agreement between the Debtors and such holder, or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business.

B. CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

1. Summary

The Plan constitutes a separate chapter 11 plan of reorganization for each Debtor. Except for the Claims addressed in Article II of the Plan (or as otherwise set forth therein), all Claims against a particular Debtor are placed in Classes for each of the Debtors (as designated by subclasses A through M for each of the 13 Debtors). Class 5 consists of Equity Interests which relate only to the plan of reorganization for Pierre Holding Corp. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims and Priority Tax Claims, as described in Article II of the Plan.

The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including, without limitation, voting, Confirmation and distribution pursuant to the Plan and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or an Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

2. Classification and Treatment of Claims and Equity Interests

(a) Class 1 – Other Priority Claims (Subclasses 1A through 1M)

- *Classification*: Class 1 consists of the Other Priority Claims against the Debtors.
- *Treatment*: The legal, equitable and contractual rights of the Holders of Allowed Class 1 Claims are unaltered. Except to the extent that a Holder of an Allowed Class

1 Claim has been paid by the Debtors prior to the Effective Date or otherwise agrees to different treatment, each Holder of an Allowed Class 1 Claim shall receive, in full and final satisfaction of such Allowed Class 1 Claim, payment of the Allowed Class 1 Claim in full in Cash on or as soon as reasonably practicable after (i) the Effective Date, (ii) the date such Allowed Class 1 Claim becomes Allowed or (iii) such other date as may be ordered by the Bankruptcy Court.

- o *Voting*: Class 1 is an Unimpaired Class, and Holders of Class 1 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 1 Claims are not entitled to vote to accept or reject the Plan.

(b) Class 2 – Other Secured Claims (Subclasses 2A through 2M)

- o *Classification*: Class 2 consists of the Other Secured Claims against the Debtors.

- o *Treatment*: Except to the extent that a Holder of an Allowed Class 2 Claim has been paid by the Debtors prior to the Effective Date, on or as soon as reasonably practicable after the Effective Date, Holders of Allowed Class 2 Claims shall receive one of the following treatments, in the sole discretion of the applicable Debtor, in consultation with the Plan Sponsor, in full and final satisfaction of such Allowed Other Secured Claims: (i) the Debtors or the Reorganized Debtors shall pay such Allowed Other Secured Claims in full in Cash including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code; (ii) the Debtors or the Reorganized Debtors shall deliver the collateral securing any such Allowed Other Secured Claim; or (iii) the Debtors or the Reorganized Debtors shall otherwise treat any Allowed Other Secured Claim in any other manner such that the Claim shall be rendered Unimpaired.

- o *Voting*: Class 2 is an Unimpaired Class, and Holders of Class 2 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 2 Claims are not entitled to vote to accept or reject the Plan.

(c) Class 3 – Prepetition Credit Agreement Claims (Subclasses 3A through 3M)

- o *Classification*: Class 3 consists of Prepetition Credit Agreement Claims against the Debtors.

- o *Allowance*: The Prepetition Credit Agreement Claims shall be Allowed and deemed to be Allowed Claims in the amount of $242,213,076.35 as of the Commencement Date, plus: (i) reimbursement obligations of up to $6,369,500.00 with respect to letters of credit; (ii) interest and fees payable from the Commencement Date through and including the Effective Date; (iii) fees and expenses payable to the Prepetition Agent and Lenders through and including the Effective Date; and (iv) contingent and unliquidated Claims arising under the Prepetition Credit Agreement, including for indemnification; which Allowed Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairment or any other challenges under applicable law or regulation by any Entity.

- o *Treatment*: Holders of Allowed Prepetition Credit Agreement Claims shall receive, in full and final satisfaction of such Allowed Class 3 Claims, their Pro Rata share of each of (i) the Amended and Restated Credit Agreement; (ii) the Mezzanine Debt Facility and (iii) the Prepetition Lender Equity Allocation.

- o *Voting*: Class 3 is Impaired, and Holders of Class 3 Claims are entitled to vote to accept or reject the Plan.

(d) Class 4 – General Unsecured Claims (Subclasses 4A through 4M)

- o *Classification*: Class 4 consists of General Unsecured Claims against the Debtors.

- o *Allowance of Senior Subordinated Note Claims*: The Senior Subordinated Note Claims shall be Allowed and deemed to be Allowed Claims in the amount of $131,222,135.00 as of the Commencement Date, plus applicable fees, expenses and other amounts due under the Senior Subordinated Notes Indenture as of the Commencement Date, which Allowed Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairment or any other challenges under applicable law or regulation by any Entity.

  All other General Unsecured Claims shall be determined and Allowed in accordance with the procedures set forth in Articles VII and VIII in the Plan.

- o *Treatment*: Except to the extent that a Holder of an Allowed Class 4 Claim has been paid by the Debtors prior to the Effective Date or agrees to alternate treatment, each Holder of an Allowed Class 4 Claim shall receive, in full and final satisfaction of such Allowed Class 4 Claim, $0.12 in Cash for each dollar in respect of its Allowed Claim (the "Payout Amount"), plus accrued interest as set forth below:

  (i) With respect to Class 4 Claims Allowed on or before the Effective Date, the Payment Amount shall be paid in four equal installments with the first 25% of the Payout Amount to be paid on the Initial Distribution Date. The balance of the Payout Amount will be paid in three (3) additional installments of 25%, each commencing on the next immediately following Periodic Distribution Date and ending on the second consecutive Periodic Distribution Date thereafter. To be clear, Holders of Allowed Class 4 Claims whose claims are Allowed as of the Effective Date shall receive the full Payout Amount plus interest as described below no later than 120 days after the Effective Date.

  (ii) With respect to Class 4 Claims Allowed after the Effective Date, the first 25% of the Payout Amount, plus any missed payment(s) as a result of such claim not being Allowed as of the Effective Date will be paid on the Periodic Distribution Date immediately following the date on which such Allowed Class 4 Claim is Allowed or deemed Allowed. The balance of the Payout Amount will be paid in additional installments of 25%, each commencing on the next immediately following Periodic Distribution Date, provided, however, that on the date that is 120 days after the Effective Date, any outstanding balance owed to Holder of an Allowed Claim will be paid in full. To be clear, Holders of Allowed Class 4 Claims whose claims are Allowed after the Effective Date but before 120 days after the Effective Date shall receive the full Payout Amount plus interest as described below no later than 120 days of the Effective Date. To the extent a Class 4 Claim is Allowed on the date that is 120 days after the Effective Date as a result of the Debtors' not filing an objection to such Claim by that date, such Claim will be paid in full no later than 125 days after the Effective Date.

(iii) Interest shall accrue on the Payout Amount at a rate of 12% *per annum* (or 1% per month) beginning on the Effective Date, regardless of when such Class 4 Claim is Allowed or deemed Allowed. Accrued interest with respect to any Payout Amount will be paid together with the Payout Amount installments described in (i) above, with the interest accrued as of the applicable Periodic Distribution Date payable on that date.

- o *Voting*: Class 4 is an Impaired Class, and Holders of Class 4 Claims are entitled to vote to accept or reject the Plan.

(e) Class 5 – Equity Interests in Pierre Holding Corp.

- o *Classification*: Class 5 consists of all Equity Interests.
- o *Treatment*: On the Effective Date, all Class 5 Equity Interests shall be deemed canceled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and there shall be no distribution to the Holders of Class 5 Equity Interests.
- o *Voting*: Class 5 is Impaired, and Holders of Class 5 Equity Interests are conclusively deemed to reject the Plan. Therefore, Holders of Class 5 Equity Interests are not entitled to vote to accept or reject the Plan.

(f) Class 6 – Intercompany Interests (Subclasses 6A through 6M)

- o *Classification*: Class 6 consists of all Intercompany Interests in the Debtors.
- o *Treatment*: Subject to any Restructuring Transactions, to preserve the Debtors' corporate structure, Intercompany Interests will not be canceled and, subject to any Restructuring Transaction, in order to implement the Plan, at the option of the Reorganized Debtors, with the consent of the Plan Sponsor, Intercompany Interests shall either: (i) be retained, in which case the Debtor holding such Intercompany Interest shall continue to hold such Equity Interests and the legal, equitable and contractual rights to which the Holders of such Intercompany Interests are entitled shall remain unaltered; or (ii) be cancelled and new Intercompany Interests in the applicable subsidiary Debtor shall be issued pursuant to the Plan to Reorganized Pierre or the Reorganized Debtor that holds such Intercompany Interests.
- o *Voting*: Class 6 is an Unimpaired Class, and Holders of Class 6 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, Holders of Class 6 Claims are not entitled to vote to accept or reject the Plan.

3. Intercompany Claims

Notwithstanding anything in the Plan to the contrary, Holders of Intercompany Claims shall not be eligible to receive any distribution on account of such Claims. On the Effective Date or as soon thereafter as is reasonably practicable, the Intercompany Claims will be (a) eliminated or waived based on accounting entries in the Debtors' or Reorganized Debtors' books and records and other corporate activities by the Debtors or Reorganized Debtors in their discretion or (b) discharged with no Distributions thereon.

4. Special Provision Governing Unimpaired Claims

Except as otherwise provided in the Plan, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including, without limitation, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

5. Special Provisions Regarding the Treatment of Allowed Secondary Liability Claims

The classification and treatment of Allowed Claims under the Plan take into consideration all Allowed Secondary Liability Claims. On the Effective Date, the Allowed Secondary Liability Claims arising from or related to any Debtor's joint or several liability for the obligations under any (a) Allowed Claim that is being reinstated under the Plan or (b) Executory Contract or Unexpired Lease that is being assumed or deemed assumed by another Debtor or under any Executory Contract or Unexpired Lease that is being assumed by a Debtor (whether or not assigned to another Debtor or any other Entity) shall be reinstated.

6. Discharge of Claims

Pursuant to section 1141(c) of the Bankruptcy Code, all Claims and Equity Interests that are not expressly provided for and preserved in the Plan shall be extinguished upon Confirmation. Upon Confirmation, the Debtors and all property dealt with in the Plan shall be free and clear of all such claims and interests, including, without limitation, liens, security interests and any and all other encumbrances.

C. ACCEPTANCE OR REJECTION OF THE PLAN

1. Presumed Acceptance of Plan

Classes 1, 2 and 6 are Unimpaired under the Plan, and are, therefore, presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

2. Voting Classes

Each Holder of an Allowed Claim as of the Record Date in each of the Voting Classes shall be entitled to vote to accept or reject the Plan.

3. Acceptance by Impaired Classes of Claims

Pursuant to section 1126(c) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims has accepted the Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class actually voting have voted to accept the Plan.

4. Presumed Rejection of Plan

Class 5 is Impaired and Holders of Class 5 Equity Interests shall receive no distribution under the Plan on account of their Interests and are, therefore, presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

5. Cramdown

The Debtors request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Debtors reserve the right to modify the Plan in accordance with Article XIII.F of the Plan to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

6. Elimination of Vacant Classes

Any Class of Claims that is not occupied as of the date of commencement of the Confirmation Hearing by the Holder of an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 (*i.e.*, no Ballots are cast in a Class entitled to vote on the Plan) shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptances or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

D. MEANS FOR IMPLEMENTATION OF THE PLAN

1. General Settlement of Claims

Pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, in consideration for the classification, distributions, releases and other benefits provided under the Plan, and as a result of arm's-length negotiations among the Debtors, the Plan Sponsor and the Committee, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to the Plan.

2. Restructuring Transactions

On the Effective Date, and pursuant to the Plan or the Restructuring Transactions Notice, the applicable Debtors or Reorganized Debtors shall enter into the Restructuring Transactions and shall take any actions as may be necessary or appropriate to effect a restructuring of their respective businesses or the overall organizational structure of the Reorganized Debtors. The Restructuring Transactions may include one or more mergers, consolidations, restructurings, conversions, dissolutions, transfers or liquidations as may be determined by the Plan Sponsor to be necessary or appropriate. The actions to effect the Restructuring Transaction may include:

- the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and the Restructuring Transactions Notice and that satisfy the applicable requirements of applicable state law and any other terms to which the applicable Entities may agree;

- the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and the Restructuring Transactions Notice and having other terms for which the applicable parties agree;

- the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law; and

- all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with the Restructuring Transactions.

The chairman of the board of directors, president, chief executive officer, chief financial officer, any executive vice-president or senior vice-president, or any other appropriate officer of each Debtor shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such other actions, as may be necessary or appropriate, to effectuate and further evidence the terms and conditions of the Plan and the Restructuring Transactions Notice. The secretary or assistant secretary of the appropriate Debtor shall be authorized to certify or attest to any of the foregoing actions.

3. Restructuring of Prepetition Secured Debt

To implement the Plan, the Debtors' outstanding prepetition secured debt will be restructured as follows:

- $100 million of the outstanding secured debt under the Prepetition Credit Agreement will be converted into the Prepetition Lender Equity Allocation as set forth in Article III.B.3(c) of the Plan;

- $50 million of the outstanding secured debt under the Prepetition Credit Agreement will be converted into the Mezzanine Debt Facility as set forth in Article III.B.3(c) of the Plan; and

- all other secured debt outstanding under the Prepetition Credit Agreement (approximately $97 million) shall be restructured into New Term Loans pursuant to the terms of the Amended and Restated Credit Agreement.

4. Credit Enhancement by Plan Sponsor

To implement the Plan and in consideration of the Plan Sponsor Release, the Plan Sponsor has agreed to provide credit enhancement to the Reorganized Debtors to improve overall liquidity and in particular to ensure adequate funding of Class 4 Distributions. Specifically, if the Debtors will have insufficient liquidity on either the Initial Distribution Date or any given Periodic Distribution Date to make the required distributions to Allowed General Unsecured Claims in Class 4, the Debtors shall give notice of such insufficiency to the Plan Sponsor, the Indenture Trustee and the Committee no later than five (5) days prior to the Initial Distribution Date or the applicable Periodic Distribution Date. In the event such notice is given by the Debtors, the Plan Sponsor shall purchase from Holders of Allowed Senior Subordinated Note Claims their right to the distributions due on the Initial Distribution Date or the applicable Periodic Distribution Date under the Plan by paying to the Indenture Trustee, no later than five (5) days after the Initial Distribution Date or applicable Periodic Distribution Date, any Payout Amount due on the Initial Distribution Date or applicable Periodic Distribution Date on account of the Senior Subordinated Note Claims, plus any interest accrued thereon through and including the Initial Distribution Date or applicable Periodic Distribution Date.

The Plan Sponsor has further agreed that, in the event the Plan Sponsor succeeds to the rights to distribution of the Holders of Senior Subordinated Note Claims as a result of such purchase, the Reorganized Debtors may defer payments on account of such Claims purchased by the Plan Sponsor until the date that is 120 days after the Effective Date, notwithstanding anything in the Plan to the contrary. In the event that the Plan Sponsor fails to purchase the obligations in accordance with Article V.D of the Plan, the Indenture Trustee or the Committee shall have the right to enforce the provisions of Article V.D of the Plan against the Plan Sponsor before the Bankruptcy Court.

5. Exit Facility, Sources of Cash for Plan Distributions and Transfers of Funds Among Debtors

On the Effective Date, the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to obtain the Exit Facility, subject to the reasonable consent of the Plan Sponsor and the Committee. All Cash necessary for the Reorganized Debtors to make payments required pursuant to the Plan will be obtained from the Reorganized Debtors' Cash balances, including cash from operations, the proceeds of the Exit Facility and the commitment by the Plan Sponsor to purchase rights to distributions on account of Senior Subordinated Note Claims as described in Article V.D in the Plan. Cash payments to be made pursuant to the Plan will be made by the Reorganized Debtors; provided, however, that the Debtors and the Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth in the Plan, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

6. Amended and Restated Prepetition Credit Agreement

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the Amended and Restated Prepetition Credit Agreement. On the Effective Date, except to the extent otherwise provided in the Plan, the Debtors' obligations under the Prepetition Credit Agreement shall be fully released, discharged and superseded in full by the Debtors' obligations under the Amended and Restated Prepetition Credit Agreement.

7. Mezzanine Debt Facility

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the Mezzanine Debt Facility.

8. New Stock

On the Effective Date, Reorganized Pierre shall issue the New Stock to Holders of Allowed Prepetition Credit Agreement Claims pursuant to the terms set forth in the Plan. The New Stock shall represent all of the equity interests in Reorganized Pierre as of the Effective Date and shall be subject to dilution by any equity issued in connection with the Management and Director Equity Incentive Program. The Reorganized Debtors shall not be obligated to list the New Stock on a national securities exchange.

9. Securities Registration Exemption and Registration Rights Agreement

The New Stock to be issued to Holders of Allowed Claims in Class 3 will be issued without registration under the Securities Act or any similar federal, state or local law in reliance upon the exemptions set forth in section 1145 of the Bankruptcy Code. The Reorganized Debtors intend to make awards under the Management and Director Equity Incentive Plan without registration under the Securities Act or any similar federal, state or local law in reliance upon the exemption set forth in section 701 of the Securities Act or as a result of the issuance or grant of such equity award not constituting a "sale" under Section 2 (3) of the Securities Act.

On the Effective Date, Reorganized Pierre and the Plan Sponsor will enter into a registration rights agreement in the form set forth in the Plan Supplement. Within 30 days following the Effective Date or as soon thereafter as practical, Reorganized Pierre shall file appropriate shelf registration documents as required by such registration rights agreement.

10. Issuance and Distribution of the New Stock

On or immediately after the Effective Date, Reorganized Pierre shall issue or reserve for issuance all of the equity securities required to be issued pursuant to the Plan. The shares of New Stock issued under the Plan are issued under Section 1145 of the Bankruptcy Code and will be freely tradable, subject to (a) any applicable restrictions of the federal and state securities laws, (b) the Shareholder Agreement and (c) any applicable restrictions of the federal and state securities laws and the restrictions imposed on "underwriters" by section 1145 of the Bankruptcy Code (discussed in greater detail in Section VIII.A herein, titled "Section 1145 of the Bankruptcy Code").

All other shares of New Stock (*i.e.*, shares issued under the Management and Director Equity Incentive Program) will be tradable only to the extent described above under Article V.O of the Plan. All of the shares of New Stock issued pursuant to the Plan shall be duly authorized, validly issued and fully paid and non-assessable. Each distribution and issuance referred to in Article VII of the Plan shall be governed by the terms and conditions set forth in the Plan applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

In connection with the distribution of New Stock to current or former employees of the Debtors, the Reorganized Debtors may take whatever actions are necessary to comply with applicable federal, state, local and international tax withholding obligations, including withholding from distributions a portion of the New Stock and

selling such securities to satisfy tax withholding obligations including, without limitation, income, social security and Medicare taxes.

11. Shareholders Agreement for New Stock

On or after the Effective Date, Reorganized Pierre and the Plan Sponsor shall execute and deliver the Shareholders Agreement. Each Holder of an Allowed Prepetition Credit Agreement Claim shall be required to execute and be bound by the Shareholders Agreement as a condition precedent to receiving its allocation of New Stock.

12. Cancellation of Senior Subordinated Notes and Equity Interests

On the Effective Date, except to the extent otherwise provided in the Plan, all notes, stock, instruments, certificates and other documents evidencing the Senior Subordinated Notes and the Equity Interests shall be canceled, and the obligations of the Debtors thereunder or in any way related thereto shall be fully released and discharged. On the Effective Date, except to the extent otherwise provided in the Plan, the Senior Subordinated Notes Indenture shall be deemed to be canceled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and the obligations of the Debtors thereunder shall be fully released and discharged. The Senior Subordinated Notes Indenture shall continue in effect solely for the purposes of: (a) allowing Holders of the Senior Subordinated Notes Claims to receive distributions under the Plan, including through any purchase of rights to distributions on account of Senior Subordinated Note Claims by the Plan Sponsor as provided in Article V.D of the Plan; and (b) allowing and preserving the rights of the Indenture Trustee to (i) make distributions in satisfaction of Allowed Senior Subordinated Notes Claims, (ii) exercise its charging liens against any such distributions and (iii) seek compensation and reimbursement for any fees and expenses incurred in making such distributions. Upon completion of all such Distributions, the Senior Subordinated Notes and the Senior Subordinated Notes Indenture shall terminate completely. From and after the Effective Date, the Indenture Trustee shall have no duties or obligations under the Senior Subordinated Notes Indenture other than to make distributions.

E. TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

1. Assumption and Rejection of Executory Contracts and Unexpired Leases

(a) Assumption of Executory Contracts and Unexpired Leases

Subject to the right of the Reorganized Debtors to elect to reject any Executory Contract or Unexpired Lease as to which there is an objection to the proposed cure, each Executory Contract or Unexpired Lease shall be deemed automatically assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date, unless any such Executory Contract or Unexpired Lease:

- has been previously rejected by the Debtors by Final Order of the Bankruptcy Court;
- has been rejected by the Debtors by order of the Bankruptcy Court as of the Effective Date, which order becomes a Final Order after the Effective Date;
- is the subject of a motion to reject pending as of the Effective Date;
- is listed on the schedule of "Rejected Executory Contracts and Unexpired Leases" in the Plan Supplement; or
- is otherwise rejected pursuant to the terms of the Plan.

The Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumptions pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. The Debtors reserve the right to amend the schedule of Rejected Executory Contracts and Unexpired Leases at any time before the Effective Date with the consent of the Plan Sponsor.

(b) Assumption of Employee-Related Agreements

The Debtors, and upon the Effective Date, the Reorganized Debtors, shall assume certain Employee-Related Agreements listed in the Plan Supplement, which list shall have been approved by the Plan Sponsor. The designation of a contract as an Employee-Related Agreement shall not be deemed an admission that such contract constitutes an Executory Contract.

(c) Assumption of Director and Officer Insurance Policies

The Debtors, and upon the Effective Date, the Reorganized Debtors, shall assume all of the D&O Liability Insurance Policies pursuant to sections 365(a) or 1123 of the Bankruptcy Code. Notwithstanding anything in the Plan to the contrary, Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors hereunder as to which no Proof of Claim need be Filed.

(d) Assumption of Indemnification Provisions

The Debtors, and upon the Effective Date, the Reorganized Debtors, shall assume each of the Indemnification Provisions solely with respect to each of the Debtors' respective members (including *ex officio* members), officers, directors, employees and partners, each in their respective capacities as such and solely to the extent that each such party is serving in such capacity as of the Effective Date.

(e) Approval of Assumptions

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumptions described in the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption of such Executory Contract or Unexpired Lease will be deemed to have consented to such assumption. Each Executory Contract and Unexpired Lease assumed pursuant to the Plan or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Effective Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law.

(f) Rejection of Executory Contracts or Unexpired Leases

All Executory Contracts and Unexpired Leases listed on the schedule of "Rejected Executory Contracts and Unexpired Leases" in the Plan Supplement shall be deemed rejected as of the Effective Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejections described in the Plan pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

2. Claims on Account of the Rejection of Executory Contracts or Unexpired Leases

All proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be filed with the Bankruptcy Court within thirty (30) days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection. Any Entity that is required to file a Proof of Claim arising from the rejection of an Executory Contract or an Unexpired Lease that fails to timely do so shall be forever barred, estopped and enjoined from asserting such Claim, and such Claim shall not be enforceable, against any Debtor or any Reorganized Debtor or their Estates and property, and the Debtors or the Reorganized Debtors and their Estates and property shall be forever discharged from any and all indebtedness and liability with respect to such Claim unless otherwise ordered by the Bankruptcy Court or as otherwise provided in the Plan. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article X.F of the Plan.

3. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding: (a) the amount of any payments to cure such a default; (b) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed; or (c) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. At least ten (10) days prior to the Confirmation Hearing, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served and actually received by the Debtors at least five (5) days prior to the Confirmation Hearing. Any counterparty to an Executory Contract and Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such matters. If an objection to Cure is sustained by the Bankruptcy Court, the Reorganized Debtors in their sole option, may elect to reject such executory contract or unexpired lease in lieu of assuming it.

4. Contracts and Leases Entered Into After the Commencement Date

Contracts and leases entered into after the Commencement Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

F. PROVISIONS GOVERNING DISTRIBUTIONS

1. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties, the Reorganized Debtors shall make initial distributions under the Plan on account of Claims Allowed before the Effective Date on or as soon as practicable after the Initial Distribution Date; provided, however, that payments on account of General Unsecured Claims that become Allowed Claims on or before the Effective Date shall commence on the Initial Distribution Date.

2. Distributions on Account of Claims Allowed After the Effective Date

(a) Payments and Distributions on Disputed Claims

Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties, distributions under the Plan on account of a Disputed Claim that becomes an Allowed Claim after the Effective Date shall be made on the Periodic Distribution Date that is at least thirty (30) days after the Disputed Claim becomes an Allowed Claim.

(b) Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding anything in the Plan to the contrary, and except as otherwise agreed to by the relevant parties, no partial payments and no partial distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order. In the event that there are Disputed Claims requiring adjudication and resolution, the Reorganized Debtors shall establish appropriate reserves for potential payment of such Claims pursuant to Article VII.B.2 of the Plan.

3. Delivery and Distributions and Undeliverable or Unclaimed Distributions

(a) Record Date for Distributions

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those Holders of Claims listed on the Claims Register as of the close of business on the Distribution Record Date. If a Claim, other than one based on a publicly traded security is transferred twenty (20) or fewer days before the Distribution Record Date, the Distribution Agent shall make distributions to the transferee only to the extent practical and, in any event, only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

(b) Delivery of Distributions in General

Except as otherwise provided in the Plan, the Debtors or the Reorganized Debtors, as applicable, shall make distributions to Holders of Allowed Claims at the address for each such Holder as indicated on the Debtors' records as of the date of any such distribution; provided, however, that the manner of such distributions shall be determined at the discretion of the Debtors or the Reorganized Debtors, as applicable; and provided further, that the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder.

All distributions to Holders of Senior Subordinated Note Claims shall be governed by the Senior Subordinated Notes Indenture and shall be deemed completed when made to the Indenture Trustee. Notwithstanding anything in the Plan to the contrary, the Senior Subordinated Notes Indenture shall continue in effect to the extent necessary to (i) allow the Indenture Trustee to receive and make distributions pursuant to the Plan on account of the Senior Subordinated Note Claims, (ii) exercise its charging liens against any such distributions and (iii) seek compensation and reimbursement for any fees and expenses incurred in making such distributions.

The Indenture Trustee may effect any distribution to Holders of Senior Subordinated Note Claims through the book-entry transfer facilities of The Depository Trust Company, who shall distribute the same to its participants in accordance with their respective holdings of Senior Subordinated Notes as of the Distribution Record Date.

(c) Distributions by Distribution Agents

The Debtors and the Reorganized Debtors, as applicable, shall have the authority, in their sole discretion, to enter into agreements with one or more Distribution Agents to facilitate the distributions required hereunder. As a condition to serving as a Distribution Agent, a Distribution Agent must (i) affirm its obligation to facilitate the prompt distribution of any documents, (ii) affirm its obligation to facilitate the prompt distribution of any recoveries or distributions required hereunder and (iii) waive any right or ability to setoff, deduct from or assert any lien or encumbrance against the distributions required hereunder that are to be distributed by such Distribution Agent; provided, however, that the Indenture Trustee shall retain the right to setoff against the distributions required hereunder.

The Debtors or the Reorganized Debtors, as applicable, shall pay to the Distribution Agents all reasonable and documented fees and expenses of the Distribution Agents without the need for any approvals, authorizations, actions or consents. The Distribution Agents shall submit detailed invoices to the Debtors or the Reorganized Debtors, as applicable, for all fees and expenses for which the Distribution Agent seeks reimbursement and the Debtors or the Reorganized Debtors, as applicable, shall pay those amounts that they, in their sole discretion, deem reasonable, and shall object in writing to those fees and expenses, if any, that the Debtors or the Reorganized Debtors, as applicable, deem to be unreasonable. In the event that the Debtors or the Reorganized Debtors, as applicable, object to all or any portion of the amounts requested to be reimbursed in a Distribution Agent's invoice, the Debtors or the Reorganized Debtors, as applicable, and such Distribution Agent shall endeavor, in good faith, to reach mutual agreement on the amount of the appropriate payment of such disputed fees and/or expenses. In the event that the Debtors or the Reorganized Debtors, as applicable, and a Distribution Agent are unable to resolve any

differences regarding disputed fees or expenses, either party shall be authorized to move to have such dispute heard by the Bankruptcy Court.

(d) Minimum Distributions

Notwithstanding anything in the Plan to the contrary, the Reorganized Debtors shall not be required to make distributions or payments of less than $10.00 (whether Cash or otherwise) and shall not be required to make partial distributions or payments of fractions of dollars. Whenever any payment or distribution of a fraction of a dollar or share of New Stock under the Plan would otherwise be called for, the actual payment or distribution will reflect a rounding of such fraction to the nearest whole dollar or share of New Stock (up or down), with half dollars and half shares of New Stock or less being rounded down.

No Distribution Agent shall have any obligation to make a distribution on account of an Allowed Claim if: (i) the aggregate amount of all distributions authorized to be made on the Periodic Distribution Date in question is or has an economic value less than $25,000.00, unless such distribution is a final distribution; or (ii) the amount to be distributed to the specific Holder of an Allowed Claim on such Periodic Distribution Date does not constitute a final distribution to such Holder and is or has an economic value less than $10.00, which shall be treated as an undeliverable distribution under Article VII.C.5 of the Plan.

(e) Undeliverable Distributions

Holding of Certain Undeliverable Distributions. If any distribution to a Holder of an Allowed Claim made in accordance herewith is returned to the Reorganized Debtors (or their Distribution Agent) as undeliverable, no further distributions shall be made to such Holder unless and until the Reorganized Debtors (or their Distribution Agent) are notified in writing of such Holder's then current address, at which time all currently due missed distributions shall be made to such Holder on the next Periodic Distribution Date. Undeliverable distributions shall remain in the possession of the Reorganized Debtors, subject to Article VII.C.5(b) of the Plan, until such time as any such distributions become deliverable. Undeliverable distributions shall not be entitled to any additional interest, dividends or other accruals of any kind on account of their distribution being undeliverable.

Failure to Claim Undeliverable Distributions. No later than 210 days after the Effective Date, the Reorganized Debtors shall File with the Bankruptcy Court a list of the Holders of undeliverable distributions. This list shall be maintained and updated periodically in the sole discretion of the Reorganized Debtors for as long as the Chapter 11 Cases stay open. Any Holder of an Allowed Claim, irrespective of when a Claim becomes an Allowed Claim, that does not notify the Reorganized Debtors of such Holder's then current address in accordance herewith within the latest of (i) one year after the Effective Date, (ii) 60 days after the attempted delivery of the undeliverable distribution and (iii) 180 days after the date such Claim becomes an Allowed Claim shall have its Claim for such undeliverable distribution discharged and shall be forever barred, estopped and enjoined from asserting any such Claim against the Reorganized Debtors or their property. In such cases, (i) any Cash or New Stock held for distribution on account of Allowed Claims shall be redistributed to Holders of Allowed Claims in the applicable Class on the next Periodic Distribution Date and (ii) any Cash held for distribution to other creditors shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and become property of the Reorganized Debtors, free of any Claims of such Holder with respect thereto. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

Failure to Present Checks. Checks issued by the Distribution Agent on account of Allowed Claims shall be null and void if not negotiated within 180 days after the issuance of such check. In an effort to ensure that all Holders of Allowed Claims receive their allocated distributions, no later than 180 days after the issuance of such checks, the Reorganized Debtors shall File with the Bankruptcy Court a list of the Holders of any un-negotiated checks. This list shall be maintained and updated periodically in the sole discretion of the Reorganized Debtors for as long as the Chapter 11 Cases stay open. Requests for reissuance of any check shall be made directly to the Distribution Agent by the Holder of the relevant Allowed Claim with respect to which such check originally was issued. Any Holder of an Allowed Claim holding an un-negotiated check that does not request reissuance of such un-negotiated check within 240 days after the date of mailing or other delivery of such check shall have its Claim for such un-negotiated check discharged and be discharged and forever barred, estopped and enjoined from asserting any such Claim against the Reorganized Debtors or their property. In such cases, any Cash held for payment on

account of such Claims shall be property of the Reorganized Debtors, free of any Claims of such Holder with respect thereto. Nothing contained in the Plan shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

4. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit, and all distributions pursuant to the Plan shall be subject to such withholding and reporting requirements. Notwithstanding anything in the Plan to the contrary, the Reorganized Debtors and the Distribution Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens and encumbrances. For tax purposes, distributions in full or partial satisfaction of Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

5. Timing and Calculation of Amounts to Be Distributed

On the Initial Distribution Date (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class; provided, however, that distributions on account of General Unsecured Claims that become Allowed Claims before the Effective Date shall commence on the Initial Distribution Date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in the applicable class treatment or in Article VII of the Plan. Except as otherwise provided in the Plan, Holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for in the Plan, regardless of whether such distributions are delivered on or at any time after the Effective Date.

6. Setoffs

The Debtors and the Reorganized Debtors may withhold (but not setoff except as set forth below) from the distributions called for hereunder on account of any Allowed Claim an amount equal to any claims, equity interests, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of any such Allowed Claim. In the event that any such claims, equity interests, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of any such Allowed Claim are adjudicated by Final Order or otherwise resolved, the Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant hereto on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), the amount of any adjudicated or resolved claims, equity interests, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of any such Allowed Claim, but only to the extent of such adjudicated or resolved amount. Neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claims, equity interests, rights and Causes of Action that the Debtors or the Reorganized Debtors may possess against any such Holder, except as specifically provided in the Plan.

7. Surrender of Canceled Instruments or Securities

As a condition precedent to receiving any distribution on account of its Allowed Claim, each record Holder of a Senior Subordinated Note Claim shall be deemed to have surrendered the certificates or other documentation underlying each such Claim, and all such surrendered certificates and other documentations shall be deemed to be canceled pursuant to Article V.V of the Plan, except to the extent otherwise provided in the Plan. The Indenture

Trustee may (but shall not be required to) request that registered Holders of the Senior Subordinated Notes surrender their notes for cancellation.

G. PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED AND DISPUTED CLAIMS

1. Resolution of Disputed Claims

(a) Allowance of Claims

After the Effective Date, the Reorganized Debtors shall have and shall retain any and all rights and defenses that the Debtors had with respect to any Claim, except with respect to any Claim deemed Allowed under the Plan. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including, without limitation, the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in the Chapter 11 Cases allowing such Claim. All settled claims approved prior to the Effective Date pursuant to a Final Order of the Bankruptcy Court pursuant to Bankruptcy Rule 9019 or otherwise shall be binding on all parties.

(b) Prosecution of Objections to Claims

After the Confirmation Date but before the Effective Date, the Debtors (in consultation with the Plan Sponsor and, with respect to General Unsecured Claims, the Committee), and after the Effective Date until the Claims Objection Bar Date, the Reorganized Debtors, shall have the exclusive authority to File objections to Claims, settle, compromise, withdraw or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise. From and after the Effective Date, the Reorganized Debtors may settle or compromise any Disputed Claim without any further notice to or action, order or approval of the Bankruptcy Court. The Reorganized Debtors shall have the sole authority to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval of the Bankruptcy Court. With respect to all Tort Claims, an objection is deemed to have been Filed timely, thus making each such Claim a Disputed Claim as of the Claims Objection Bar Date. Each such Tort Claim shall remain a Disputed Claim unless and until it becomes an Allowed Claim.

(c) Claims Estimation

After the Confirmation Date but before the Effective Date, the Debtors (in consultation with the Plan Sponsor and, with respect to General Unsecured Claims, the Committee), and after the Effective Date, the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate (i) any Disputed Claim pursuant to applicable law and (ii) any contingent or unliquidated Claim pursuant to applicable law, including, without limitation, section 502(c) of the Bankruptcy Code, regardless of whether the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any Disputed Claim, contingent Claim or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection.

Notwithstanding anything in the Plan to the contrary, a Claim that has been expunged from the Claims Register but that is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court.

(d) Expungement or Adjustment to Claims Without Objection

Any Claim that has been paid, satisfied or superseded may be expunged on the Claims Register by the Reorganized Debtors, and any Claim that has been amended may be adjusted thereon by the Reorganized Debtors, in both cases without a claims objection having to be Filed and without any further notice to or action, order or approval of the Bankruptcy Court.

(e) Deadline to File Objections to Claims

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date.

2. Disallowance of Claims

All Claims of any Entity from which property is sought by the Debtors or the Reorganized Debtors under section 542, 543, 550 or 553 of the Bankruptcy Code or that the Debtors or the Reorganized Debtors allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code shall be disallowed if (a) the Entity, on the one hand, and the Debtors or the Reorganized Debtors, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turnover any property or monies under any of the aforementioned sections of the Bankruptcy Code and (b) such Entity or transferee has failed to turnover such property by the date set forth in such agreement or Final Order.

EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A BANKRUPTCY COURT ORDER ON OR BEFORE THE LATER OF (A) THE CONFIRMATION HEARING AND (B) 45 DAYS AFTER THE APPLICABLE CLAIMS BAR DATE.

3. Amendments to Claim

On or after the Effective Date, except as otherwise provided in the Plan, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and, to the extent such prior authorization is not received, any such new or amended Claim Filed shall be deemed disallowed and expunged without any further notice to or action, order or approval of the Bankruptcy Court.

H. CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

1. Conditions Precedent to Confirmation

It shall be a condition to Confirmation of the Plan that all provisions, terms and conditions set forth in the Plan are approved in the Confirmation Order.

2. Conditions Precedent to Consummation

It shall be a condition to Consummation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C of the Plan:

- The Plan and all Plan Supplement documents, including any amendments, modifications or supplements thereto, shall be reasonably acceptable to the Debtors and the Plan Sponsor and, to the extent the Plan and Plan Supplement Documents, including any amendments, modifications or supplements thereto, affect the rights or treatments of Holders of General Unsecured Claims or the Committee and its members, the Committee.

- The Confirmation Order shall have been entered and become a Final Order in a form and in substance reasonably satisfactory to the Debtors, the Plan Sponsor and the Committee. The Confirmation Order shall provide that, among other things, the Debtors or the Reorganized Debtors, as appropriate, are authorized and directed to take all actions necessary or appropriate to consummate the Plan, including, without limitation, entering into, implementing and consummating the contracts, instruments, releases,

leases, indentures and other agreements or documents created in connection with or described in the Plan.

- All documents and agreements necessary to implement the Plan, including, without limitation, the Amended and Restated Prepetition Credit Agreement, the Mezzanine Debt Facility and the Exit Facility shall have (a) been tendered for delivery and (b) been effected or executed. All conditions precedent all to such documents and agreements shall have been satisfied or waived pursuant to the terms of such documents or agreements.

- All actions, documents, certificates and agreements necessary to implement the Plan shall have been effected or executed and delivered to the required parties and, to the extent required, Filed with the applicable governmental units in accordance with applicable laws.

3. Waiver of Conditions

The conditions to Confirmation of the Plan and to Consummation of the Plan set forth in Article IX of the Plan may be waived by the Debtors with the consent of the Plan Sponsor without notice, leave or order of the Bankruptcy Court or any formal action other than proceeding to confirm or consummate the Plan; provided, however, to the extent any of the conditions to Confirmation of the Plan and to Consummation of the Plan affects Holders of General Unsecured Claims, the Committee or its members, the Committee must also consent to the waiver of such condition.

4. Effect of Non Occurrence of Conditions to Consummation

If the Consummation of the Plan does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (a) constitute a waiver or release of any claims by or Claims against or Equity Interests in the Debtors; (b) prejudice in any manner the rights of the Debtors, any Holders or any other Entity; or (c) constitute an admission, acknowledgment, offer or undertaking by the Debtors, any Holders or any other Entity in any respect.

I. SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

1. Compromise and Settlement

Notwithstanding anything in the Plan to the contrary, the allowance, classification and treatment of all Allowed Claims and their respective distributions and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims and the Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) and (c) of the Bankruptcy Code or otherwise. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are: (a) in the best interests of the Debtors, their estates and all Holders of Claims; (b) fair, equitable and reasonable; (c) made in good faith; and (d) approved by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019.

In addition, the allowance, classification and treatment of Allowed Claims take into account any Causes of Action, whether under the Bankruptcy Code or otherwise under applicable non-bankruptcy law, that may exist: (a) between the Debtors, on the one hand, and the Debtor Releasees, on the other; and (b) as between the Releasing Parties and the Third Party Releasees (to the extent set forth in the Third Party Release); and, as of the Effective Date, any and all such Causes of Action are settled, compromised and released pursuant hereto. The Confirmation Order shall approve the releases by all Entities of all such contractual, legal and equitable subordination rights or Causes of Action that are satisfied, compromised and settled pursuant hereto.

In accordance with the provisions of the Plan and pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the

Effective Date (a) the Reorganized Debtors may, in their sole and absolute discretion, compromise and settle Claims against them and (b) the Reorganized Debtors may, in their respective sole and absolute discretion, compromise and settle Causes of Action against other Entities.

2. Debtor Release

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY EACH OF THE DEBTOR RELEASEES AND THE THIRD PARTY RELEASEES, INCLUDING, WITHOUT LIMITATION, THE DISCHARGE OF DEBT AND ALL OTHER GOOD AND VALUABLE CONSIDERATION PAID PURSUANT HERETO; AND THE SERVICES OF THE DEBTORS' PRESENT AND FORMER OFFICERS, DIRECTORS, MEMBERS (INCLUDING *EX OFFICIO* MEMBERS) AND ADVISORS IN FACILITATING THE EXPEDITIOUS IMPLEMENTATION OF THE RESTRUCTURING CONTEMPLATED HEREBY, EACH OF THE DEBTORS SHALL PROVIDE A FULL DISCHARGE AND RELEASE TO EACH DEBTOR RELEASEE AND TO EACH THIRD PARTY RELEASEE (AND EACH SUCH DEBTOR RELEASEE AND THIRD PARTY RELEASEE SO RELEASED SHALL BE DEEMED FULLY RELEASED AND DISCHARGED BY THE DEBTORS) AND THEIR RESPECTIVE PROPERTIES FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING, WITHOUT LIMITATION, THOSE THAT ANY OF THE DEBTORS OR THE REORGANIZED DEBTORS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR THAT ANY HOLDER OF A CLAIM OR AN EQUITY INTEREST OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT ON BEHALF OF ANY OF THE DEBTORS OR ANY OF THEIR ESTATES, AND FURTHER INCLUDING THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASES OR THE PLAN; *PROVIDED, HOWEVER*, THAT THE FOREGOING "DEBTOR RELEASE" SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION OF ANY DEBTOR: (1) AGAINST A THIRD PARTY RELEASEE (OTHER THAN THE DIP AGENT, THE DIP ARRANGER, THE DIP LENDERS, THE PREPETITION AGENT, THE INDENTURE TRUSTEE AND EACH HOLDER OF SENIOR SUBORDINATED NOTE CLAIMS, EACH IN THEIR CAPACITIES AS SUCH) ARISING FROM ANY CONTRACTUAL OBLIGATIONS OWED TO THE DEBTORS; (2) EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS; (3) ARISING UNDER THE AMENDED AND RESTATED CREDIT AGREEMENT; OR (4) ARISING FROM CLAIMS FOR FRAUD OR WILLFUL MISCONDUCT.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE DEBTOR RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE DEBTOR RELEASE IS: **(A)** IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE DEBTOR RELEASEES, A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR RELEASE; **(B)** IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS; **(C)** FAIR, EQUITABLE AND REASONABLE; **(D)** GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND **(E)** A BAR TO ANY OF THE DEBTORS OR THE REORGANIZED DEBTORS ASSERTING ANY CLAIM RELEASED BY THE DEBTOR RELEASE AGAINST ANY OF THE DEBTOR RELEASEES.

3. Third Party Release

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE RELEASING PARTIES (REGARDLESS OF WHETHER A RELEASING PARTY IS A THIRD PARTY RELEASEE) SHALL PROVIDE A FULL DISCHARGE AND RELEASE (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED BY THE RELEASING PARTIES) TO THE THIRD PARTY RELEASEES AND THE DEBTOR

RELEASEES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING, WITHOUT LIMITATION, THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASES OR THE PLAN; ***PROVIDED, HOWEVER,*** THAT THE FOREGOING "THIRD PARTY RELEASE" SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION OF ANY RELEASING PARTY: (1) AGAINST A THIRD PARTY RELEASEE (OTHER THAN THE DIP AGENT, THE DIP ARRANGER, THE DIP LENDERS, THE PREPETITION AGENT, EACH HOLDER OF SENIOR SUBORDINATED NOTE CLAIMS, THE INDENTURE TRUSTEE AND ALL OF THE CURRENT AND FORMER MEMBERS (INCLUDING *EX OFFICIO* MEMBERS), OFFICERS, DIRECTORS, EMPLOYEES, PARTNERS, ATTORNEYS, FINANCIAL ADVISORS, ACCOUNTANTS, MANAGED FUNDS, INVESTMENT BANKERS, INVESTMENT ADVISORS, ACTUARIES, PROFESSIONALS, AGENTS, AFFILIATES FIDUCIARIES AND REPRESENTATIVES OF EACH OF THE FOREGOING ENTITIES, EACH IN THEIR RESPECTIVE CAPACITIES AS SUCH) ARISING FROM ANY CONTRACTUAL OBLIGATIONS OWED TO THE RELEASING PARTY; (2) EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS; (3) ARISING UNDER THE AMENDED AND RESTATED CREDIT AGREEMENT; OR (4) ARISING FROM CLAIMS FOR FRAUD OR WILLFUL MISCONDUCT.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED IN THE PLAN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: **(A)** IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE THIRD PARTY RELEASEES, A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; **(B)** IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS; **(C)** FAIR, EQUITABLE AND REASONABLE; **(D)** GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND **(E)** A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED BY THE THIRD PARTY RELEASE AGAINST ANY OF THE THIRD PARTY RELEASEES.

4. Exculpation

The Exculpated Parties shall neither have, nor incur any liability to any Entity for any prepetition or postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, preparing, disseminating, implementing, administering, confirming or effecting the Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; provided, however, that the foregoing "Exculpation" shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct; provided, further, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan; provided, still further, that the foregoing Exculpation shall not apply to any acts or omissions expressly set forth in and preserved by the Plan, the Plan Supplement or related documents.

5. Preservation of Rights of Action

(a) Maintenance of Causes of Action

Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Reorganized Debtors shall retain all rights to commence, pursue, litigate or settle, as appropriate, any and all Causes of Action, whether existing as of the Commencement Date or thereafter arising, in any court or other tribunal including, without limitation, in an adversary proceeding Filed in one or more of the Chapter 11 Cases.

(b) Preservation of All Causes of Action Not Expressly Settled or Released

Unless a claim or Cause of Action against a Holder of a Claim or an Equity Interest or other Entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including, without limitation, the Confirmation Order), the Debtors expressly reserve such claim or Cause of Action for later adjudication by the Debtors or the Reorganized Debtors (including, without limitation, claims and Causes of Action not specifically identified or of which the Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances that may change or be different from those the Debtors now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such claims or Causes of Action upon or after the Confirmation or Consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such claims or Causes of Action have been expressly released in the Plan (including, without limitation, and for the avoidance of doubt, the Debtor Release contained in Article X.B of the Plan) or any other Final Order (including, without limitation, the Confirmation Order). In addition, the Debtors and the Reorganized Debtors expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are a plaintiff, defendant or an interested party, against any Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

6. Injunction

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, ALL ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES THAT: **(A)** HAVE BEEN RELEASED PURSUANT TO ARTICLE X.B OF THE PLAN; **(B)** HAVE BEEN RELEASED PURSUANT TO ARTICLE X.C OF THE PLAN; **(C)** HAVE BEEN RELEASED PURSUANT TO ARTICLE X.G OF THE PLAN; **(D)** HAVE BEEN DISCHARGED PURSUANT TO ARTICLE III.F OF THE PLAN; OR **(E)** ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE X.D OF THE PLAN (BUT ONLY TO THE EXTENT OF THE EXCULPATION PROVIDED IN ARTICLE X.D OF THE PLAN) ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM:

- COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES;

- ENFORCING, ATTACHING, COLLECTING OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES;

- CREATING, PERFECTING OR ENFORCING ANY LIEN, CLAIM OR ENCUMBRANCE OF ANY KIND AGAINST ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES;

- ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM ANY ENTITY SO RELEASED, DISCHARGED OR

EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES UNLESS SUCH HOLDER HAS FILED A MOTION REQUESTING THE RIGHT TO PERFORM SUCH SETOFF ON OR BEFORE THE CONFIRMATION DATE, AND NOTWITHSTANDING AN INDICATION IN A PROOF OF CLAIM OR INTEREST OR OTHERWISE THAT SUCH HOLDER ASSERTS, HAS OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO SECTION 553 OF THE BANKRUPTCY CODE OR OTHERWISE; AND

- COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES RELEASED OR SETTLED PURSUANT TO THE PLAN.

7. The Plan Sponsor Release

NOTWITHSTANDING ANYTHING CONTAINED IN THE PLAN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM WHO RECEIVES A DISTRIBUTION UNDER THE PLAN SHALL PROVIDE A FULL DISCHARGE AND RELEASE (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED) TO THE PLAN SPONSOR AND ITS AFFILIATES AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, ATTORNEYS, FINANCIAL ADVISORS, ACCOUNTANTS, INVESTMENT BANKERS, INVESTMENT ADVISORS, ACTUARIES, PROFESSIONALS, AGENTS AND REPRESENTATIVES, EACH IN THEIR RESPECTIVE CAPACITIES AS SUCH, AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING, WITHOUT LIMITATION, THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASES OR THE PLAN, ***PROVIDED***, ***HOWEVER***, THAT THE FOREGOING "THE PLAN SPONSOR RELEASE" SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION **(A)** ARISING FROM ANY CONTRACTUAL OBLIGATIONS; **(B)** EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS; **(C)** ARISING UNDER THE AMENDED AND RESTATED CREDIT AGREEMENT OR THE MEZZANINE DEBT FACILITY; OR (4) ARISING FROM CLAIMS FOR FRAUD OR WILLFUL MISCONDUCT.

J. BINDING NATURE OF THE PLAN

THE PLAN SHALL BIND ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS AND INTERCOMPANY INTERESTS IN THE DEBTORS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER **(A)** WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, **(B)** HAS FILED A PROOF OF CLAIM OR INTEREST IN THE CHAPTER 11 CASES OR **(C)** FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

V.
CONFIRMATION AND CONSUMMATION PROCEDURES

A. SOLICITATION OF VOTES

The process by which the Debtors will solicit votes to accept or reject the Plan are summarized in Section I herein titled, "Executive Summary" and are set forth in detail in the Solicitation and Voting Procedures annexed as Exhibit 1 to the Disclosure Statement Order, which is attached as Exhibit A to this Disclosure Statement.

PLEASE REFER TO THE SOLICITATION AND VOTING PROCEDURES FOR MORE INFORMATION REGARDING VOTING REQUIREMENTS TO ENSURE THAT VOTES ARE PROPERLY AND TIMELY SUBMITTED SUCH THAT THEY ARE COUNTED AS VOTES TO ACCEPT OR REJECT THE PLAN.

B. CONFIRMATION PROCEDURES

1. Confirmation Hearing

The Confirmation Hearing will commence at [9:30 a.m.] prevailing Eastern Time on [December 10, 2008].

The Plan Objection Deadline is 4:00 p.m. prevailing Eastern Time on [December 5, 2008].

All Plan Objections must be filed with the Bankruptcy Court and served on the Debtors and certain other parties in accordance with the Disclosure Statement Order on or before the Plan Objection Deadline.

THE BANKRUPTCY COURT WILL NOT CONSIDER PLAN OBJECTIONS UNLESS THEY ARE TIMELY SERVED AND FILED IN COMPLIANCE WITH THE DISCLOSURE STATEMENT ORDER.

2. Confirmation Hearing Notice

Following the Disclosure Statement Hearing, the Debtors will publish the Confirmation Hearing Notice, which will contain, among other things, the Plan Objection Deadline, the Voting Deadline and the date that the Confirmation Hearing is scheduled to commence. Specifically, the Confirmation Hearing Notice will be published in the following publications on a date no later than 15 days prior to the Voting Deadline to provide notification to those Entities that may not receive notice by mail: the national editions of the *Wall Street Journal* and *USA Today* and on one occasion in the following regional newspapers and/or trade journals: The Cincinnati Enquirer, Journal-News, Cleveland Plain Dealer, Chronicle-Telegram, Rome News-Tribune, Greenville News, Charlotte Observer, Marietta Daily Journal, The Birmingham News and Feedstuffs.

3. Filing Objections to the Plan

All objections, if any, must (a) be made in writing, (b) conform to the Federal Rules of Bankruptcy Procedure, the Local Bankruptcy Rules for the District of Delaware and (c) be filed, contemporaneously with a proof of service, with the Bankruptcy Court and served so that they are **actually received** on or before the Plan Objection Deadline by each of the parties listed in the table below:

KIRKLAND & ELLIS LLP Attn: Jonathan S. Henes Attn: Lisa G. Laukitis Citigroup Center 153 East 53rd Street New York, New York 10022-4611	**RICHARDS, LAYTON & FINGER, P.A.** Attn: Daniel J. DeFranceschi Attn: Paul N. Heath One Rodney Square 920 North King Street Wilmington, Delaware 19801
Co-Counsel to the Debtors	
AKIN GUMP STRAUSS HAUER & FELD LLP Attn: Michael S. Stamer 590 Madison Avenue New York, New York 10022	**AKIN GUMP STRAUSS HAUER & FELD LLP** Attn: James R. Savin 1333 New Hampshire Avenue, N.W. Washington, D.C. 20036
Counsel to the Committee	
SKADDEN ARPS SLATE MEAGHER & FLOM LLP Attn: Van C. Durrer, II 300 South Grand Avenue, Suite 3400 Los Angeles, California 90071	
Counsel to the Plan Sponsor	
MILBANK TWEED HADLEY MCCLOY LLP Attn: Gregory Bray 601 South Figueroa Street, 30th Floor Los Angeles, California 90017-5735	**MILBANK TWEED HADLEY MCCLOY LLP** Attn: Haig Mark Maghakian One Chase Manhattan Plaza New York, New York 10005-1413
Counsel to the Prepetition Agent	
THE OFFICE OF THE UNITED STATES TRUSTEE FOR THE DISTRICT OF DELAWARE Attn: Joseph McMahon 844 King Street, Suite 2207 Wilmington, Delaware 19801	

C. STATUTORY REQUIREMENTS FOR CONFIRMATION OF THE PLAN

At the Confirmation Hearing, the Bankruptcy Court will determine whether the Plan satisfies the requirements of section 1129 of the Bankruptcy Code. The Debtors believe that: (i) the Plan satisfies or will satisfy all of the statutory requirements of chapter 11 of the Bankruptcy Code; (ii) they have complied or will have complied with all of the requirements of chapter 11 of the Bankruptcy Code; and (iii) the Plan has been proposed in good faith. Specifically, the Debtors believe that the Plan satisfies or will satisfy the applicable Confirmation requirements of section 1129 of the Bankruptcy Code set forth below.

- The Plan complies with the applicable provisions of the Bankruptcy Code.
- The Debtors, as the Plan proponents, will have complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Cases, or in connection with the Plan and incident to the case, has been disclosed to the Bankruptcy Court, and any such payment: (a) made before the Confirmation of the Plan is reasonable; or (b) is subject to the approval of the Bankruptcy Court as reasonable, if it is to be fixed after Confirmation of the Plan.

- Either each Holder of an Impaired Claim has accepted the Plan, or will receive or retain under the Plan on account of such Claim, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Holder would receive or retain if the Debtors were liquidated on that date under chapter 7 of the Bankruptcy Code, including pursuant to section 1129(b) of the Bankruptcy Code for Equity Interests deemed to reject the Plan.

- Each Class of Claims that is entitled to vote on the Plan has either accepted the Plan or is not Impaired under the Plan, or the Plan can be confirmed without the approval of such voting Class pursuant to section 1129(b) of the Bankruptcy Code.

- Except to the extent that the Holder of a particular Claim will agree to a different treatment of its Claim, the Plan provides that Administrative Claims and Other Priority Claims will be paid in full on the Effective Date, or as soon thereafter as is reasonably practicable.

- At least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by any insider holding a Claim in that Class.

- Confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtors or any successors thereto under the Plan.

- The Debtors have paid the required filing fees pursuant to 28 U.S.C. § 1930 to the clerk of the Bankruptcy Court.

- In addition to the filing fees paid to the clerk of the Bankruptcy Court, the Debtors will pay quarterly fees no later than the last day of the calendar month, following the calendar quarter for which the fee is owed in each of the Debtors' Chapter 11 Cases for each quarter (including any fraction thereof), to the Office of the U.S. Trustee, until the case is converted or dismissed, whichever occurs first.

1. Best Interests of Creditors Test/Liquidation Analysis

Often called the "best interests" test, section 1129(a)(7) of the Bankruptcy Code requires that a bankruptcy court find, as a condition to confirmation, that a chapter 11 plan provides, with respect to each class, that each holder of a claim or an equity interest in such class either (a) has accepted the plan or (b) will receive or retain under the plan property of a value, as of the effective date of the plan, that is not less than the amount that such holder would receive or retain if the debtors is liquidated under chapter 7 of the Bankruptcy Code. To make these findings, the bankruptcy court must: (a) estimate the Cash liquidation proceeds that a chapter 7 trustee would generate if each of the debtor's Chapter 11 Cases were converted to a chapter 7 case and the assets of such debtor's estate were liquidated; (b) determine the liquidation distribution that each non-accepting holder of a claim or an equity interest would receive from such liquidation proceeds under the priority scheme dictated in chapter 7; and (c) compare such holder's liquidation distribution to the distribution under the plan that such holder would receive if the plan were confirmed.

In chapter 7 cases, unsecured creditors and interest holders of a debtor are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to senior classes have been paid fully or any such payment is provided for: (a) holders of secured claims (to the extent of the value of their collateral); (b) holders of priority claims; (c) holders of unsecured claims; (d) holders of debt expressly subordinated by its terms or by order of the bankruptcy court; and (e) holders of equity interests.

Accordingly, the Cash amount that would be available for satisfaction of Claims (other than Secured Claims) would consist of the proceeds resulting from the disposition of the unencumbered assets of the Debtors, augmented by the unencumbered Cash held by the Debtors at the time of the commencement of the liquidation. Such Cash would be reduced by the amount of the costs and expenses of the liquidation and by such additional administrative and priority claims that may result from termination of the Debtors' businesses and the use of chapter 7 for purposes of a liquidation.

As described in more detail in the Liquidation Analysis, the Debtors believe that confirmation of the Plan will provide each Holder of an Allowed Claim in Classes 3 and 4 with a greater recovery than the value of any distributions if the Chapter 11 Cases were converted to cases under chapter 7 of the Bankruptcy Code because, among other reasons, proceeds received in a chapter 7 liquidation are likely to be significantly discounted due to the distressed nature of the sale of the Debtors' assets and the fees and expenses of a chapter 7 trustee would likely further reduce Cash available for distribution. In addition, distributions in chapter 7 cases may not occur for a longer period of time than distributions under the Plan, thereby reducing the present value of such distributions. In this regard, it is possible that distribution of the proceeds of a liquidation could be delayed for a significant period while the chapter 7 trustee and its advisors become knowledgeable about, among other things, the Chapter 11 Cases and the Claims against the Debtors. As set forth in the Liquidation Analysis, Holders of Class 5 Equity Interests would not receive any recovery under a chapter 7 liquidation, so the Plan satisfies the requirements of section 1129(a)(7) of the Bankruptcy Code with respect to such Classes.

2. Feasibility

Section 1129(a)(11) of the Bankruptcy Code requires that the bankruptcy court find that confirmation is not likely to be followed by the liquidation of the Reorganized Debtors or the need for further financial reorganization, unless the plan contemplates such liquidation. For purposes of demonstrating that the Plan meets this "feasibility" standard, the Debtors have analyzed the ability of the Reorganized Debtors to meet their obligations under the Plan and to retain sufficient liquidity and capital resources to conduct their business.

The Debtors believe that the Plan meets the feasibility requirement set forth in section 1129(a)(11) of the Bankruptcy Code, as Confirmation is not likely to be followed by liquidation or the need for further financial reorganization of the Debtors or any successor under the Plan. In connection with the development of the Plan and for the purposes of determining whether the Plan satisfies this feasibility standard, the Debtors analyzed their ability to satisfy their financial obligations while maintaining sufficient liquidity and capital resources. Management, with the assistance of advisors, developed a business plan and prepared financial projections (the "Financial Projections") for fiscal years 2010 through 2012. The Financial Projections, together with the assumptions on which they are based, are attached hereto as Exhibit C.

In general, as illustrated by the Financial Projections, the Debtors believe that with the significantly de-leveraged capital structure provided under the Plan, the Reorganized Debtors should have sufficient Cash flow and availability to pay and service their debt obligations and to fund operations. The Debtors believe that Confirmation and Consummation is, therefore, not likely to be followed by the liquidation or further reorganization of the Reorganized Debtors. Accordingly, the Debtors believe that the Plan satisfies the feasibility requirement of section 1129(a)(11) of the Bankruptcy Code.

3. Acceptance by Impaired Classes

The Bankruptcy Code requires, as a condition to confirmation, that, except as described in the following section, each class of claims or equity interests that is impaired under a plan, accept the plan. A class that is not "impaired" under a plan is deemed to have accepted the plan and, therefore, solicitation of acceptances with respect to such class is not required. A class is "impaired" unless the plan: (a) leaves unaltered the legal, equitable and contractual rights to which the claim or the equity interest entitles the holder of such claim or equity interest; (b) cures any default and reinstates the original terms of such obligation; or (c) provides that, on the consummation date, the holder of such claim or equity interest receives Cash equal to the allowed amount of that claim or, with respect to any equity interest, any fixed liquidation preference to which the holder of such equity interest is entitled to any fixed price at which the debtor may redeem the security.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of impaired claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject the plan. Thus, a class of claims will have voted to accept the plan only if two-thirds in amount and a majority in number actually voting cast their ballots in favor of acceptance.

Claims in Class 1, 2 and 6 are not Impaired under the Plan, and, as a result, the Holders of such Claims are deemed to have accepted the Plan.

Claims in Classes 3 and 4 are Impaired under the Plan, and as a result, the Holders of Claims in such Classes are entitled to vote on the Plan. Pursuant to section 1129 of the Bankruptcy Code, the Holders of Claims in the Voting Classes must accept the Plan for the Plan to be confirmed without application of the "fair and equitable test" to such Classes, and without considering whether the Plan "discriminates unfairly" with respect to such Classes, as both standards are described herein. As stated above, Classes of Claims will have accepted the Plan if the Plan is accepted by at least two-thirds in amount and a majority in number of the Claims of each such Class (other than any Claims of creditors designated under section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Plan.

4. Confirmation Without Acceptance by All Impaired Classes

Section 1129(b) of the Bankruptcy Code allows a bankruptcy court to confirm a plan even if all impaired classes entitled to vote on the plan have not accepted it, provided that the plan has been accepted by at least one impaired class. Pursuant to section 1129(b) of the Bankruptcy Code, notwithstanding an impaired class's rejection or deemed rejection of the plan, such plan will be confirmed, at the plan proponent's request, in a procedure commonly known as "cram down," so long as 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.

5. No Unfair Discrimination

This test applies to classes of claims or equity interests that are of equal priority and are receiving different treatment under the Plan. The test does not require that the treatment be the same or equivalent, but that such treatment be "fair." In general, bankruptcy courts consider whether a plan discriminates unfairly in its treatment of classes of claims of equal rank (e.g., classes of the same legal character). Bankruptcy courts will take into account a number of factors in determining whether a plan discriminates unfairly, and, accordingly, a plan could treat two classes of unsecured creditors differently without unfairly discriminating against either class.

6. Fair and Equitable Test

This test applies to classes of different priority and status (*e.g.*, secured versus unsecured) and includes the general requirement that no class of claims receive more than 100% of the amount of the allowed claims in such class. As to the dissenting class, the test sets different standards depending on the type of claims or equity interests in such class:

- Secured Claims. The condition that a plan be "fair and equitable" to a non-accepting class of secured claims includes the requirements that: (a) the holders of such secured claims retain the liens securing such claims to the extent of the allowed amount of the claims, whether the property subject to the liens is retained by the debtor or transferred to another entity under the plan; and (b) each holder of a secured claim in the class receives deferred Cash payments totaling at least the allowed amount of such claim with a present value, as of the effective date of the plan, at least equivalent to the value of the secured claimant's interest in the debtor's property subject to the liens.

- Unsecured Claims. The condition that a plan be "fair and equitable" to a non-accepting class of unsecured claims includes the following requirement that either: (a) the plan provides that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) the holder of any claim or any equity interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or junior equity interest any property.

- Equity Interests. The condition that a plan be "fair and equitable" to a non-accepting class of equity interests includes the requirements that either:

- the plan provides that each holder of an equity interest in that class receives or retains under the plan on account of that equity interest property of a value, as of the effective date of the plan, equal to the greater of: (a) the allowed amount of any fixed liquidation preference to which such holder is entitled; (b) any fixed redemption price to which such holder is entitled; or (c) the value of such interest; or

- if the class does not receive the amount required in the paragraph directly above, no class of equity interests junior to the non-accepting class may receive a distribution under the plan.

The Debtors will seek Confirmation of the Plan under section 1129(b) of the Bankruptcy Code, to the extent applicable, in view of the deemed rejection by Class 5. To the extent that any of the Voting Classes vote to reject the Plan, the Debtors further reserve the right to seek (a) Confirmation of the Plan under section 1129(b) of the Bankruptcy Code and/or (b) modify the Plan in accordance with Article XIII.F of the Plan.

The votes of Holders of Equity Interests in Class 5 are not being solicited because, under Article III of the Plan, there will be no distribution to the Holders of Equity Interests in Class 5 and, therefore, Holders of Equity Interests in Class 5 are conclusively deemed to have rejected the Plan pursuant to section 1129(b) of the Bankruptcy Code. All Class 5 Equity Interests will be deemed canceled and will be of no further force and effect, whether surrendered for cancellation or otherwise. All Class 6 Intercompany Interests will be retained, and the legal, equitable and contractual rights to which the Holders of such Intercompany Interests are entitled will remain unaltered in order to implement the Plan.

Notwithstanding the deemed rejection by Class 5 or any Class that votes to reject the Plan, the Debtors do not believe that the Plan discriminates unfairly against any Impaired Class of Claims or Equity Interests. The Debtors believe that the Plan and the treatment of all Classes of Claims and Equity Interests under the Plan satisfy the foregoing requirements for nonconsensual Confirmation of the Plan.

D. CONSUMMATION OF THE PLAN

The Plan will be consummated on the Effective Date. For a more detailed discussion of the conditions precedent to the consummation of the Plan and the impact of failure to meet such conditions, see Article IX.B of the Plan.

VI.
PLAN-RELATED RISK FACTORS

PRIOR TO VOTING TO ACCEPT OR REJECT THE PLAN, ALL HOLDERS OF CLAIMS THAT ARE IMPAIRED SHOULD READ AND CONSIDER CAREFULLY THE FACTORS SET FORTH HEREIN, AS WELL AS ALL OTHER INFORMATION SET FORTH OR OTHERWISE REFERENCED IN THIS DISCLOSURE STATEMENT. ALTHOUGH THESE RISK FACTORS ARE MANY, THESE FACTORS SHOULD NOT BE REGARDED AS CONSTITUTING THE ONLY RISKS PRESENT IN CONNECTION WITH PIERRE'S BUSINESS OR THE PLAN AND ITS IMPLEMENTATION.

A. CERTAIN BANKRUPTCY LAW CONSIDERATIONS

1. Parties in Interest May Object to the Debtors' Classification of Claims and Equity 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.

2. The Debtors May Fail to Satisfy the Vote Requirement.

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.

3. 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, findings 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 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 Bankruptcy Rules. Even if the Bankruptcy Court determined that the Disclosure Statement, the balloting procedures and voting results were appropriate, the Bankruptcy Court could still decline to confirm the Plan if it found that any of the statutory requirements for Confirmation had 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.

Confirmation of the Plan is also subject to certain conditions as described in Article IX of the Plan. If the Plan is not confirmed, it is unclear what distributions, if any, Holders of Allowed Claims would 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 less favorable treatment of any non-accepting Class, as well as any Classes junior to such non-accepting Class, than the treatment currently provided in the Plan. Such 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.

4. Nonconsensual Confirmation of the Plan May Be Necessary.

In the event that any impaired class of claims or equity interests does not accept a chapter 11 plan, a bankruptcy court may nevertheless confirm such a plan at the proponents' request if at least one impaired class has accepted the plan (with such acceptance being determined without including the vote of any "insider" in such class), and, as to each impaired class that has not accepted the plan, the bankruptcy court determines that the plan "does not discriminate unfairly" and is "fair and equitable" with respect to the dissenting impaired classes. The Debtors believe that the Plan satisfies these requirements and the Debtors may request such nonconsensual Confirmation in accordance with subsection 1129(b) of the Bankruptcy Code. Nevertheless, there can be no assurance that the Bankruptcy Court will reach this conclusion.

5. The Debtors May Object to the Amount or Classification of a Claim.

Except as otherwise provided in the Plan, the Debtors and Reorganized Debtors reserve the right to object to the amount or classification of any Claim under the Plan. The estimates set forth in this Disclosure Statement cannot be relied on by any Holder of a Claim where such Claim is subject to an objection. Any Holder of a Claim that is subject to an objection thus may not receive its expected share of the estimated distributions described in this Disclosure Statement.

6. Risk of Not Obtaining the Exit Financing.

The Plan is predicated on, among other things, obtaining the Exit Facility. The Debtors have not yet received a commitment with respect to the Exit Facility and there can be no assurance that the Debtors will be able to obtain the Exit Facility.

7. Risk of Non-Occurrence of the Effective Date.

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

8. Contingencies Will Not Affect Votes of Impaired Classes to Accept or Reject the Plan.

The distributions available to Holders of Allowed Claims under the Plan can be affected by a variety of contingencies, including, without limitation, whether the Bankruptcy Court orders certain Allowed Claims to be subordinated to other Allowed Claims. The occurrence of any and all such contingencies, which could affect distributions available to Holders of Allowed Claims under the Plan, will not affect the validity of the vote taken by the Impaired Classes to accept or reject the Plan or require any sort of revote by the Impaired Classes.

B. RISK FACTORS THAT MAY AFFECT THE VALUE OF SECURITIES TO BE ISSUED UNDER THE PLAN AND/OR RECOVERIES UNDER THE PLAN

1. The Valuation of the Reorganized Debtors May Not Be Adopted by the Bankruptcy Court.

The approximate midpoint equity value of the Reorganized Debtors set forth in the valuation included as Exhibit D to this Disclosure Statement is $232 million. Parties in interest in these Chapter 11 Cases may oppose Confirmation of the Plan by alleging that the midpoint equity value of the Reorganized Debtors is higher than $232 million and that the Plan thereby improperly limits or extinguishes their rights to recoveries under the Plan. At the Confirmation Hearing, the Bankruptcy Court will hear evidence regarding the views of the Debtors and opposing

parties, if any, with respect to the valuation of the Reorganized Debtors. Based on that evidence, the Bankruptcy Court will determine the appropriate valuation for the Reorganized Debtors for purposes of the Plan.

2. A Liquid Trading Market for the New Stock May Not Develop.

The Reorganized Debtors are not obligated to list the New Stock on a national securities exchange, and the New Stock will be issued without registration under the Securities Act or any similar federal, state or local law as set forth in greater detail in Section VIII herein, titled "Exemptions From Securities Act Registration." Thus, at least in the short-term, it is not likely that a liquid trading market for the New Stock will develop. Even if a liquid trading market for the New Stock were to develop, the liquidity of any market therefor will depend upon, among other things, the number of Holders of New Stock, the Reorganized Debtors' 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. The Reorganized Debtors 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 Reorganized Debtors may not be able to meet their projected financial results or achieve projected revenues and Cash flows assumed in projecting future business prospects. To the extent the Reorganized Debtors do not meet their projected financial results or achieve projected revenues and Cash flows, the Reorganized Debtors may lack sufficient liquidity to continue operating 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 one of these failures may preclude the Reorganized Debtors from, among other things: (a) enhancing their current customer offerings; (b) taking advantage of future opportunities; (c) growing their business; or (d) responding to competitive pressures. Further, a failure of the Reorganized Debtors 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 Reorganized Debtors to seek additional working capital. The Reorganized Debtors may not be able to obtain such working capital when it is required. Further, even if the Reorganized Debtors were able to obtain additional working capital, it may only be available on unreasonable terms. For example, the Reorganized Debtors may be required to take on additional debt, the interest costs of which could adversely affect the results of operations and the financial condition of the Reorganized Debtors. If any such required capital is obtained in the form of equity, the equity interests of the holders of the then-existing New Stock could be diluted. Although the Debtors' Projections represent management's view based on current known facts and assumptions about the future operations of the Reorganized Debtors, there is no guarantee that the Financial Projections will be realized.

4. The Estimated Valuation of the Reorganized Debtors and the New Stock and the Estimated Recoveries to Holders of Allowed Claims Are Not Intended to Represent the Private Sale Values of the New Stock.

The Debtors' estimated recoveries to Holders of Allowed Claims are not intended to represent the private sale values of the Reorganized Debtors' securities. The estimated recoveries are based on numerous assumptions (the realization of many of which is beyond the control of Reorganized Debtors), including, without limitation: (a) the successful reorganization of the Debtors; (b) an assumed date for the occurrence of the Effective Date; (c) the Debtors' ability to achieve the operating and financial results included in the Financial Projections; (d) the Debtors' ability to maintain adequate liquidity to fund operations; and (e) the assumption that capital and equity markets remain consistent with current conditions.

5. The Plan Sponsor Will Control the Reorganized Debtors.

Consummation of the Plan will result in a small number of holders owning a significant percentage of the shares of outstanding New Stock, with the Plan Sponsor holding a controlling percentage of the New Stock. These holders will, among other things, exercise a controlling influence over the business and affairs of the Reorganized Debtors and have the power to enter into the Restructuring Transactions discussed in Section IV.D.2 herein.

6. The Issuance of Equity Interests to Debtors' Management Will Dilute the Equity Ownership Interest of Other Holders of the New Stock.

It is anticipated that the New Board will adopt an equity-based management plan. If the New Board distributes equity interests, or options to acquire such equity interests, to management or employees, it is contemplated that such distributions will dilute the New Stock issued on account of Claims under the Plan and the ownership percentage represented by the New Stock distributed under the Plan.

C. RISK FACTORS THAT COULD NEGATIVELY IMPACT THE DEBTORS' BUSINESS

1. Prolonged Continuation of the Chapter 11 Cases Is Likely To Harm the Debtors' Business.

The prolonged continuation of these Chapter 11 Cases is likely to adversely affect the Debtors' businesses and operations. So long as the Chapter 11 Cases continue, senior management of the Debtors will be required to spend a significant amount of time and effort dealing with the Debtors' reorganization instead of focusing exclusively on business operations. Prolonged continuation of the Chapter 11 Cases will also make it more difficult to attract and retain management and other key personnel necessary to the success and growth of the Debtors' business. In addition, the longer the Chapter 11 Cases continue, the more likely it is that the Debtors' customers, suppliers, distributors, and agents will lose confidence in the Debtors' ability to successfully reorganize their businesses and seek to establish alternative commercial relationships. Furthermore, so long as the Chapter 11 Cases continue, the Debtors will be required to incur substantial costs for professional fees and other expenses associated with the proceedings. The prolonged continuation of the Chapter 11 Cases may also require the Debtors to seek additional financing, either under the DIP Credit Agreement or otherwise, in order to service their debt and other obligations. It may not be possible for the Debtors to obtain additional financing during the pendency of the Chapter 11 Cases on commercially favorable terms or at all. If the Debtors were to require additional financing during the Chapter 11 Cases and were unable to obtain the financing on favorable terms or at all, it is unlikely the Debtors could successfully reorganize.

2. The Reorganized Debtors' Operations May Be Restricted by the Terms of the Exit Facility.

The Exit Facility may include a number of significant restrictive covenants. These covenants could impair the Reorganized Debtors' financing and operational flexibility and make it difficult for Reorganized Debtors to react to market conditions and satisfy their ongoing capital needs and unanticipated Cash requirements. Specifically, such covenants may restrict the Reorganized Debtors' ability to, among other things:

- incur additional debt;
- make certain investments;
- enter into certain types of transactions with affiliates;
- limit dividends or other payments by or among the Reorganized Debtors;
- use assets as security in other transactions;
- pay dividends on the New Stock or repurchase equity interests;
- sell certain assets or merge with or into other companies;
- guarantee the debts of others;
- enter into new lines of business;
- make capital expenditures;

- prepay, redeem or exchange the Reorganized Debtors' debt; and

- form any joint ventures or subsidiary investments.

In addition, the Exit Facility may require the Reorganized Debtors to periodically meet various financial ratios and tests, including maximum leverage, minimum net worth and interest coverage levels. These financial covenants and tests could limit the Reorganized Debtors' ability to react to market conditions or satisfy extraordinary capital needs and could otherwise restrict the Reorganized Debtors' financing and operations.

The Reorganized Debtors' ability to comply with the covenants and other terms of the Exit Facility will depend on the Reorganized Debtors' future operating performance. If the Reorganized Debtors fail to comply with such covenants and terms, the Reorganized Debtors would be required to obtain waivers from their lenders to maintain compliance under the Exit Facility. If the Reorganized Debtors are unable to obtain any necessary waivers and the debt under the Exit Facility is accelerated, it would have a material adverse effect on the Reorganized Debtors' financial condition and future operating performance.

3. Certain Tax Implications of the Debtors' Bankruptcy and Reorganization May Increase the Tax Liability of Reorganized Debtors

Holders of Allowed Claims should carefully review Section IX herein, "Certain U.S. Federal Tax Consequences of the Plan," to determine how the tax implications of the Plan and these Chapter 11 Cases may adversely affect the Reorganized Debtors.

4. Impact of Changes In Interest Rates

Changes in interest rates and foreign exchange rates may affect the fair market value of the Debtors' assets. Specifically, increases in interest rates will negatively impact the value of the Debtors' assets and the strengthening of the dollar will negatively impact the value of its net foreign assets, although the value of such foreign assets is very small in relation to the value of the Debtors' operations as a whole.

5. Increases In the Price of Raw Materials Could Reduce the Debtors' Operating Margins.

The primary raw materials used in the Debtors' food processing operations are boneless beef, chicken and pork, flour, yeast, seasonings, cheese, breading, soy proteins, peanut butter and packaging supplies. Historically, the Debtors have not hedged in the futures markets and, over time, their raw material costs have fluctuated with movement in the relevant commodity markets. During fiscal 2008, the weighted average prices the Debtors paid for beef, chicken, pork and cheese increased by approximately 1.5%, 24.6%, 7.4% and 37.1%, respectively, over the weighted average prices they paid for these raw materials during fiscal 2007. While historically the Debtors have attempted to manage such fluctuations through purchase orders, market-related pricing contracts, fixed-price contracts and by passing on such cost increases to customers, they have not always been successful and may be unable to protect themselves from future increases in the prices of raw materials on a timely basis (or at all). In addition, some of the Debtors' customers purchase products based on bid contracts with set prices, which would prevent the Debtors from recovering any raw materials price increases from these customers during the life of those contracts. If prices for beef, chicken, pork and cheese were to increase significantly without a commensurate increase in the price for processed food products, the Debtors' financial condition and operating results could be adversely affected.

6. Significant Increases in the Cost of Distribution Would have an Adverse Effect on the Reorganized Debtors' Financial Condition and Operating Results.

The Debtors' distribution costs include fuel for transportation and electricity for cold storage. Significant increases in these distribution costs would adversely affect the Debtors' financial condition and operating results. In addition to Zar Tran, the Debtors uses a core group of contract carriers that have established rates based on mileage to regions or destination states. A fuel surcharge addendum is a component of all rates to offset the fluctuating price of diesel fuel, primarily to limit the contract carrier's exposure. Over the past year, these fuel surcharges have risen

well-above that of the previous year. If these surcharges continue to rise, or if the Debtors are unable to pass increased distribution costs on to their customers in the form of higher prices for products, the Reorganized Debtors' financial condition and operating results would suffer.

The Debtors use commercial cold storage vendors to store finished goods. A major component of cold storage operations expense is electricity cost. Although the Debtors try to minimize storage costs, any significant increase in electricity rates for the vendor are passed along in the form of higher storage rates. If the Debtors' storage rates increase significantly, they may be unable to pass these costs on to customers, which would have an adverse effect on the Debtors' financial condition and operating results.

7. The Food Industry In General Is Subject To Consumer Trends, Demands and Preferences.

The Debtors' processed protein and bakery products compete with other processed convenience foods, as well as other foods. The Debtors' failure to anticipate, identify or react to changes in consumer preferences could lead to, among other things, reduced demand and reduced margins for its products. Additionally, adverse publicity relating to health concerns and the nutritional value of meat and meat products or individual states implementing nutrition guidelines limiting the degree to which the Debtors can sell products, could adversely affect demand for the Debtors' products. In addition, as substantially all of the Debtors' operations consist of the production and distribution of processed food products, a change in consumer preferences relating to processed food products or in consumer perceptions regarding the nutritional value of processed food products could significantly reduce the Debtors' sales volume. A reduction in demand for the Debtors' products caused by these factors would have a material adverse effect on the Debtors' business, financial condition and operating results.

An outbreak of disease affecting livestock, such as bovine spongiform encephalopathy (commonly referred to as "mad cow disease" or BSE), foot−and−mouth disease, Asian bird flu, or most recently, the contamination of wheat gluten, could result in reductions in demand and restrictions on sales of products to the Debtors' customers or purchases of meat and poultry products from its suppliers. Health concerns about BSE in particular have had an adverse impact on the livestock industry and on sales of beef products in Europe, South America and Japan in past years, which, in turn, could have an adverse impact on the Debtors' financial condition and results of operation.

8. The Debtors' Customers May Continue to Consolidate.

The Debtors' top ten customers accounted for approximately 46% and 51% of their net revenues in fiscal 2008 and fiscal 2007, respectively. In particular, the Debtors largest customer accounted for approximately 11% and 14% of net revenues in fiscal 2008 and fiscal 2007, respectively. If, for any reason, one of the Debtors' key customers were to purchase significantly less of the Debtors' products in the future or were to terminate purchasing from the Debtors, or if for any reason the Debtors were unable to renew an existing contract with a key customer on favorable terms (or at all), and the Debtors were not able to sell their products to new customers at comparable or greater levels, the Debtors' business, financial condition and operating results would suffer.

Additionally, the consolidation of and market strength among the Debtors' retail and foodservice customers may put pressure on their operating margins. In recent years, the trend among the Debtors' retail and foodservice customers, such as warehouse clubs and foodservice distributors, has been toward consolidation. In addition, the Debtors' customers include one of the five largest quick-service hamburger restaurant chains in the United States. These factors have resulted in increased negotiating strength among many of the Debtors' customers which, in turn, has and may continue to allow them to exert pressure on the Debtors with respect to pricing terms, product quality and the introduction of new products. To the extent the Debtors' customer base continues to consolidate, competition for the business of fewer customers may intensify. If the Debtors cannot continue to negotiate favorable contracts with these customers (whether upon renewal or otherwise), implement appropriate pricing and introduce new product offerings acceptable to its customers or if the Debtors lose their existing large customers, their profitability could decrease.

9. The Categories of the Food Industry In Which the Debtors Operates Are Highly Competitive and the Debtors May Not Be Able To Compete Successfully.

Competition in each of the categories of the food industry in which the Debtors operate is intense. The Debtors' formed, pre−cooked and ready−to−cook protein products compete with the products of several meat processors, which include Advance Food Company, Tyson, JTM Food Group, King's Command Foods, Inc. and Don Lee Farms, in addition to competing with smaller local and regional producers. The market for hand−held convenience sandwiches has low barriers to entry and is extremely fragmented, with several direct competitors, including Sara Lee/Jimmy Dean Foods, Bridgford Foods Corp., Deli Express and Landshire, and indirect competition from a variety of substitute products. Many of the Debtors' competitors in each of these categories have substantially greater financial resources, name recognition, research and development, marketing and human resources. In addition, if any of the Debtors' competitors develop new or enhanced products that are superior to the Debtors' products, or market and sell their products more successfully than the Debtors, the Debtors may be unable to compete successfully with any or all of these companies. Increased competition for any of the Debtors' products could result in price reductions, reduced margins or loss of market share, any of which could negatively affect the Debtors' business, results of operations and financial condition.

10. The Debtors May be Subject to Product Liability Claims or Product Recalls Which the Debtors' Insurance and Indemnification Agreements May Be Inadequate To Cover.

The Debtors face the risk of exposure to product liability claims and adverse public relations in the event that the consumption of its products causes injury or illness. Specifically, the Debtors' beef, chicken and pork products are vulnerable to contamination by organisms producing food−borne illnesses. These organisms are generally found in the environment and, as a result, there is a risk that as a result of food processing, they could be found in the Debtors' products. For example, E. coli is one of many food−borne pathogens commonly associated with beef products. In addition, certain of the Debtors' products contain wheat gluten, which has potential contamination risks. If contaminated products are shipped for distribution, illness and death could result if the pathogens are not eliminated by processing at the foodservice or consumer level. The risk can be controlled, but not eliminated, by use of good manufacturing practices and finished product testing. Also, products purchased from others for re−packing or distribution may contain contaminants that the Debtors is unable to identify. The Debtors may also encounter the same risks if a third party tampers with its products or if its products are inadvertently mislabeled. Shipment of adulterated products, even if inadvertent, is a violation of law and may lead to product liability claims, product recalls and/or increased scrutiny by federal and state regulatory agencies any of which could have a material adverse effect on the Debtors' reputation, business, prospects, results of operations and financial condition.

Moreover, if a product liability claim is successful, the Debtors' insurance may not be adequate to cover all liabilities it may incur, including harm to its reputation, and the Debtors may not be able to continue to maintain such insurance, or obtain comparable insurance at a reasonable cost, if at all. The Debtors generally seek contractual indemnification and insurance coverage from their suppliers, but this indemnification or insurance coverage is limited by the creditworthiness of the indemnifying party and its insurance carriers, if any, as well as the insured limits of any insurance provided by those suppliers. If the Debtors do not have adequate insurance or contractual indemnification available, product liability claims relating to defective products could have a material adverse effect on their reputation, business, prospects, financial condition and operating results.

11. If the Debtors Are Unable to Protect Intellectual Property Rights, Their Sales and Financial Performance Could be Adversely Affected.

The Debtors manufacture many of their products using proprietary formulations and market their products under a variety of brand names. The market for the Debtors' products depends to a significant extent upon the proprietary formulations used in manufacturing products and the goodwill associated with the brand names under which products are sold. The Debtors rely on patent, trademark and trade secret law to establish and protect their intellectual property rights, including proprietary formulations. The Debtors may be required from time to time to bring lawsuits against third parties to protect intellectual property. Similarly, from time to time the Debtors may be party to proceedings in which third parties challenge their rights, including rights to the Debtors' product formulations. Any lawsuits or other actions the Debtors bring to enforce their rights may not be successful, and the

Debtors may in fact be found to infringe on the intellectual property rights of others, in either of which case the Debtors may not be able to prevent others from using such intellectual property and/or may be prevented from using such intellectual property, including proprietary formulations.

In addition to its own brand names, the Debtors have licenses with third parties that own certain trademarks or trade names used in the marketing of some of the Debtors' products. In the event that any such license is terminated, the Debtors may lose the right to use or have reduced rights to use the intellectual property covered by such agreement. In such event, the Debtors may not be able to secure licenses to use alternative trademarks or trade names in the marketing of their products, and their products may not be as attractive to customers. In addition, certain events, including events beyond the Debtors' control, could make certain of their brand names, or the brand names they license, less attractive to customers, making the Debtors' products less desirable as a result. Any loss in the value of a brand name or loss of a license for a brand name could adversely affect the Debtors' sales volume for affected products.

12. A Failure To Comply With Government Regulations Could Adversely Affect the Debtors' Financial Condition and Results of Operation.

The Debtors are subject to extensive federal, state and local regulations. The Debtors' food processing facilities and food products are subject to frequent inspection by the USDA, FDA and various state and local health and agricultural agencies. Applicable statutes and regulations governing food products include rules for identifying the content of specific types of foods, the nutritional value of that food and its serving size, as well as rules that protect against contamination of products by food−borne pathogens. Many jurisdictions also require that food processors adhere to good manufacturing practices (the definition of which may vary by jurisdiction) with respect to production processes. Recently, the food safety practices and procedures in the meat processing industry have been subject to more intense scrutiny and oversight by the USDA and future outbreaks of diseases among cattle, poultry or pigs could lead to further governmental regulation. In addition, the Debtors' production and distribution facilities are subject to various federal, state and local laws and regulations relating to workplace safety and workplace health. Failure to comply with all applicable laws and regulations could subject the Debtors to civil remedies, including fines, injunctions, product recalls or seizures and criminal sanctions, any of which could have a material adverse effect on the Debtors' business, financial condition and results of operations. Furthermore, compliance with current or future laws or regulations could require the Debtors to make material expenditures or otherwise adversely affect the way the Debtors operate their business, financial condition and operating results.

Additionally, the Debtors' operations are subject to extensive and increasingly stringent regulations pertaining to the discharge of materials into the environment and the handling and disposition of wastes. Failure to comply with these regulations can have serious consequences for the Debtors, including criminal as well as civil and administrative penalties and negative publicity. The Debtors have incurred and will continue to incur significant capital and operating expenditures to avoid violations of these laws and regulations. Additional environmental requirements imposed in the future could require currently unanticipated investigations, assessments or expenditures and may require the Debtors to incur significant additional costs.

13. Material Changes To the USDA's Commodity Reprocessing Program Could Adversely Affect the Debtors' Sales To Schools.

A substantial portion of the products that the Debtors sell to schools use commodities provided to the schools through the USDA's Commodity Program. These programs provide food and nutrition assistance to certain eligible institutions. The programs are designed to assist farmers in order to maintain stable commodity prices and to provide nutritious foods to children. The Debtors produce many of their pre-cooked and ready-to-cook proteins using commodities provided by customers through this program, which it converts to finished products and sells to their customers. If this program were terminated or significantly curtailed due to budgetary constraints, or if the program were changed in a way that neutralizes what the Debtors believe are their competitive advantage in complying with program guidelines, the Debtors may be unable to continue to sell these products to schools at current volumes. A material change to, cutback in or termination of the USDA's Commodity Program, or the Debtors failure to meet the program requirements, could have an adverse effect on the Debtors' financial condition and operating results.

14. The Debtors' Operating Results Are Affected By Seasonal Fluctuations.

The Debtors' quarterly operating results are affected by the seasonal fluctuations of its sales and operating profits. The Debtors derived approximately 25% and 24% of their net revenues in fiscal 2008 and fiscal 2007, respectively, from sales to schools. Since schools comprise a significant portion of the Debtors' customer base, sales of their products tend to be lower during the summer months, late November, and December. These lower sales volumes negatively impact their operating profits and increase working capital requirements during the corresponding quarters of each fiscal year.

15. Labor Disruptions or Increased Labor Costs Could Significantly Interrupt the Debtors' Business Operations.

As of March 1, 2008, the Company had approximately 2,629 employees. The Company considers its relations with its employees to be good. However, the Company could experience a material labor disruption or significantly increased labor costs at one or more of its facilities in the future, which would have a material adverse effect on its business, financial condition and operating results.

A material disruption at any of the Company's manufacturing and processing facilities could be caused by a number of different events, including: (a) maintenance outages; (b) prolonged power failures; (c) equipment failure; (d) chemical spill or release; (e) fires, floods, earthquakes or other natural disasters; or (f) other operational problems. Any material malfunction or prolonged disruption in the operations at any of its facilities could prevent the Company from fulfilling orders to existing customers, and would limit its ability to sell products to new customers. Any material malfunction or prolonged disruption at one of the Company's manufacturing facilities, or a significant increase in customer demands, could result in the Company's inability to meet manufacturing requirements. Any of these events could adversely affect the Company's business, financial condition and operating results.

16. The Loss of Certain Senior Management Could Significantly Disrupt the Debtors' Business Operations.

The Debtors' success depends, in part, on the continued contributions of its executive officers and other key employees. The Debtors' management team has significant industry experience and would be difficult to replace. If the Debtors lose or suffer an extended interruption in the service of one or more of its senior officers, its financial condition and operating results may be adversely affected. Moreover, the market for qualified individuals may be highly competitive and the Debtors may not be able to attract and retain qualified personnel to replace or succeed members of its senior management or other key employees, should the need arise.

17. The Debtors' Ability To Service Debt and Meet Cash Requirements Depends On Many Factors, Some of Which Are Beyond the Debtors' Control.

The Debtors' ability to satisfy their debt obligations, including obligations related to the Exit Facility, the Amended and Restated Credit Agreement and the Mezzanine Debt Facility will depend on the Debtors' future operating performance and financial results, which will be subject, in part, to factors beyond the Debtors' control, including interest rates and general economic, financial and business conditions. If the Debtors are unable to generate sufficient Cash flow, they may be required to refinance all or a portion of their debt, obtain additional financing in the future for acquisitions, working capital, capital expenditures and general corporate or other purposes, redirect a substantial portion of Cash flow to debt service, which as a result, might not be available for operations or other purposes, sell some assets or operations, reduce or delay capital expenditures, or revise or delay operations or strategic plans. If the Debtors are required to take any of these actions, it could have a material adverse effect on their business, financial condition and results of operations. In addition, the Debtors cannot guarantee they would be able to take any of these actions, that these actions would enable them to continue to satisfy their capital requirements, or that these actions would be permitted under the terms of the Exit Facility.

18. Failure To Maintain or Upgrade Information Systems Efficiently May Result in Significant Disruption to the Debtors' Business Operations.

The Debtors depend on a variety of information systems for the efficient functioning of their business. The Debtors rely on certain software vendors to maintain and periodically upgrade many of these systems so that they can continue to support the Debtors' business. The software programs supporting many of the Debtors' systems were licensed to the Debtors by independent software developers. Costs and potential interruptions associated with the implementation of new or upgraded systems and technology or with maintenance or adequate support of existing systems could disrupt or reduce the efficiency of the Debtors' business.

D. RISKS ASSOCIATED WITH FORWARD LOOKING STATEMENTS

1. The Financial Information Contained Herein Is Based on the Debtors' Books and Records and, Unless Otherwise Stated, No Audit Was Performed.

The financial information contained in this Disclosure Statement has not been audited. In preparing this Disclosure Statement, the Debtors relied on financial data derived from their books and records that was available at the time of such preparation. Although the Debtors have used their reasonable business judgment to ensure the accuracy of the financial information provided in this Disclosure Statement, and while the Debtors believe that such financial information fairly reflects the financial condition of the Debtors, the Debtors are unable to warrant or represent that the financial information contained herein and attached hereto is without inaccuracies.

2. Financial Projections and Other Forward Looking Statements Are Not Assured, Are Subject to Inherent Uncertainty Due to the Numerous Assumptions Upon Which They Are Based and, as a Result, Actual Results May Vary.

This Disclosure Statement contains various projections concerning the financial results of the Reorganized Debtors' operations, including the Financial Projections, that are, by their nature, forward looking, and which projections are necessarily based on certain assumptions and estimates. Should any or all of these assumptions or estimates ultimately prove to be incorrect, the actual future experiences of the Reorganized Debtors may turn out to be different from the financial projections.

Specifically, the projected financial results contained in this Disclosure Statement reflect numerous assumptions concerning the anticipated future performance of the Reorganized Debtors, some of which may not materialize, including, without limitation, assumptions concerning: (a) the timing of Confirmation and Consummation of the Plan in accordance with its terms; (b) the anticipated future performance of the Reorganized Debtors, including, without limitation, the Debtors' ability to maintain or increase revenue and gross margins, control future operating expenses or make necessary capital expenditures; (c) general business and economic conditions; (d) overall industry performance and trends; (e) the Debtors' ability to maintain market strength and receive vendor support by way of favorable purchasing terms; and (f) consumer preferences continuing to support the Debtors' business plan.

Due to the inherent uncertainties associated with projecting financial results generally, the projections contained in this Disclosure Statement will not be considered assurances or guarantees of the amount of funds or the amount of Claims that may be Allowed in the various Classes. While the Debtors believe that the financial projections contained in this Disclosure Statement are reasonable, there can be no assurance that they will be realized.

E. DISCLOSURE STATEMENT DISCLAIMER

1. Information Contained Herein Is for Soliciting Votes

The information contained in this Disclosure Statement is for purposes of soliciting acceptances of the Plan and may not be relied upon for any other purposes.

2. This Disclosure Statement Was Not Approved by the Securities and Exchange Commission

This Disclosure Statement has not been filed with the Commission or any state regulatory authority. Neither the Commission nor any state regulatory authority has passed upon the accuracy or adequacy of this Disclosure Statement, or the exhibits or the statements contained herein, and any representation to the contrary is unlawful.

3. Reliance on Exemptions from Registration Under the Securities Act

This Disclosure Statement has been prepared pursuant to section 1125 of the Bankruptcy Code and Rule 3016(b) of the Federal Rules of Bankruptcy Procedure and is not necessarily in accordance with the requirements of federal or state securities laws or other similar laws. The offer of New Stock to Holders of Claims in Classes 3 and 4 has not been registered under the Securities Act or similar state securities or "blue sky" laws. To the maximum extent permitted by section 1145 of the Bankruptcy Code, the Securities Act and other applicable nonbankruptcy law, the issuance of the New Stock or any shares reserved for issuance under the Management and Director Equity Incentive Program, will be exempt from registration under the Securities Act by virtue of section 1145 of the Bankruptcy Code, Rule 701 promulgated under the Securities Act or a "no sale" under the Securities Act as described herein.

4. This Disclosure Statement Contains Forward Looking Statements

This Disclosure Statement contains "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements consist of any statement other than a recitation of historical fact and can be identified by the use of forward looking terminology such as "may," "expect," "anticipate," "estimate" or "continue" or the negative thereof or other variations thereon or comparable terminology. The reader is cautioned that all forward looking statements are necessarily speculative and there are certain risks and uncertainties that could cause actual events or results to differ materially from those referred to in such forward looking statements. The liquidation analysis, distribution projections and other information contained herein and attached hereto are estimates only, and the timing and amount of actual distributions to Holders of Allowed Claims may be affected by many factors that cannot be predicted. Therefore, any analyses, estimates or recovery projections may or may not turn out to be accurate.

5. No Legal or Tax Advice Is Provided to You by this Disclosure Statement

This Disclosure Statement is not legal advice to you. The contents of this Disclosure Statement should not be construed as legal, business or tax advice. Each Holder of a Claim or an Equity Interest should consult his or her own legal counsel and accountant with regard to any legal, tax and other matters concerning his or her Claim or Equity Interest. This Disclosure Statement may not be relied upon for any purpose other than to determine how to vote on the Plan or object to Confirmation of the Plan.

6. No Admissions Made

The information and statements contained in this Disclosure Statement will neither (a) constitute an admission of any fact or liability by any Entity (including, without limitation, the Debtors) nor (b) be deemed evidence of the tax or other legal effects of the Plan on the Debtors, the Reorganized Debtors, Holders of Allowed Claims or Equity Interest or any other parties in interest.

7. Failure to Identify Litigation Claims or Projected Objections

No reliance should be placed on the fact that a particular litigation claim or projected objection to a particular Claim or Equity Interest is, or is not, identified in this Disclosure Statement. The Debtors or the Reorganized Debtors may seek to investigate, File and prosecute Claims and Equity Interest and may object to Claims after the Confirmation or Effective Date of the Plan irrespective of whether the Disclosure Statement identifies such Claims or Objections to Claims.

8. No Waiver of Right to Object or Right to Recover Transfers and Assets

The vote by a Holder of an Allowed Claim for or against the Plan does not constitute a waiver or release of any Claims or rights of the Debtors or the Reorganized Debtors (or any party in interest, as the case may be) to object to that Holder's Allowed Claim, or recover any preferential, fraudulent or other voidable transfer or assets, regardless of whether any Claims or Causes of Action of the Debtors or their respective Estates are specifically or generally identified herein.

9. Information Was Provided by the Debtors and Was Relied Upon by the Debtors' Advisors

Counsel to and other advisors retained by the Debtors have relied upon information provided by the Debtors in connection with the preparation of this Disclosure Statement. Although counsel to and other advisors retained by the Debtors have performed certain limited due diligence in connection with the preparation of this Disclosure Statement, they have not verified independently the information contained herein.

10. Potential Exists for Inaccuracies, and the Debtors Have No Duty to Update

The statements contained in this Disclosure Statement are made by the Debtors as of the date hereof, unless otherwise specified herein, and the delivery of this Disclosure Statement after that date does not imply that there has not been a change in the information set forth herein since that date. While the Debtors have used their reasonable business judgment to ensure the accuracy of all of the information provided in this Disclosure Statement and in the Plan, the Debtors nonetheless cannot, and do not, confirm the current accuracy of all statements appearing in this Disclosure Statement. Further, although the Debtors may subsequently update the information in this Disclosure Statement, the Debtors have no affirmative duty to do so unless ordered to do so by the Bankruptcy Court.

11. No Representations Outside the Disclosure Statement Are Authorized

No representations concerning or relating to the Debtors, the Chapter 11 Cases or the Plan are authorized by the Bankruptcy Court or the Bankruptcy Code, other than as set forth in this Disclosure Statement. Any representations or inducements made to secure your acceptance or rejection of the Plan that are other than as contained in, or included with, this Disclosure Statement, should not be relied upon by you in arriving at your decision. You should promptly report unauthorized representations or inducements to the counsel to the Debtors, the counsel to the Committee and the United States Trustee.

VII.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. LIQUIDATION UNDER CHAPTER 7 OF THE BANKRUPTCY CODE

If no chapter 11 plan can be confirmed, the Chapter 11 Cases may be converted to a case under chapter 7 of the Bankruptcy Code in which case, a trustee would be elected or appointed to liquidate the Debtors' assets. A discussion of the effect that a chapter 7 liquidation would have on the recovery of holders of Claims is set forth in Section V.C. herein, titled "Statutory Requirements for Confirmation of the Plan." In performing the liquidation analysis, the Debtors have assumed that all Holders of Claims will be determined to have "claims" that are entitled to share in the proceeds from any such liquidation. The Debtors believes that liquidation under chapter 7 would result in (i) smaller distributions being made to creditors than those provided for in the Plan because of the additional administrative expenses involved in the appointment of a trustee and attorneys and other professionals to assist such trustee, (ii) additional expenses and claims, some of which would be entitled to priority, which would be generated during the liquidation and from the rejection of unexpired leases and executory contracts in connection with the cessation of the Debtors' operations, and (iii) the failure to realize the greater, going-concern value of all of the Debtors' assets.

B. FILING OF AN ALTERNATIVE PLAN OF REORGANIZATION

If the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate a different plan of reorganization. Such a plan might involve either a reorganization and continuation of the Debtors' business or an orderly liquidation of their assets. During the negotiations prior to the filing of the Plan, the Debtors explored various alternatives to the Plan.

The Debtors believe that the Plan enables the Debtors to emerge from chapter 11 successfully and expeditiously, preserves their business and allows creditors to realize the highest recoveries under the circumstances. In a liquidation under chapter 11 of the Bankruptcy Code, the assets of the Debtors would be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7, and a trustee need not be appointed. Accordingly, creditors would receive greater recoveries than in a chapter 7 liquidation. Although a chapter 11 liquidation is preferable to a chapter 7 liquidation, 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. In any liquidation, creditors would be paid their distribution in Cash, whereas, under the Plan, some creditors will receive a part of their distribution in New Stock (if issued).

VIII.
EXEMPTIONS FROM SECURITIES ACT REGISTRATION

A. SECTION 1145 OF THE BANKRUPTCY CODE

1. New Stock Issued in Reliance on Section 1145 of the Bankruptcy Code

Under the Plan, 100% of the New Stock will be issued to Holders of Prepetition Credit Agreement Claims (the Prepetition Lender Equity Allocation). Section 1145 of the Bankruptcy Code provides that the securities registration requirements of federal and state securities laws do not apply to the offer or sale of stock, warrants or other securities by a debtor if: (a) the offer or sale occurs under a plan of reorganization; (b) the recipients of securities hold a claim against, an interest in or claim for administrative expense against the debtor; and (c) the securities are issued in exchange for a claim against or interest in a debtor or are reissued principally in such exchange and partly for Cash and property.

Such securities may be resold without registration under either (a) state securities or "blue sky" laws pursuant to various exemptions provided by the respective laws of the several states or (b) the Securities Act pursuant to an exemption provided by section 4(1) of the Securities Act unless the holder is an "underwriter" (as such term is defined in the Bankruptcy Code) with respect to the securities. Section 1145(b)(1) of the Bankruptcy Code defines an "underwriter" as any person who:

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

- offers to sell securities offered under a plan of reorganization for the holders of those securities;

- offers to buy those securities from the holders of the securities, if the offer to buy is (a) with a view to distributing those securities and (b) under an agreement made in connection with the plan of reorganization, the completion of the plan of reorganization or with the offer or sale of securities under the plan of reorganization; or

- is an issuer with respect to the securities, as the term "issuer" is defined in the Securities Act.

The term "issuer" is defined in section 2 (4) of the Securities Act; however, the reference contained in section 1145(b)(1)(D) of the Bankruptcy Code to section 2 (11) of the Securities Act purports to include as statutory underwriters all persons who, directly or indirectly, through one or more intermediaries, control, are controlled by or are under common control with, an issuer of securities. "Control" (as defined in Rule 405 under the Securities Act) means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract or otherwise. Accordingly, an officer or director of a reorganized debtor or its successor under a plan of reorganization may be deemed to be a "control person" of such debtor or successor, particularly if the management position or directorship is coupled with ownership of a significant percentage of the reorganized debtor's or its successor's voting securities. Moreover, the legislative history of section 1145 of the Bankruptcy Code suggests that a creditor who owns ten percent (10%) or more of the securities of a reorganized debtor may be presumed to be a "control person."

To the extent that persons who receive New Stock are deemed to be "underwriters," resales by those persons would not be exempted by section 1145 of the Bankruptcy Code from registration under the Securities Act or other applicable law. Those persons would, however, be permitted to sell New Stock or other securities without registration if they are able to comply with the provisions of Rule 144 under the Securities Act, as described further below, or if such securities are registered with the Commission pursuant to the Stockholder and Registration Rights Agreement or otherwise. Any person who is an "underwriter" but not and "issuer" with respect to an issue of securities is, in addition, entitled to engage in exempt "ordinary trading transactions" within the meaning of section 1145(b)(1) of the Bankruptcy Code.

2. Rule 144

Under certain circumstances, Holders of New Stock deemed to be "underwriters" may be entitled to resell their securities pursuant to the limited safe harbor resale provisions under Rule 144 of the Securities Act, to the extent available and in compliance with applicable state and foreign securities laws.

Generally, Rule 144 of the Securities Act provides that persons who are affiliates of an issuer who resell securities will not be deemed to be underwriters if certain conditions are met. These conditions include the requirement that current public information with respect to the issuer be available, a limitation as to the amount of securities that may be sold in any three-month period, the requirement that the securities be sold in a "brokers transaction" or in a transaction directly with a "market maker" and that notice of the resale be filed with the Commission.

Whether or not any particular person would be deemed to be an "underwriter" of securities to be issued pursuant to the Plan or an "affiliate" of the Reorganized Debtors would depend upon various facts and circumstances applicable to that person. Accordingly, the Debtors express no view as to whether any such person would be such an "underwriter" or an "affiliate." In view of the complex, subjective nature of the question of whether a particular person may be an underwriter or an affiliate of the Reorganized Debtors, the Debtors make no representations concerning the right of any person to trade in Plan Securities. Accordingly, the Debtors recommend that potential recipients of any securities to be issued pursuant to the Plan consult their own counsel concerning whether they may freely trade such securities.

B. STOCKHOLDER AND REGISTRATION RIGHTS AGREEMENT

The Reorganized Debtors and the Holders of New Stock will enter into the Stockholder and Registration Rights Agreement, which will be filed as part of the Plan Supplement and will provide for customary demand and piggyback registration for the Plan Sponsor and its transferees and contain other customary terms and provisions, including as to transfer restrictions, tag along and drag along rights, all of which shall be reasonably acceptable to the Plan Sponsor.

IX.
CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

The following discussion is a summary of certain U.S. federal income tax consequences of the consummation of the Plan to Holders of Allowed Claims and the Debtors. This summary is based on the Internal Revenue Code (the "IRC"), the U.S. Treasury Regulations promulgated thereunder, judicial authorities, published administrative positions of the Internal Revenue Service (the "IRS") and other applicable authorities, all as in effect on the date of this Disclosure Statement and all of which are subject to change or differing interpretations, possibly with retroactive effect. No rulings or determinations of the IRS or any other taxing authorities have been sought or obtained with respect to the tax consequences discussed herein, and the discussion below is not binding upon the IRS or the courts. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position than any position discussed herein.

This discussion does not apply to Holders of Claims that are not "U.S. persons" (as such phrase is defined in the IRC) and does not purport to address all aspects of U.S. federal income taxation that may be relevant to the Debtors or to such Holders in light of their individual circumstances. This discussion does not address tax issues with respect to Holders subject to special treatment under the U.S. federal income tax laws (including, for example, banks, governmental authorities or agencies, pass-through entities, dealers and traders in securities, insurance companies, financial institutions, tax-exempt organizations, small business investment companies and regulated investment companies and those holding the New Stock as part of a hedge, straddle, conversion or constructive sale transaction). No aspect of state, local, estate, gift, or non-U.S. taxation is addressed.

THE FOLLOWING SUMMARY OF CERTAIN UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND ADVICE BASED UPON THE INDIVIDUAL CIRCUMSTANCES PERTAINING TO A HOLDER OF AN ALLOWED CLAIM. ALL HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE U.S. FEDERAL, STATE, LOCAL AND NON-UNITED STATES TAX CONSEQUENCES OF THE PLAN.

IRS CIRCULAR 230 DISCLOSURE: TO ENSURE COMPLIANCE WITH REQUIREMENTS IMPOSED BY THE IRS, ANY TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING TAX-RELATED PENALTIES UNDER THE IRC. TAX ADVICE CONTAINED IN THIS DISCLOSURE STATEMENT (INCLUDING ANY ATTACHMENTS) IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED BY THE DISCLOSURE STATEMENT. EACH TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER'S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF ALLOWED CLAIMS

1. Consequences to Holders of Allowed Class 4 General Unsecured Claims

Pursuant to the Plan, Allowed Class 4 General Unsecured Claims will be exchanged for $0.12 for each dollar of such Claim in Cash. Holders of Allowed Class 4 General Unsecured Claims will recognize gain (or loss) depending upon the difference (if any) between the amount of Cash to be received in respect of such Claim and the Holder's tax basis in the Claim, according to the Holder's method of accounting for federal income tax purposes.

2. Consequences to Holders of Allowed Class 3 Prepetition Credit Agreement Claims

Pursuant to the Plan, Prepetition Credit Agreement Claims will be exchanged for securities in the Amended and Restated Credit Agreement, the Mezzanine Debt Facility and the Prepetition Lender Equity Allocation. The

United States federal income tax consequences to Holders of such Allowed Claims depend on whether (a) the Allowed Claims are treated as "securities" of the Debtors (for purposes of the reorganization provisions of the IRC) and (b) the Amended and Restated Credit Agreement and/or the Mezzanine Debt Facility are treated as "securities" of the Debtors (for purposes of the reorganization provisions of the IRC) and (c) the Debtors' restructuring qualifies as a tax-free reorganization.

Whether an instrument constitutes a "security" is determined based on all the facts and circumstances, but most authorities have held that term-length of a debt instrument at issuance is an important factor in determining whether such an instrument is a security for United States federal income tax purposes. These authorities have indicated that a term of less than five years is evidence that the instrument is not a security, whereas a term of ten years or more is evidence that such debt instrument is a security. There are numerous other factors that could be taken into account in determining whether a debt instrument is a security, including, without limitation: (a) the security for payment; (b) the creditworthiness of the obligor; (c) the subordination or lack thereof to other creditors; (d) the right to vote or otherwise participate in the management of the obligor; (e) convertibility of the instrument into an equity interest of the obligor; (f) whether payments of interest are fixed, variable or contingent; and (g) whether such payments are made on a current basis or accrued.

To the extent that all or some of the Prepetition Credit Agreement Claims are treated as securities of the Debtors and interests in the Amended and Restated Credit Agreement and the Mezzanine Debt Facility are treated as "securities" of the Debtors, then the exchange of such Allowed Claims so treated pursuant to the Plan should be treated as a recapitalization and, therefore, a tax-free reorganization. However, the treatment of the receipt of the Prepetition Lender Equity Allocation is unclear and, therefore, each Holder should consult its own tax advisor with respect to such receipt. In such case, each Holder of such Allowed Claims that are treated as securities of the Debtors should not recognize any gain or loss on the exchange, other than initially with respect of the Prepetition Lender Equity Allocation. To the extent that a portion of the consideration received in exchange for the Allowed Claims is allocable to Accrued but Untaxed Interest, the Holder may recognize ordinary income (as discussed in greater detail below).

To the extent that all or some of the Prepetition Credit Agreement Claims are <u>not</u> treated as securities of the Debtors, a Holder of such Allowed Claims will be treated as exchanging its Allowed Claims for a taxable exchange under section 1001 of the IRC. Accordingly, each Holder of such Allowed Claims should recognize gain or loss equal to the difference between: (a) the fair market value (as of the date the they are distributed to the Holder) received in exchange for the Allowed Claims; and (b) the Holder's adjusted basis, if any, in the Allowed Claims. Such gain or loss should be capital in nature so long as the Allowed Claims are held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the Holder has a holding period for Allowed Claims of more than one year. To the extent that a portion of the consideration received in exchange for the Allowed Claims is allocable to Accrued but Untaxed Interest, the Holder may recognize ordinary income (as discussed in greater detail below). A Holder's tax basis should equal their fair market value as of the date they are distributed to the Holder. A Holder's holding period for New Stock should begin on the day following the Effective Date.

Regardless of whether a Holder's Allowed Claims are treated as "securities" of the Debtors for United States federal income tax purposes, a Holder who receives Cash should recognize gain or loss equal to the difference between (a) the amount of Cash received that is not allocable to accrued interest and (b) the Holder's tax basis in the Allowed Claims surrendered therefor by the Holder. Such gain or loss should be capital in nature so long as the Allowed Claims are held as capital assets (subject to the "market discount" rules described below) and should be long-term capital gain or loss if the Holder has a holding period for Allowed Claims of more than one year. To the extent that a portion of the Cash received in exchange for the Allowed Claims is allocable to Accrued but Untaxed Interest, the Holder may recognize ordinary income (as discussed in greater detail below").

3. Accrued but Untaxed Interest

A portion of the consideration received by Holders of Claims may be attributable to Accrued but Untaxed Interest on such Claims. Such amount should be taxable to that Holder as interest income if such accrued interest has not been previously included in the Holder's gross income for United States federal income tax purposes.

If the fair value of the consideration is not sufficient to fully satisfy all principal and interest on Allowed Claims, the extent to which such consideration will be attributable to Accrued but Untaxed Interest is unclear. Under the Plan, the aggregate consideration to be distributed to Holders of Allowed Claims in each Class will be allocated first to the principal amount of Allowed Claims, with any excess allocated unpaid interest that accrued on such Claims, if any. Certain legislative history indicates that an allocation of consideration as between principal and interest provided in a chapter 11 plan of reorganization is binding for United States federal income tax purposes. The IRS could take the position, however, that the consideration received by the Holder should be allocated in some way other than as provided in the Plan. Holders of Claims should consult their own tax advisors regarding the proper allocation of the consideration received by them under the Plan.

4. Market Discount

Holders who exchange Allowed Prepetition Credit Agreement Claims for their Pro Rata share of each of (a) the Amended and Restated Credit Agreement, (b) the Mezzanine Debt Facility and (c) the Prepetition Lender Equity Allocation, may be affected by the "market discount" provisions of sections 1276 through 1278 of the IRC. Under these provisions, some or all of the gain realized by a Holder may be treated as ordinary income (instead of capital gain), to the extent of the amount of accrued "market discount" on such Allowed Claims.

In general, a debt obligation with a fixed maturity of more than one year that is acquired by a holder on the secondary market (or, in certain circumstances, upon original issuance) is considered to be acquired with "market discount" as to that holder if the debt obligation's stated redemption price at maturity (or revised issue price as defined in section 1278 of the IRC, in the case of a debt obligation issued with original issue discount) exceeds the tax basis of the debt obligation in the holder's hands immediately after its acquisition. However, a debt obligation is not a "market discount bond" if the excess is less than a statutory *de minimis* amount (equal to 0.25% of the debt obligation's stated redemption price at maturity or revised issue price, in the case of a debt obligation issued with original issue discount, multiplied by the number of complete years remaining until maturity at the time of the acquisition).

Any gain recognized by a Holder on the taxable disposition of Allowed Claims (determined as described above) that were acquired with market discount should be treated as ordinary income to the extent of the market discount that accrued thereon while the Allowed Claims were considered to be held by the Holder (unless the Holder elected to include market discount in income as it accrued). To the extent that the Allowed Claims that were acquired with market discount are exchanged in a tax-free transaction for other property (as may occur here), any market discount that accrued on the Allowed Claims (*i.e.*, up to the time of the exchange) but was not recognized by the Holder is carried over to the property received therefor and any gain recognized on the subsequent sale, exchange, redemption or other disposition of such property is treated as ordinary income to the extent of such accrued market discount.

5. Information Reporting and Backup Withholding

In general, information reporting requirements may apply to distributions or payments under the Plan. Additionally, under the backup withholding rules, a Holder of a Claim may be subject to backup withholding (currently at a rate of 28%) with respect to distributions or payments made pursuant to the Plan unless that Holder: (a) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates that fact; or (b) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the Holder is not subject to backup withholding because of a failure to report all dividend and interest income. Backup withholding is not an additional tax but is, instead, an advance payment that may be refunded to the extent it results in an overpayment of tax; provided, however, that the required information is provided to the IRS.

The Debtors will withhold all amounts required by law to be withheld from payments of interest. The Debtors will comply with all applicable reporting requirements of the IRS.

THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN ARE COMPLEX. THE FOREGOING SUMMARY DOES NOT DISCUSS ALL ASPECTS OF UNITED STATES FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM IN LIGHT OF SUCH HOLDER'S CIRCUMSTANCES AND INCOME TAX SITUATION. ALL HOLDERS OF CLAIMS AGAINST THE DEBTORS SHOULD CONSULT WITH THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF THE TRANSACTION CONTEMPLATED BY THE RESTRUCTURING, INCLUDING THE APPLICABILITY AND EFFECT OF ANY STATE, LOCAL OR FOREIGN TAX LAWS, AND OF ANY CHANGE IN APPLICABLE TAX LAWS.

B. CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES TO REORGANIZED DEBTORS

1. Cancellation of Debt and Reduction of Tax Attributes

In general, absent an exception, a debtor will realize and recognize cancellation of debt income ("COD Income") upon satisfaction of its outstanding indebtedness for total consideration less than the amount of such indebtedness. The amount of COD Income, in general, is the excess of (a) the adjusted issue price of the indebtedness satisfied, over (b) the sum of (x) the amount of Cash paid, and (y) the fair market value of any new consideration (including stock of the debtor) given in satisfaction of such indebtedness at the time of the exchange.

A debtor will not, however, be required to include any amount of COD Income in gross income if the debtor is under the jurisdiction of a court in a case under chapter 11 of the Bankruptcy Code and the discharge of debt occurs pursuant to that proceeding. Instead, as a consequence of such exclusion, a debtor must reduce its tax attributes by the amount of COD Income that it excluded from gross income pursuant to section 108 of the IRC. In general, tax attributes will be reduced in the following order: (a) NOLs; (b) most tax credits and capital loss carryovers; (c) tax basis in assets; and (d) foreign tax credits. A debtor with COD Income may elect first to reduce the basis of its depreciable assets pursuant to section 108(b)(5) of the IRC.

Because the Plan provides that Holders of certain Allowed Claims will receive New Stock, the amount of COD Income and, accordingly, the amount of tax attributes required to be reduced, will depend on the fair market value of the New Stock exchanged therefor. This value cannot be known with certainty until after the Effective Date. As a result of this reduction, the Debtors do not expect that they will have NOL carryovers remaining after emergence from chapter 11.

X.
GLOSSARY OF DEFINED TERMS

For purposes herein: (a) in the appropriate context, each term, whether stated in the singular or the plural, will include both the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender will include the masculine, feminine and the neuter gender; (b) any reference herein to a contract, lease, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document will be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document or exhibit having been filed or to be filed will mean that document or exhibit, as it may thereafter be amended, modified or supplemented; (d) unless otherwise specified, all references herein to "Sections" are references to Sections hereof or hereto; (e) unless otherwise stated, the words ''herein,'' "hereof" and ''hereto'' refer to the Disclosure Statement in its entirety rather than to a particular portion of the Disclosure Statement; (f) captions and headings to Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code will apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules will have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

Unless the context otherwise requires, the following terms will have the following meanings when used in capitalized form herein:

1. "*Accrued Professional Compensation*" means, at any given moment, all accrued, contingent and/or unpaid fees and expenses (including, without limitation, success fees and Allowed Professional Compensation) for legal, financial advisory, accounting and other services and reimbursement of expenses that are awardable and allowable under sections 328, 330(a) or 331 of the Bankruptcy Code or otherwise rendered allowable prior to the Confirmation Date by any Retained Professionals in the Chapter 11 Cases, or that are awardable and allowable under section 503 of the Bankruptcy Code for the Committee, that the Bankruptcy Court has not denied by a Final Order, to the extent that any such fees and expenses have not been previously paid regardless of whether a fee application has been Filed for any such amount. To the extent that the Bankruptcy Court or any higher court denies or reduces by a Final Order any amount of a Retained Professional's fees or expenses or Committee Member's expenses, then those reduced or denied amounts shall no longer constitute Accrued Professional Compensation.

2. "*Administrative Claim*" means any Claim for costs and expenses of administration of the Estates under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary costs and expenses incurred after the Commencement Date of preserving the respective Estates and operating the businesses of the Debtors; (b) Allowed Professional Compensation; (c) all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930; (d) Allowed reimbursable expenses of Committee Members; and (e) claims under section 503(b)(9) of the Bankruptcy Code. Administrative Claims do not include DIP Credit Agreement Claims, which are separately treated under the Plan.

3. "*Affiliate*" has the meaning set forth at section 101(2) of the Bankruptcy Code.

4. "*AHYDO*" means the Applicable High Yield Discount Obligation.

5. *"Allowed"* means, with respect to Claims: (a) any Claim, proof of which is timely Filed by the applicable Claims Bar Date (or which by the Bankruptcy Code or Final Order is not or shall not be required to be Filed); (b) any Claim that is listed in the Schedules as of the Effective Date as not contingent, not unliquidated and not disputed, and for which no Proof of Claim has been timely Filed; or (c) any Claim Allowed pursuant to the Plan; *provided*, *however*, that with respect to any Claim described in clauses (a) or (b) above, such Claim shall be considered Allowed only if and to the extent that with respect to any Claim no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court or such an objection is so interposed and the Claim shall have been Allowed for distribution purposes only by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated or disputed, and for which no Proof of Claim has been timely Filed, is not considered Allowed and

shall be expunged without further action by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval of the Bankruptcy Court.

6. *"Allowed Professional Compensation"* means all Accrued Professional Compensation allowed or awarded by a Final Order of the Bankruptcy Court or any other court of competent jurisdiction.

7. "*Amended and Restated Credit Agreement*" means the amended and restated Prepetition Credit Agreement, the terms of which are consistent with the Amended and Restated Credit Agreement Term Sheet and are in form and substance acceptable to the Prepetition Agent and the Plan Sponsor.

8. "*Amended and Restated Credit Agreement Term Sheet"* means the term sheet attached as Exhibit A to the Plan.

9. *"Ballots"* means the ballots accompanying the Disclosure Statement upon which certain Holders of Impaired Claims entitled to vote shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the Plan and the procedures governing the solicitation process, and which must be actually received on or before the Voting Deadline.

10. *"Bankruptcy Code"* means Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1532, as applicable to the Chapter 11 Cases.

11. *"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 the withdrawal of any reference under section 157 of title 28 of the United States Code and/or the Order of the United States District Court for the District of Delaware pursuant to section 157(a) of title 28 of the United States Code, the United States District Court for the District of Delaware.

12. "*Bankruptcy Rules*" means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. § 2075 and the general, local and chambers rules of the Bankruptcy Court.

13. "*Beneficial Holder*" means a beneficial owner of publicly-traded securities whose Claims have not been satisfied prior to the Record Date pursuant to Bankruptcy Court order or otherwise, as reflected in the records maintained by the Nominees holding through the relevant security depository and/or the applicable indenture trustee, as of the Record Date.

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

15. "*Cash*" means the legal tender of the United States of America or the equivalent thereof.

16. "*Causes of Action*" means all actions, causes of action, Claims, liabilities, obligations, rights, suits, debts, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Commencement Date or during the course of the Chapter 11 Cases, including through the Effective Date.

17. "*Chapter 11 Cases*" means (a) when used with reference to a particular Debtor, the chapter 11 case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court and (b) when used with reference to all Debtors, the procedurally consolidated chapter 11 cases pending for the Debtors in the Bankruptcy Court.

18. "*Claim*" means any claim against a Debtor as defined in section 101(5) of the Bankruptcy Code.

19. "*Claims Bar Date*" means, as applicable, (a) October 31, 2008, (b) the Governmental Bar Date or (c) such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court for Filing such Claims.

20. "*Claims Objection Bar Date*" means, for each Claim, the later of (a) 180 days after the Effective Date and (b) such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court for objecting to such Claims; provided, however, that in no event shall the Claims Objection Bar Date be greater than 120 days after the Effective Date with respect to any General Unsecured Claim in Class 4.

21. "*Claims Register*" means the official register of Claims maintained by the Voting and Claims Agent.

22. "*Class*" means a category of Holders of Claims or Equity Interests as set forth in Article III of the Plan pursuant to section 1122(a) of the Bankruptcy Code.

23. "*Commencement Date*" means July 15, 2008, the date on which the Debtors commenced the Chapter 11 Cases.

24. "*Commission*" means the U.S. Securities and Exchange Commission.

25. "*Committee*" means the official committee of unsecured creditors of the Debtors appointed by the United States Trustee in the Chapter 11 Cases on July 28, 2008, pursuant to section 1102 of the Bankruptcy Code, comprising the Committee Members and as reconstituted from time to time.

26. "*Committee Members*" means the members of the Committee, namely: (a) U.S. Bank National Association, as Indenture Trustee; (b) Fidelity Puritan Trust: Fidelity Puritan Fund; (c) Federated High Income Bond Fund; (d) Ares II CLO Ltd.; (e) Americraft Carton, Inc.; (e) Skidmore Sales & Distributing Co., Inc.; and (f) Genpak LP.

27. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions specified in Article IX of the Plan having been: (a) satisfied; or (b) waived pursuant to Article IX.C of the Plan.

28. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

29. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court on Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

30. "*Confirmation Hearing Notice*" means that certain notice of the Confirmation Hearing approved by the Disclosure Statement Order.

31. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

32. "*Consummation*" means the occurrence of the Effective Date.

33. "*Cure Claim*" means a Claim based upon the Debtors' defaults on an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtors under sections 365 or 1123 of the Bankruptcy Code.

34. "*Debtor*" means one of the Debtors, in its individual capacity as a debtor in these Chapter 11 Cases.

35. "*Debtor Release*" means the release given by the Debtors to the Debtor Releasees as set forth in Article X.B of the Plan.

36. "*Debtor Releasees*" means, collectively, (a) all current and former members (including *ex officio* members), officers and directors of the Debtors, their subsidiaries and the Committee and (b) all attorneys, financial advisors, accountants, investment bankers, investment advisors, actuaries, professionals and affiliates of the Debtors, their subsidiaries and the Committee, and each of their respective predecessors and successors in interest, and all of their respective current and former members (including *ex officio* members), officers, directors, employees, partners, attorneys, financial advisors, accountants, managed funds, investment bankers, investment advisors, actuaries, professionals and affiliates, each in their respective capacities as such.

37. "*Debtors in Possession*" means, collectively, the Debtors, as debtors in possession in these Chapter 11 Cases.

38. *"D&O Liability Insurance Policies"* means all insurance policies for directors and officers' liability maintained by the Debtors as of the Commencement Date, including, without limitation: (a) Directors', Officers', Insured Entity and Employment Practices Liability Insurance, issued by Great American Insurance Company and expiring on July 30, 2009; and (b) Universal Excess Policy, issued by Twin City Fire Insurance Company and expiring on July 30, 2009.

39. "*DIP Agent*" means OCM POF IV PF Ltd. in its capacity as administrative agent and collateral agent.

40. "*DIP Arranger*" means funds managed by the Plan Sponsor in its capacity as lead arranger.

41. "*DIP Credit Agreement*" means that certain $35 million Super-Priority Priming Debtor in Possession Credit Agreement among Pierre Foods, Inc., as borrower, and the other Debtors as guarantors, OCM POF IV PF Ltd., as lead arranger, OCM POF IV PF Ltd., as administrative agent and collateral agent, and the banks, financial institutions and other lenders parties thereto, as may be amended, modified, ratified, extended, renewed, restated or replaced.

42. "*DIP Credit Agreement Claim*" means any Claim arising under or related to the DIP Credit Agreement and the other "Credit Documents," as defined therein.

43. "*DIP Lenders*" means the DIP Agent, the DIP Arranger and the banks, financial institutions and other lender parties to the DIP Credit Agreement from time to time.

44. "*Disclosure Statement*" means the *Disclosure Statement for the Joint Plan of Reorganization of Pierre Foods, Inc. and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code*, as amended, supplemented or modified from time to time, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, Bankruptcy Rules and any other applicable law.

45. "*Disclosure Statement Order*" means that certain *Order Approving the Debtors' Disclosure Statement and Relief Related Thereto*, entered by the Bankruptcy Court on [___, 2008] [Docket No. ___], as the order may be amended from time to time.

46. "*Disputed Claim*" means, with respect to any Claim, any Claim that is not yet Allowed.

47. "*Distribution Agent*" means any Entity or Entities chosen by the Debtors, which Entities may include, without limitation, the Voting and Claims Agent and the Indenture Trustee, to make or to facilitate distributions required by the Plan.

48. *"Distribution Record Date"* means the date for determining which Holders of Claims are eligible to receive distributions hereunder and shall be the Voting Deadline or such other date as designated in an order of the Bankruptcy Court.

49. "*Effective Date*" means the day that is the first Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect; and (b) all conditions specified in Article IX.B of the Plan have been: (i) satisfied; or (ii) waived pursuant to Article IX.C of the Plan.

50. *"Employee-Related Agreement"* means those certain employee-related agreements in effect as of the Commencement Date (including through subsequent extension) set forth in a schedule included in the Plan Supplement, which schedule is subject to the approval of the Plan Sponsor.

51. "*Entity*" means an entity as defined in section 101(15) of the Bankruptcy Code.

52. "*Equity Interest*" means any share of common stock, preferred stock or other instrument evidencing an ownership interest in Pierre Holding Corp., whether or not transferable, and any option, warrant or right, contractual or otherwise, to acquire any such interest in a Debtor that existed immediately prior to the Effective Date; *provided, however,* that Equity Interest does not include any Intercompany Interest.

53. "*Estate*" means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

54. *"Exchange Act"* means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, or any similar federal, state or local law.

55. "*Exculpated Parties*" means, collectively: (a) the Debtors; (b) the Reorganized Debtors; (c) the Debtor Releasees; (d) the Plan Sponsor; (e) the Committee; and (f) all of the current and former members (including *ex officio* members), officers, directors, employees, partners, attorneys, financial advisors, accountants, managed funds, investment bankers, investment advisors, actuaries, professionals, agents, affiliates, fiduciaries and representatives of each of the foregoing Entities (whether current or former, in each case in his, her or its capacity as such).

56. "*Exculpation*" means the exculpation provision set forth in Article X.D of the Plan.

57. "*Executory Contract*" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

58. *"Exit Facility"* means the credit facility to be entered into by the Reorganized Debtors on the Effective Date, which provides for a revolving credit facility, including a letter of credit supplement, in an amount and on commercially reasonable terms for similar transactions, reasonably acceptable to the Debtors and the Plan Sponsor.

59. *"Fee Claim"* means a Claim under sections 328, 330(a), 331, 363, 503 or 1103 of the Bankruptcy Code for Accrued Professional Compensation.

60. *"File"* or *"Filed"* means file, filed or filing with the Bankruptcy Court or its authorized designee in these Chapter 11 Cases.

61. "*Final DIP Order*" means that certain *Final Order (I) Authorizing Debtors to Obtain Post-Petition Financing on Senior Secured, Super-Priority Basis (II) Authorizing Use of Cash Collateral and (III) Granting Adequate Protection to Prepetition Secured Parties,* entered by the Bankruptcy Court on August 13, 2008 [Docket No. 146], as the order may be amended from time to time.

62. "*Final Order*" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, as entered on the docket in any Chapter 11 Case or the docket of any

court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal, or seek certiorari or move for a new trial, reargument or rehearing has expired and no appeal or petition for certiorari or other proceedings for a new trial, reargument or rehearing been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely Filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing shall have been denied, resulted in no modification of such order or has otherwise been dismissed with prejudice.

63. "*General Unsecured Claim*" means (a) any Senior Subordinated Note Claim and (b) any unsecured Claim against any Debtor that is not a Priority Tax Claim, Administrative Claim, Fee Claim, Other Priority Claim or Intercompany Claim.

64. "*Governmental Bar Date"* means January 9, 2009.

65. "*Holder*" means an Entity holding a Claim or an Equity Interest.

66. "*Impaired*" means any Claims in an Impaired Class.

67. "*Impaired Class*" means an impaired Class within the meaning of section 1124 of the Bankruptcy Code.

68. "*Indemnified Parties*" means, collectively, the Debtors and each of their respective members (including *ex officio* members), officers, directors, employees and partners, each in their respective capacities as such and solely to the extent that each such party was serving in such capacity immediately prior to the Effective Date.

69. "*Indemnification Provision"* means each of the indemnification provisions currently in place whether in the bylaws, certificates of incorporation or other formation documents in the case of a limited liability company, board resolutions or employment contracts for the current and former directors, officers, members (including *ex officio* members), employees, attorneys, other professionals and agents of the Debtors and such current and former directors, officers and members' respective Affiliates.

70. "*Indenture Trustee"* means U.S. Bank National Association as indenture trustee with respect to the Senior Subordinated Notes.

71. "*Initial Distribution Date"* means the date that is thirty (30) days after the Effective Date when distributions under the Plan shall commence.

72. "*Intercompany Claim*" means any Claim of a Debtor against another Debtor.

73. "*Intercompany Interest"* means an Equity Interest in a Debtor held by another Debtor.

74. "*Management and Director Equity Incentive Program"* means a post-Effective Date director and officer equity compensation incentive program to be approved and implemented by the New Board. The equity issued under the Management and Director Equity Incentive Program shall dilute the New Stock to be issued under the Plan.

75. "*Master Ballots"* means the master ballots accompanying the Disclosure Statement upon which certain Holders of Impaired Claims entitled to vote shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the Plan and the procedures governing the solicitation process, and which must be actually received on or before the Voting Deadline.

76. "*Mezzanine Debt Facility"* means the credit facility to be entered into by the Reorganized Debtors on the Effective Date in accordance with the Mezzanine Debt Term Sheet, on commercially reasonable terms for similar transactions reasonably acceptable to the Debtors and the Plan Sponsor.

77. "*Mezzanine Debt Term Sheet*" means the term sheet annexed as Exhibit B to the Plan.

78. "*New Board*" means the initial board of directors of Reorganized Pierre.

79. *"New Stock"* means the equity in Reorganized Pierre to be authorized, issued or reserved on the Effective Date pursuant to the Plan, which shall constitute all of the equity of Reorganized Pierre and have the terms set forth in the Plan Supplement.

80. "*New Term Loans*" mean, collectively, the aggregate amount of outstanding secured debt under the Prepetition Credit Agreement (after the conversion of debt and issuance of the mezzanine debt and New Stock described in Article V.C of the Plan) that will be restructured pursuant to and in accordance with the terms of the Amended and Restated Credit Agreement under the Plan.

81. "*Nominee*" means a bank, broker or other nominee in whose name securities are transferred by agreement between such nominee and the Beneficial Holder.

82. "*Non-Voting Classes*" means, collectively, Classes 1, 2, 5 and 6.

83. *"Ordinary Course Professionals Order"* means that certain *Order Authorizing the Debtors' Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business Nunc Pro Tunc to the Commencement Date*, entered by the Bankruptcy Court on August 13, 2008 [Docket No. 150], as the order may be amended from time to time.

84. "*Other Priority Claim*" means any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim.

85. "*Other Secured Claim*" means any secured Claim, other than a: (a) DIP Credit Agreement Claim; or (b) Prepetition Credit Agreement Claim.

86. *"Periodic Distribution Date"* means the first Business Day that is as soon as reasonably practicable occurring no later than thirty (30) days after the Initial Distribution Date, and for the first eight (8) months thereafter, the first Business Day that is as soon as reasonably practicable occurring no later than thirty (30) days after the immediately preceding Periodic Distribution Date. After eight (8) months thereafter, the Periodic Distribution Date will occur on the first Business Day that is as soon as reasonably practicable occurring approximately sixty (60) days after the immediately preceding Periodic Distribution Date.

87. "*Person*" means a person as defined in section 101(41) of the Bankruptcy Code.

88. "*Plan*" means this *Joint Plan of Reorganization of Pierre Foods, Inc. and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* dated September 29, 2008, as amended, supplemented or modified from time to time, including, without limitation, the Plan Supplement, which is incorporated herein by reference.

89. "*Plan Objection Deadline*" means [December 5, 2008] prevailing Eastern Time.

90. "*Plan Sponsor"* means Oaktree Capital Management L.P. and/or its affiliates or designees.

91. *"Plan Sponsor Release"* means the release provision set forth in Article X.G of the Plan.

92. "*Plan Supplement*" means the compilation of documents and forms of documents, schedules and exhibits to be Filed prior to the hearing at which the Bankruptcy Court considers whether to confirm the Plan, as amended, supplemented or modified from time to time in accordance with the terms hereof and the Bankruptcy Code and the Bankruptcy Rules, comprising, without limitation, the following documents: (a) new organizational documents; (b) to the extent known, the identity of the members of the New Board and the nature of any compensation for any member of the New Board who is an "insider" under the Bankruptcy Code; (c) the list of the parties receiving notices of proposed assumptions under Article VI.C of the Plan and corresponding proposed cure

amounts; (d) the list of Executory Contracts and Unexpired Leases designated by the Debtors, with the consent of the Plan Sponsor, to be rejected on the Effective Date; (e) the forms of the Amended and Restated Credit Agreement, the Mezzanine Debt Facility, the Exit Facility and related documents; (f) the Restructuring Transactions Notice; (g) the terms of the New Stock; and (h) the list of Employee-Related Agreements.

93. "*Prepetition Administrative Agent*" means Wachovia Bank, National Association, in its capacity as such.

94. "*Prepetition Agent*" means, collectively, the Prepetition Administrative Agent and the Prepetition Collateral Agent, as the context requires.

95. "*Prepetition Collateral Agent*" means Wachovia Bank, National Association, in its capacity as such.

96. "*Prepetition Credit Agreement*" means that certain Credit Agreement dated as of June 30, 2004, as amended, between Pierre Foods, Inc., as borrower, each of the Debtors, as guarantors, Bank of America Securities LLC, as syndication agent, Wachovia Bank, National Association, as administrative agent, collateral agent, swing line lender, lender and an L/C Issuer, and the banks, financial institutions and other lenders parties thereto, including all other documents related thereto.

97. "*Prepetition Credit Agreement Claim*" means any Claim derived from or based upon the Prepetition Credit Agreement, including, without limitation, the reasonable fees and expenses of the Prepetition Agent and its advisors (including, without limitation, the reasonable and documented fees and expenses of Milbank, Tweed, Hadley & McCloy LLP and Capstone Advisory Group, LLC) up to the Effective Date, not previously paid by the Debtors.

98. "*Prepetition Lenders*" means those lenders party to the Prepetition Credit Agreement from time to time.

99. "*Prepetition Lender Equity Allocation*" means 100% of the New Stock.

100. "*Priority Tax Claim*" means any Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

101. "*Proof of Claim*" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

102. "*Pro Rata*" means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a particular Class bear to the aggregate amount of Allowed Claims in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan.

103. "*Record Date*" means the close of business on [October 31, 2008].

104. "*Release Opt-Out Form*" means a form attached as an exhibit to the Ballots, due by the Voting Deadline, pursuant to which Holders of Claims in the Voting Classes who do not otherwise vote to accept or reject the Plan may opt out of the Third Party Release set forth in Article X.C of the Plan.

105. "*Releasing Parties*" means the Prepetition Agent, the DIP Agent, the DIP Arranger, the DIP Lenders, the Prepetition Lenders, the Committee, the Committee Members, the Plan Sponsor, Holders of Senior Subordinated Note Claims and all Holders of Claims other than those Holders of Claims in Classes 3 or 4 who (a) vote to reject the Plan or (b) do not otherwise vote to accept or reject the Plan but who timely submit a Release Opt-Out Form indicating such Holder's decision to not participate in the Third Party Release set forth in Article X.C of the Plan.

106. "*Reorganized Debtors*" means the Debtors, in each case, or any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date.

107. *"Reorganized Pierre"* means Pierre Holding Corporation or such other Debtor identified in the Restructuring Transaction Notice or any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date.

108. *"Restructuring Transactions"* means a dissolution or winding up of the corporate existence of a Debtor or the consolidation, merger, contribution of assets, or other transaction pursuant to which a Reorganized Debtor merges with or transfers substantially all of its assets and liabilities to a Reorganized Debtor or newly formed entity, on or after the Effective Date, as set forth in the Restructuring Transactions Notice.

109. *"Restructuring Transactions Notice"* means the notice contained in the Plan Supplement listing the relevant Restructuring Transactions, including the corporate structure of the Reorganized Debtors.

110. "*Retained Professional*" means any Entity: (a) employed in these Chapter 11 Cases 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 or 331 of the Bankruptcy Code; or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

111. "*Senior Subordinated Notes*" means the 9-7/8% Senior Subordinated Notes due July 15, 2012, issued by Pierre Foods, Inc. (as successor to Pierre Merger Corp.) and guaranteed by each of the Debtors other than PFMI and Pierre Holding Corp. pursuant to the Senior Subordinated Notes Indenture.

112. *"Senior Subordinated Note Claim"* means any Claim derived from or based upon the Senior Subordinated Notes Indentures.

113. "*Senior Subordinated Notes Indenture*" means that certain Indenture, dated as of June 30, 2004, among Pierre Merger Corp. (predecessor to Pierre Foods Inc.), as issuer, Fresh Foods LLC, as the initial guarantor, and U.S. Bank National Association, as trustee, as amended by the supplemental indentures dated as of September 13, 2006 and January 5, 2007, respectively.

114. "*Schedules*" mean, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified or supplemented from time to time.

115. *"Secondary Liability Claim"* means any Claim that arises from a Debtor being liable as a guarantor of, or otherwise being jointly, severally or secondarily liable for, any contractual, tort or other obligation of another Debtor, including, without limitation, any Claim based on: (a) guaranties of collection, payment or performance; (b) indemnity bonds, obligations to indemnify or obligations to hold harmless; (c) performance bonds; (d) contingent liabilities arising out of contractual obligations or out of undertakings (including any assignment or other transfer) with respect to leases, operating agreements or other similar obligations made or given by a Debtor relating to the obligations or performance of another Debtor; (e) vicarious liability; (f) liabilities arising out of piercing the corporate veil, alter ego liability or similar legal theories; or (g) any other joint or several liability that any Debtor may have in respect of any obligation of another Debtor that is the basis of a Claim.

116. *"Securities Act"* means the United States Securities Act of 1933, as amended.

117. *"Shareholders Agreement"* means a shareholders agreement with respect to the New Stock substantially in the form to be filed no later than five days prior to the hearing to consider approval of the Disclosure Statement.

118. "*Solicitation and Voting Procedures*" means the procedures approved by the Bankruptcy Court for soliciting, receiving and tabulating votes on the Plan and for filing objections to the Plan, among other things, annexed to the Disclosure Statement Order as Exhibit 1.

119. "*Solicitation Date*" means the date on which the Debtors intend to distribute the Solicitation Packages, which date is no less than 25 calendar days before the Voting Deadline.

120. "*Solicitation Package*" means: (a) a cover letter from the Debtors urging Holders of Claims in the Voting Classes to vote to accept the Plan; (b) if applicable, a letter from the Committee recommending that Holders of Claims in the Voting Classes to vote to accept the Plan; (c) the Disclosure Statement (together with the Plan, annexed as Exhibit A thereto); (d) the Disclosure Statement Order (together with the Solicitation Procedures, annexed as Exhibit 1 thereto); (e) the Confirmation Hearing Notice; (f) an appropriate form of Ballot and/or Master Ballot, as applicable, with corresponding voting instructions with respect thereto (together with a pre-addressed, postage prepaid return envelope); and (g) such other materials as the Bankruptcy Court may direct.

121. *"Third Party Release"* means the release provision set forth in Article X.C of the Plan.

122. "*Third Party Releasees*" means, collectively, the Prepetition Agent, the DIP Agent, the DIP Arranger, the DIP Lenders, the Prepetition Lenders, the Plan Sponsor, Holders of Senior Subordinated Note Claims, the Committee, the Indenture Trustee and all of their respective current and former members (including *ex officio* members), officers, directors, employees, partners, attorneys, financial advisors, accountants, managed funds, investment bankers, investment advisors, actuaries, professionals and affiliates, each in their respective capacities as such; provided, however, that any Holder of a Claim in Class 3 or Class 4 who either votes to reject the Plan or who do not otherwise vote to accept or reject the Plan but who timely submits a Release Opt-Out Form indicating such Holder's decision to not participate in the Third Party Release set forth in Article X.C of the Plan shall not be considered a "Third Party Releasee"; provided, further, that no Holder of Class 5 Equity Interests shall be considered a "Third Party Releasee," as Class 5 is deemed to reject the Plan.

123. "*Tort Claim*" means any Claim that has not been settled, compromised or otherwise resolved that: (a) arises out of allegations of personal injury, wrongful death, property damage, products liability or similar legal theories of recovery; or (b) arises under any federal, state or local statute, rule, regulation or ordinance governing, regulating or relating to protection of human health, safety or the environment.

124. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

125. "*Unimpaired*" means, with respect to a Class of Claims or Equity Interests, a Claim or an Equity Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

126. "*Unimpaired Class*" means an unimpaired Class within the meaning of section 1124 of the Bankruptcy Code.

127. "*USDA*" means the United States Department of Agriculture.

128. *"Voting and Claims Agent"* means Kurtzman Carson Consultants LLC, in its capacity as notice, claims and balloting agent for the Debtors, pursuant to that certain *Order Authorizing Debtors to Employ and Retain Kurtzman Carson Consultants LLC as Notice, Claims and Soliciation Agent*, entered by the Bankruptcy Court on July 16, 2008 [Docket No. 54].

129. "*Voting Classes*" means, collectively, Classes 3 and 4.

130. *"Voting Deadline"* means [December 5, 2008] at 4:00 p.m. prevailing Pacific Time for all Holders of Claims, which is the date and time by which all Ballots and Master Ballots, as applicable, must be received by the Voting and Claims Agent in accordance with the Disclosure Statement Order, or such other date and time as may be established by the Bankruptcy Court with respect to any Voting Class.

XI.
RECOMMENDATION

In the opinion of the Debtors, the Plan is preferable to the alternatives described in this Disclosure Statement because it provides for a larger distribution to the Debtors' creditors than would otherwise result in a liquidation under chapter 7 of the Bankruptcy Code. In addition, any alternative other than Confirmation of the Plan could result in extensive delays and increased administrative expenses resulting in smaller distributions to Holders of Allowed Claims than that which is proposed under the Plan. Accordingly, the Debtors recommend that Holders of Claims entitled to vote on the Plan support Confirmation of the Plan and vote to accept the Plan.

Respectfully submitted,

/s/ Cynthia S. Hughes

Pierre Foods, Inc.
(for itself and on behalf of each of the Debtors)

By: Cynthia S. Hughes

Title: Vice President, Chief Financial Officer, Treasurer and Secretary

Dated: September 29, 2008

Prepared by:

KIRKLAND & ELLIS LLP

Citigroup Center

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New York, New York 10022-4611

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ATTORNEYS FOR THE DEBTORS
AND DEBTORS IN POSSESSION

EXHIBIT A

The Plan

EXHIBIT B

The Disclosure Statement Order

[TO COME]

EXHIBIT C

The Reorganized Debtors' Projections

[TO COME]

EXHIBIT D

The Reorganized Debtors' Valuation

EXHIBIT E

The Liquidation Analysis

EXHIBIT A

The Plan

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
PIERRE FOODS, INC., et al.,[1]	)	Case No. 08-11480 (KG)
Debtors.	)	Jointly Administered

JOINT PLAN OF REORGANIZATION FOR PIERRE FOODS, INC. AND ITS AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

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Co-Counsel for the Debtors and Debtors in Possession

Dated: September 29, 2008

1 The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Pierre Foods, Inc. (5643); Pierre Holding Corp. (0320); PF Management, Inc. (4935); Pierre Real Property, LLC (5302); Fresh Foods Properties, LLC (1730); Clovervale Farms, Inc. (1082); Chefs Pantry, Inc. (5649); Clovervale Transportation, Inc. (9470); Zartic, LLC (9891); Zartic Real Property, LLC (9895); Zar Tran, LLC (9892); Warfighter Foods, LLC (5678); Zar Tran Real Property, LLC (9896). Pierre Real Property, LLC, Zartic Real Property, LLC, and Warfighter Foods, LLC are not operating entities and do not have any officers. The location of the Debtors' corporate headquarters and the service address for all Debtors is: 9990 Princeton Road, Cincinnati, Ohio 45246.

Filed: 9/29/08
Docket #: 377

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JOINT PLAN OF REORGANIZATION OF PIERRE FOODS INC. AND ITS DEBTOR AFFILIATES UNDER CHAPTER 11 OF THE BANKRUPTCY CODE

Pierre Foods, Inc., together with its direct and indirect subsidiaries and its Affiliates, Pierre Holding Corp., PF Management, Inc. ("PFMI"), Pierre Real Property, LLC, Fresh Foods Properties, LLC, Clovervale Farms, Inc., Chefs Pantry, Inc., Clovervale Transportation, Inc., Zartic, LLC, Zartic Real Property, LLC, Zar Tran, LLC, Warfighter Foods, LLC, and Zar Tran Real Property, LLC, as debtors and debtors in possession (collectively, "Pierre" or the "Debtors"), propose the following joint plan of reorganization (the "Plan") for the resolution of the outstanding claims against, and equity interests in, the Debtors. The Debtors are the proponents of the Plan within the meaning of section 1129 of the Bankruptcy Code (as defined below). Reference is made to the Debtors' disclosure statement, which was approved by the Bankruptcy Court on [___], 2008[2] (the "Disclosure Statement"), for a discussion of the Debtors' history, businesses, results of operations, historical financial information, accomplishments during the Chapter 11 Cases (as defined below), projections and properties, and for a summary and analysis of this Plan and the treatment provided for herein. There also are other agreements and documents, which are or will be filed with the Bankruptcy Court, that are referenced in this Plan or the Disclosure Statement.

ARTICLE I.

RULES OF INTERPRETATION, COMPUTATION OF TIME, GOVERNING LAW AND DEFINED TERMS

A. Rules of Interpretation, Computation of Time and Governing Law

1. For purposes herein: (a) in the appropriate context, each term, whether stated in 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 the neuter gender; (b) any reference herein to a contract, lease, instrument, release, indenture or other agreement or document being in a particular form or on particular terms and conditions means that the referenced document shall be substantially in that form or substantially on those terms and conditions; (c) any reference herein to an existing document or exhibit having been Filed or to be Filed shall mean that document or exhibit, as it may thereafter be amended, modified or supplemented; (d) unless otherwise specified, all references herein to "Articles" are references to Articles hereof or hereto; (e) unless otherwise stated, the words "herein," "hereof" and "hereto" refer to the Plan in its entirety rather than to a particular portion of the Plan; (f) captions and headings to Articles are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation hereof; (g) the rules of construction set forth in section 102 of the Bankruptcy Code shall apply; and (h) any term used in capitalized form herein that is not otherwise defined but that is used in the Bankruptcy Code or the Bankruptcy Rules shall have the meaning assigned to that term in the Bankruptcy Code or the Bankruptcy Rules, as the case may be.

2. The provisions of Bankruptcy Rule 9006(a) shall apply in computing any period of time prescribed or allowed herein.

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2 All bracketed dates set forth herein are proposed dates. On or before October 10, 2008, the Debtors intend to file a motion seeking entry of an order: (i) approving the Disclosure Statement; (ii) establishing, among other dates, the voting record date and the deadline for voting on the Plan and for objecting to the Plan; and (iii) approving procedures for soliciting, receiving and tabulating votes on and filing objections to the Plan. Until the entry of such order, however, bracketed dates should not be relied upon by any party in interest.

B. Defined Terms

Unless the context otherwise requires, the following terms shall have the following meanings when used in capitalized form herein:

1. "*Accrued Professional Compensation*" means, at any given moment, all accrued, contingent and/or unpaid fees and expenses (including, without limitation, success fees and Allowed Professional Compensation) for legal, financial advisory, accounting and other services and reimbursement of expenses that are awardable and allowable under sections 328, 330(a) or 331 of the Bankruptcy Code or otherwise rendered allowable prior to the Confirmation Date by any Retained Professionals in the Chapter 11 Cases, or that are awardable and allowable under section 503 of the Bankruptcy Code for the Committee, that the Bankruptcy Court has not denied by a Final Order, to the extent that any such fees and expenses have not been previously paid regardless of whether a fee application has been Filed for any such amount. To the extent that the Bankruptcy Court or any higher court denies or reduces by a Final Order any amount of a Retained Professional's fees or expenses or Committee Member's expenses, then those reduced or denied amounts shall no longer constitute Accrued Professional Compensation.

2. "*Administrative Claim*" means any Claim for costs and expenses of administration of the Estates under sections 503(b), 507(b) or 1114(e)(2) of the Bankruptcy Code, including, without limitation: (a) the actual and necessary costs and expenses incurred after the Commencement Date of preserving the respective Estates and operating the businesses of the Debtors; (b) Allowed Professional Compensation; (c) all fees and charges assessed against the Estates under chapter 123 of title 28 of the United States Code, 28 U.S.C. §§ 1911-1930; (d) Allowed reimbursable expenses of Committee Members; and (e) claims under section 503(b)(9) of the Bankruptcy Code. Administrative Claims do not include DIP Credit Agreement Claims, which are separately treated under the Plan.

3. "*Affiliate*" has the meaning set forth at section 101(2) of the Bankruptcy Code.

4. "*AHYDO*" means the applicable High Yield Discount Obligation.

5. "*Allowed*" means, with respect to Claims: (a) any Claim, proof of which is timely Filed by the applicable Claims Bar Date (or which by the Bankruptcy Code or Final Order is not or shall not be required to be Filed); (b) any Claim that is listed in the Schedules as of the Effective Date as not contingent, not unliquidated and not disputed, and for which no Proof of Claim has been timely Filed; or (c) any Claim Allowed pursuant to the Plan; *provided, however,* that with respect to any Claim described in clause (a) above, such Claim shall be considered Allowed only if and to the extent that with respect to any Claim no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court or such an objection is so interposed and the Claim shall have been Allowed for distribution purposes only by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated or disputed, and for which no Proof of Claim has been timely Filed, is not considered Allowed and shall be expunged without further action by the Debtors or the Reorganized Debtors and without any further notice to or action, order or approval of the Bankruptcy Court.

6. "*Allowed Professional Compensation*" means all Accrued Professional Compensation allowed or awarded by a Final Order of the Bankruptcy Court or any other court of competent jurisdiction.

7. "*Amended and Restated Credit Agreement*" means the amended and restated Prepetition Credit Agreement, the terms of which are consistent with the Amended and Restated Credit Agreement Term Sheet and are in form and substance acceptable to the Prepetition Agent and the Plan Sponsor.

8. "*Amended and Restated Credit Agreement Term Sheet*" means the term sheet attached as Exhibit A to this Plan.

9. "*Ballots*" means the ballots accompanying the Disclosure Statement upon which certain Holders of Impaired Claims entitled to vote shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the Plan and the procedures governing the solicitation process, and which must be actually received on or before the Voting Deadline.

10. *"Bankruptcy Code"* means Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101-1532, as applicable to the Chapter 11 Cases.

11. *"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 the withdrawal of any reference under section 157 of title 28 of the United States Code and/or the Order of the United States District Court for the District of Delaware pursuant to section 157(a) of title 28 of the United States Code, the United States District Court for the District of Delaware.

12. *"Bankruptcy Rules"* means the Federal Rules of Bankruptcy Procedure, as applicable to the Chapter 11 Cases, promulgated under 28 U.S.C. § 2075 and the general, local and chambers rules of the Bankruptcy Court.

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

14. *"Cash"* means the legal tender of the United States of America or the equivalent thereof.

15. *"Causes of Action"* means all actions, causes of action, Claims, liabilities, obligations, rights, suits, debts, damages, judgments, remedies, demands, setoffs, defenses, recoupments, crossclaims, counterclaims, third-party claims, indemnity claims, contribution claims or any other claims disputed or undisputed, suspected or unsuspected, foreseen or unforeseen, direct or indirect, choate or inchoate, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Commencement Date or during the course of the Chapter 11 Cases, including through the Effective Date.

16. *"Chapter 11 Cases"* means (a) when used with reference to a particular Debtor, the chapter 11 case pending for that Debtor under chapter 11 of the Bankruptcy Code in the Bankruptcy Court and (b) when used with reference to all Debtors, the procedurally consolidated chapter 11 cases pending for the Debtors in the Bankruptcy Court.

17. *"Claim"* means any claim against a Debtor as defined in section 101(5) of the Bankruptcy Code.

18. *"Claims Bar Date"* means, as applicable, (a) October 31, 2008, (b) the Governmental Bar Date or (c) such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court for Filing such Claims.

19. *"Claims Objection Bar Date"* means, for each Claim, the later of (a) 180 days after the Effective Date and (b) such other period of limitation as may be specifically fixed by an order of the Bankruptcy Court for objecting to such Claims; *provided, however*, that in no event shall the Claims Objection Bar Date be greater than 120 days after the Effective Date with respect to any General Unsecured Claim in Class 4.

20. *"Claims Register"* means the official register of Claims maintained by the Voting and Claims Agent.

21. *"Class"* means a category of Holders of Claims or Equity Interests as set forth in Article III hereof pursuant to section 1122(a) of the Bankruptcy Code.

22. *"Commencement Date"* means July 15, 2008, the date on which the Debtors commenced the Chapter 11 Cases.

23. *"Commission"* means the U.S. Securities and Exchange Commission.

24. *"Committee"* means the official committee of unsecured creditors of the Debtors appointed by the United States Trustee in the Chapter 11 Cases on July 28, 2008, pursuant to section 1102 of the Bankruptcy Code, comprising the Committee Members and as reconstituted from time to time.

25. "*Committee Members*" means the members of the Committee, namely: (a) U.S. Bank National Association, as Indenture Trustee; (b) Fidelity Puritan Trust: Fidelity Puritan Fund; (c) Federated High Income Bond Fund; (d) Ares II CLO Ltd.; (e) Americraft Carton, Inc.; (e) Skidmore Sales & Distributing Co., Inc.; and (f) Genpak LP.

26. "*Confirmation*" means the entry of the Confirmation Order on the docket of the Chapter 11 Cases, subject to all conditions specified in Article IX hereof having been: (a) satisfied; or (b) waived pursuant to Article IX.C hereof.

27. "*Confirmation Date*" means the date upon which the Bankruptcy Court enters the Confirmation Order on the docket of the Chapter 11 Cases, within the meaning of Bankruptcy Rules 5003 and 9021.

28. "*Confirmation Hearing*" means the hearing held by the Bankruptcy Court on Confirmation of the Plan pursuant to section 1129 of the Bankruptcy Code, as such hearing may be continued from time to time.

29. "*Confirmation Order*" means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

30. "*Consummation*" means the occurrence of the Effective Date.

31. "*Cure Claim*" means a Claim based upon the Debtors' defaults on an Executory Contract or Unexpired Lease at the time such contract or lease is assumed by the Debtors under sections 365 or 1123 of the Bankruptcy Code.

32. "*Debtor*" means one of the Debtors, in its individual capacity as a debtor in these Chapter 11 Cases.

33. "*Debtor Release*" means the release given by the Debtors to the Debtor Releasees as set forth in Article X.B hereof.

34. "*Debtor Releasees*" means, collectively, (a) all current and former members (including *ex officio* members), officers and directors of the Debtors, their subsidiaries and the Committee and (b) all attorneys, financial advisors, accountants, investment bankers, investment advisors, actuaries, professionals and affiliates of the Debtors, their subsidiaries and the Committee, and each of their respective predecessors and successors in interest, and all of their respective current and former members (including *ex officio* members), officers, directors, employees, partners, attorneys, financial advisors, accountants, managed funds, investment bankers, investment advisors, actuaries, professionals and affiliates, each in their respective capacities as such.

35. "*Debtors in Possession*" means, collectively, the Debtors, as debtors in possession in these Chapter 11 Cases.

36. "*D&O Liability Insurance Policies*" means all insurance policies for directors and officers' liability maintained by the Debtors as of the Commencement Date, including, without limitation: (a) Directors', Officers', Insured Entity and Employment Practices Liability Insurance, issued by Great American Insurance Company and expiring on July 30, 2009; and (b) Universal Excess Policy, issued by Twin City Fire Insurance Company and expiring on July 30, 2009.

37. "*DIP Agent*" means OCM POF IV PF Ltd. in its capacity as administrative agent and collateral agent.

38. "*DIP Arranger*" means funds managed by the Plan Sponsor in its capacity as lead arranger.

39. "*DIP Credit Agreement*" means that certain $35 million Super-Priority Priming Debtor in Possession Credit Agreement among Pierre Foods, Inc., as borrower, and the other Debtors as guarantors, OCM POF IV PF Ltd., as lead arranger, OCM POF IV PF Ltd., as administrative agent and collateral agent, and the banks,

financial institutions and other lenders parties thereto, as may be amended, modified, ratified, extended, renewed, restated or replaced.

40. "*DIP Credit Agreement Claim*" means any Claim arising under or related to the DIP Credit Agreement and the other "Credit Documents," as defined therein.

41. "*DIP Lenders*" means the DIP Agent, the DIP Arranger and the banks, financial institutions and other lender parties to the DIP Credit Agreement from time to time.

42. "*Disclosure Statement*" means the *Disclosure Statement for the Joint Plan of Reorganization of Pierre Foods, Inc. and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code*, as amended, supplemented or modified from time to time, including all exhibits and schedules thereto and references therein that relate to the Plan, that is prepared and distributed in accordance with the Bankruptcy Code, Bankruptcy Rules and any other applicable law.

43. "*Disclosure Statement Order*" means that certain *Order Approving the Debtors' Disclosure Statement and Relief Related Thereto*, entered by the Bankruptcy Court on [___] [Docket No. ___], as the order may be amended from time to time.

44. "*Disputed Claim*" means, with respect to any Claim, any Claim that is not yet Allowed.

45. "*Distribution Agent*" means any Entity or Entities chosen by the Debtors, which Entities may include, without limitation, the Voting and Claims Agent, the Securities Voting Agent and the Indenture Trustee, to make or to facilitate distributions required by the Plan.

46. *"Distribution Record Date"* means the date for determining which Holders of Claims are eligible to receive distributions hereunder and shall be the Voting Deadline or such other date as designated in an order of the Bankruptcy Court.

47. "*Effective Date*" means the day that is the first Business Day after the Confirmation Date on which: (a) no stay of the Confirmation Order is in effect; and (b) all conditions specified in Article IX.B hereof have been: (i) satisfied; or (ii) waived pursuant to Article IX.C hereof.

48. *"Employee-Related Agreement"* means those certain employee-related agreements in effect as of the Commencement Date (including through subsequent extension) set forth in a schedule included in the Plan Supplement, which schedule is subject to the approval of the Plan Sponsor.

49. "*Entity*" means an entity as defined in section 101(15) of the Bankruptcy Code.

50. "*Equity Interest*" means any share of common stock, preferred stock or other instrument evidencing an ownership interest in Pierre Holding Corp., whether or not transferable, and any option, warrant or right, contractual or otherwise, to acquire any such interest in a Debtor that existed immediately prior to the Effective Date; *provided, however*, that Equity Interest does not include any Intercompany Interest.

51. "*Estate*" means, as to each Debtor, the estate created for the Debtor in its Chapter 11 Case pursuant to section 541 of the Bankruptcy Code.

52. *"Exchange Act"* means the Securities Act of 1933, 15 U.S.C. §§ 77a-77aa, or any similar federal, state or local law.

53. "*Exculpated Parties*" means, collectively: (a) the Debtors; (b) the Reorganized Debtors; (c) the Debtor Releasees; (d) the Plan Sponsor; (e) the Committee; and (f) all of the current and former members (including *ex officio* members), officers, directors, employees, partners, attorneys, financial advisors, accountants, managed funds, investment bankers, investment advisors, actuaries, professionals, agents, affiliates, fiduciaries and

representatives of each of the foregoing Entities (whether current or former, in each case in his, her or its capacity as such).

54. "*Exculpation*" means the exculpation provision set forth in Article X.D hereof.

55. "*Executory Contract*" means a contract to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

56. *"Exit Facility"* means the credit facility to be entered into by the Reorganized Debtors on the Effective Date, which provides for a revolving credit facility, including a letter of credit supplement, in an amount and, on commercially reasonable terms for similar transactions, reasonably acceptable to the Debtors and the Plan Sponsor.

57. *"Fee Claim"* means a Claim under sections 328, 330(a), 331, 363, 503 or 1103 of the Bankruptcy Code for Accrued Professional Compensation.

58. *"File"* or *"Filed"* means file, filed or filing with the Bankruptcy Court or its authorized designee in these Chapter 11 Cases.

59. "*Final DIP Order*" means that certain *Final Order (I) Authorizing Debtors to Obtain Post-Petition Financing on Senior Secured, Super-Priority Basis (II) Authorizing Use of Cash Collateral and (III) Granting Adequate Protection to Prepetition Secured Parties,* entered by the Bankruptcy Court on August 13, 2008 [Docket No. 146], as the order may be amended from time to time.

60. "*Final Order*" means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction with respect to the subject matter, as entered on the docket in any Chapter 11 Case or the docket of any court of competent jurisdiction, that has not been reversed, stayed, modified or amended, and as to which the time to appeal, or seek certiorari or move for a new trial, reargument or rehearing has expired and no appeal or petition for certiorari or other proceedings for a new trial, reargument or rehearing been timely taken, or as to which any appeal that has been taken or any petition for certiorari that has been timely Filed has been withdrawn or resolved by the highest court to which the order or judgment was appealed or from which certiorari was sought or the new trial, reargument or rehearing shall have been denied, resulted in no modification of such order or has otherwise been dismissed with prejudice.

61. *"General Unsecured Claim"* means (i) any Senior Subordinated Note Claim and (ii) any unsecured Claim against any Debtor that is not a Priority Tax Claim, Administrative Claim, Fee Claim, Other Priority Claim or Intercompany Claim.

62. *"Governmental Bar Date"* means January 9, 2009.

63. "*Holder*" means an Entity holding a Claim or an Equity Interest.

64. *"Impaired"* means any Claims in an Impaired Class.

65. "*Impaired Class*" means an impaired Class within the meaning of section 1124 of the Bankruptcy Code.

66. "*Indemnified Parties*" means, collectively, the Debtors and each of their respective members (including *ex officio* members), officers, directors, employees and partners, each in their respective capacities as such and solely to the extent that each such party was serving in such capacity immediately prior to the Effective Date.

67. *"Indemnification Provision"* means each of the indemnification provisions currently in place whether in the bylaws, certificates of incorporation or other formation documents in the case of a limited liability company, board resolutions or employment contracts for the current and former directors, officers, members

(including *ex officio* members), employees, attorneys, other professionals and agents of the Debtors and such current and former directors, officers and members' respective Affiliates.

68. *"Indenture Trustee"* means U.S. Bank National Association as indenture trustee with respect to the Senior Subordinated Notes.

69. "*Initial Distribution Date*" means the date that is thirty (30) days after the Effective Date when distributions under the Plan shall commence.

70. "*Intercompany Claim*" means any Claim of a Debtor against another Debtor.

71. *"Intercompany Interest"* means an Equity Interest in a Debtor held by another Debtor.

72. *"Management and Director Equity Incentive Program"* means a post-Effective Date director and officer equity compensation incentive program to be approved and implemented by the New Board. The equity issued under the Management and Director Equity Incentive Program shall dilute the New Stock to be issued under the Plan.

73. *"Master Ballots"* means the master ballots accompanying the Disclosure Statement upon which certain Holders of Impaired Claims entitled to vote shall, among other things, indicate their acceptance or rejection of the Plan in accordance with the Plan and the procedures governing the solicitation process, and which must be actually received on or before the Voting Deadline.

74. *"Mezzanine Debt Facility"* means the credit facility to be entered into by the Reorganized Debtors on the Effective Date in accordance with the Mezzanine Debt Term Sheet, on commercially reasonable terms for similar transactions reasonably acceptable to the Debtors and the Plan Sponsor.

75. "Mezzanine Debt Term Sheet" means the term sheet attached as Exhibit B to this Plan.

76. "*New Board*" means the initial board of directors of Reorganized Pierre.

77. *"New Stock"* means the equity in Reorganized Pierre to be authorized, issued or reserved on the Effective Date pursuant to the Plan, which shall constitute all of the equity of Reorganized Pierre and have the terms set forth in the Plan Supplement.

78. *"Ordinary Course Professionals Order"* means that certain *Order Authorizing the Debtors' Retention and Compensation of Certain Professionals Utilized in the Ordinary Course of Business Nunc Pro Tunc to the Commencement Date*, entered by the Bankruptcy Court on August 13, 2008 [Docket No. 150], as the order may be amended from time to time.

79. "*Other Priority Claim*" means any Claim accorded priority in right of payment under section 507(a) of the Bankruptcy Code, other than a Priority Tax Claim.

80. "*Other Secured Claim*" means any secured Claim, other than a: (a) DIP Credit Agreement Claim; or (b) Prepetition Credit Agreement Claim.

81. *"Periodic Distribution Date"* means the first Business Day that is as soon as reasonably practicable occurring no later than thirty (30) days after the Initial Distribution Date, and for the first eight (8) months thereafter, the first Business Day that is as soon as reasonably practicable occurring no later than thirty (30) days after the immediately preceding Periodic Distribution Date. After eight (8) months thereafter, the Periodic Distribution Date will occur on the first Business Day that is as soon as reasonably practicable occurring approximately sixty (60) days after the immediately preceding Periodic Distribution Date.

82. "*Person*" means a person as defined in section 101(41) of the Bankruptcy Code.

83. "*Plan*" means this *Joint Plan of Reorganization of Pierre Foods, Inc. and Its Debtor Affiliates Under Chapter 11 of the Bankruptcy Code* dated September 29, 2008, as amended, supplemented or modified from time to time, including, without limitation, the Plan Supplement, which is incorporated herein by reference.

84. "*Plan Sponsor*" means Oaktree Capital Management L.P. and/or its affiliates or designees.

85. "*Plan Sponsor Release*" means the release provision set forth in Article X.G hereof.

86. "*Plan Supplement*" means the compilation of documents and forms of documents, schedules and exhibits to be Filed prior to the hearing at which the Bankruptcy Court considers whether to confirm the Plan, as amended, supplemented or modified from time to time in accordance with the terms hereof and the Bankruptcy Code and the Bankruptcy Rules, comprising, without limitation, the following documents: (a) new organizational documents; (b) to the extent known, the identity of the members of the New Board and the nature of any compensation for any member of the New Board who is an "insider" under the Bankruptcy Code; (c) the list of the parties receiving notices of proposed assumption under Article VI.C of the Plan and corresponding proposed cure amounts; (d) the list of Executory Contracts and Unexpired Leases designated by the Debtors, with the consent of the Plan Sponsor, to be rejected on the Effective Date; (e) the forms of the Amended and Restated Credit Agreement, the Mezzanine Debt Facility, the Exit Facility and related documents; (f) the Restructuring Transactions Notice; (g) the terms of the New Stock; and (h) the list of Employee-Related Agreements.

87. "*Prepetition Administrative Agent*" means Wachovia Bank, National Association, in its capacity as such.

88. "*Prepetition Agent*" means, collectively, the Prepetition Administrative Agent and the Prepetition Collateral Agent, as the context requires.

89. "*Prepetition Collateral Agent*" means Wachovia Bank, National Association, in its capacity as such.

90. "*Prepetition Credit Agreement*" means that certain Credit Agreement dated as of June 30, 2004, as amended, between Pierre Foods, Inc., as borrower, each of the Debtors, as guarantors, Bank of America Securities LLC, as syndication agent, Wachovia Bank, National Association, as administrative agent, collateral agent, swing line lender, lender and an L/C Issuer, and the banks, financial institutions and other lenders parties thereto, including all other documents related thereto.

91. "*Prepetition Credit Agreement Claim*" means any Claim derived from or based upon the Prepetition Credit Agreement, including, without limitation, the reasonable fees and expenses of the Prepetition Agent and its advisors (including, without limitation, the reasonable and documented fees and expenses of Milbank, Tweed, Hadley & McCloy LLP and Capstone Advisory Group, LLC) up to the Effective Date, not previously paid by the Debtors.

92. "*Prepetition Lenders*" means those lenders party to the Prepetition Credit Agreement from time to time.

93. "*Prepetition Lender Equity Allocation*" means 100% of the New Stock.

94. "*Priority Tax Claim*" means any Claim of a governmental unit of the kind specified in section 507(a)(8) of the Bankruptcy Code.

95. "*Proof of Claim*" means a proof of Claim Filed against any of the Debtors in the Chapter 11 Cases.

96. "*Pro Rata*" means the proportion that an Allowed Claim in a particular Class bears to the aggregate amount of Allowed Claims in that Class, or the proportion that Allowed Claims in a particular Class bear

to the aggregate amount of Allowed Claims in a particular Class and other Classes entitled to share in the same recovery as such Allowed Claim under the Plan.

97. *"Record Date"* means the close of business on [October 31, 2008].

98. *"Release Opt-Out Form"* means a form attached as an exhibit to the Ballots, due by the Voting Deadline, pursuant to which Holders of Claims in the Voting Classes who do not otherwise vote to accept or reject the Plan may opt out of the Third Party Release set forth in Article X.C of the Plan.

99. *"Releasing Parties"* means the Prepetition Agent, the DIP Agent, the DIP Arranger, the DIP Lenders, the Prepetition Lenders, the Committee, the Committee Members, the Plan Sponsor, Holders of Senior Subordinated Note Claims and all Holders of Claims other than those Holders of Claims in Classes 3 or 4 who (a) vote to reject the Plan or (b) do not otherwise vote to accept or reject the Plan but who timely submit a Release Opt-Out Form indicating such Holder's decision to not participate in the Third Party Release set forth in Article X.C of the Plan.

100. *"Reorganized Debtors"* means the Debtors, in each case, or any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date.

101. *"Reorganized Pierre"* means Pierre Holding Corporation or such other Debtor identified in the Restructuring Transaction Notice or any successor thereto, by merger, consolidation or otherwise, on or after the Effective Date.

102. *"Restructuring Transactions"* means a dissolution or winding up of the corporate existence of a Debtor or the consolidation, merger, contribution of assets, or other transaction pursuant to which a Reorganized Debtor merges with or transfers substantially all of its assets and liabilities to a Reorganized Debtor or newly formed entity, on or after the Effective Date, as set forth in the Restructuring Transactions Notice.

103. *"Restructuring Transactions Notice"* means the notice contained in the Plan Supplement listing the relevant Restructuring Transactions, including the corporate structure of the Reorganized Debtors.

104. *"Retained Professional"* means any Entity: (a) employed in these Chapter 11 Cases 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 or 331 of the Bankruptcy Code; or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

105. *"Senior Subordinated Notes"* means the 9-7/8% Senior Subordinated Notes due July 15, 2012, issued by Pierre Foods, Inc. and guaranteed by each of the Debtors other than PFMI and Pierre Holding Corp. pursuant to the Senior Subordinated Notes Indenture.

106. *"Senior Subordinated Note Claim"* means any Claim derived from or based upon the Senior Subordinated Notes Indentures.

107. *"Senior Subordinated Notes Indenture"* means that certain Indenture, dated as of June 30, 2004, among Pierre Merger Corp. (predecessor to Pierre Foods Inc.), as issuer, Fresh Foods LLC, as the initial guarantor, and U.S. Bank National Association, as trustee, as amended by the supplemental indentures dated as of September 13, 2006 and January 5, 2007, respectively.

108. *"Schedules"* mean, collectively, the schedules of assets and liabilities, schedules of Executory Contracts and Unexpired Leases and statements of financial affairs Filed by the Debtors pursuant to section 521 of the Bankruptcy Code and in substantial accordance with the Official Bankruptcy Forms, as the same may have been amended, modified or supplemented from time to time.

109. *"Secondary Liability Claim"* means any Claim that arises from a Debtor being liable as a guarantor of, or otherwise being jointly, severally or secondarily liable for, any contractual, tort or other obligation of another Debtor, including, without limitation, any Claim based on: (a) guaranties of collection, payment or performance; (b) indemnity bonds, obligations to indemnify or obligations to hold harmless; (c) performance bonds; (d) contingent liabilities arising out of contractual obligations or out of undertakings (including any assignment or other transfer) with respect to leases, operating agreements or other similar obligations made or given by a Debtor relating to the obligations or performance of another Debtor; (e) vicarious liability; (f) liabilities arising out of piercing the corporate veil, alter ego liability or similar legal theories; or (g) any other joint or several liability that any Debtor may have in respect of any obligation of another Debtor that is the basis of a Claim.

110. *"Securities Act"* means the United States Securities Act of 1933, as amended.

111. *"Securities Voting Agent"* means the securities voting agent for the Debtors with respect to those Claims based on publicly-traded securities.

112. *"Shareholders Agreement"* means a shareholders agreement with respect to the New Stock substantially in the form to be filed no later than five days prior to the hearing to consider approval of the Disclosure Statement.

113. *"Third Party Release"* means the release provision set forth in Article X.C hereof.

114. "*Third Party Releasees*" means, collectively, the Prepetition Agent, the DIP Agent, the DIP Arranger, the DIP Lenders, the Prepetition Lenders, the Plan Sponsor, Holders of Senior Subordinated Note Claims, the Committee, the Indenture Trustee and all of their respective current and former members (including *ex officio* members), officers, directors, employees, partners, attorneys, financial advisors, accountants, managed funds, investment bankers, investment advisors, actuaries, professionals and affiliates, each in their respective capacities as such; *provided, however*, that any Holder of a Claim in Class 3 or Class 4 who either votes to reject the Plan or who do not otherwise vote to accept or reject the Plan but who timely submits a Release Opt-Out Form indicating such Holder's decision to not participate in the Third Party Release set forth in Article X.C of the Plan shall not be considered a "Third Party Releasee"; *provided, further*, that no Holder of Class 5 Equity Interests shall be considered a "Third Party Releasee," as Class 5 is deemed to reject the Plan.

115. "*Tort Claim*" means any Claim that has not been settled, compromised or otherwise resolved that: (a) arises out of allegations of personal injury, wrongful death, property damage, products liability or similar legal theories of recovery; or (b) arises under any federal, state or local statute, rule, regulation or ordinance governing, regulating or relating to protection of human health, safety or the environment.

116. "*Unexpired Lease*" means a lease to which one or more of the Debtors is a party that is subject to assumption or rejection under sections 365 or 1123 of the Bankruptcy Code.

117. "*Unimpaired*" means, with respect to a Class of Claims or Equity Interests, a Claim or an Equity Interest that is unimpaired within the meaning of section 1124 of the Bankruptcy Code.

118. "*Unimpaired Class*" means an unimpaired Class within the meaning of section 1124 of the Bankruptcy Code.

119. *"Voting and Claims Agent"* means Kurtzman Carson Consultants LLC, in its capacity as notice, claims and balloting agent for the Debtors, pursuant to that certain *Order Authorizing Debtors to Employ and Retain Kurtzman Carson Consultants LLC as Notice, Claims and Solicitation Agent*, entered by the Bankruptcy Court on July 16, 2008 [Docket No. 54].

120. "*Voting Classes*" means, collectively, Classes 3 and 4.

121. *"Voting Deadline"* means [December 5, 2008] at 4:00 p.m. prevailing Pacific Time for all Holders of Claims, which is the date and time by which all Ballots and Master Ballots, as applicable, must be received by the

Voting and Claims Agent or the Securities Voting Agent, as applicable, in accordance with the Disclosure Statement Order, or such other date and time as may be established by the Bankruptcy Court with respect to any Voting Class.

ARTICLE II.

ADMINISTRATIVE, DIP CREDIT AGREEMENT AND PRIORITY TAX CLAIMS

A. Administrative Claims

Each Holder of an Allowed Administrative Claim shall be paid the full unpaid amount of such Claim in Cash (a) on or as soon as reasonably practicable after the Effective Date, (b) if such Claim is Allowed after the Effective Date, on or as soon as reasonably practicable after the date such Claim is Allowed, or (c) upon such other terms as may be agreed upon by the Debtors or the Reorganized Debtors, as applicable, and such Holder or otherwise upon an order of the Bankruptcy Court; *provided, however*, that Allowed Administrative Expense Claims representing liabilities incurred by the Debtors in the ordinary course of business during the chapter 11 cases, other than those liabilities constituting or relating to commercial tort claims or patent, trademark or copyright infringement claims, shall be paid in the ordinary course of business in accordance with the terms and subject to the conditions of any agreements governing, instruments evidencing, or other documents related to such transactions, and holders of claims related to such ordinary course liabilities are not required to File or serve any request for payment of such Administrative Claims.

1. Bar Date for Administrative Claims

Except as otherwise provided in this Article II.A hereof, unless previously Filed, requests for payment of Administrative Claims must be Filed and served on the Reorganized Debtors pursuant to the procedures specified in the Confirmation Order and the notice of entry of the Confirmation Order no later than 45 days after the Effective Date. Holders of Administrative Claims that are required to File and serve a request for payment of such Administrative Claims, including, without limitation, Holders of Claims for liabilities constituting or relating to commercial tort claims or patent, trademark or copyright infringement claims, that do not File and serve such a request by the applicable Claims Bar Date shall be forever barred, estopped and enjoined from asserting such Administrative Claims against the Debtors or any Reorganized Debtors or their Estates and property and such Administrative Claims shall be deemed discharged as of the Effective Date. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article X.F hereof. Objections to such requests must be Filed and served on the Reorganized Debtors and the requesting party by the later of (a) 120 days after the Effective Date and (b) 60 days after the Filing of the applicable request for payment of Administrative Claims, if applicable.

2. Professional Compensation and Reimbursement Claims

Retained Professionals or other Entities asserting a Fee Claim for services rendered before the Confirmation Date must File and serve on the Reorganized Debtors and such other Entities who are designated by the Bankruptcy Rules, the Confirmation Order or other order of the Bankruptcy Court an application for final allowance of such Fee Claim no later than 60 days after the Effective Date; *provided* that the Reorganized Debtors shall pay Retained Professionals or other Entities in the ordinary course of business for any work performed after the Confirmation Date; *provided, further*, that any professional who may receive compensation or reimbursement of expenses pursuant to the Ordinary Course Professionals Order may continue to receive such compensation and reimbursement of expenses for services rendered before the Effective Date, without further Bankruptcy Court order, pursuant to the Ordinary Course Professionals Order. Objections to any Fee Claim must be Filed and served on the Reorganized Debtors and the requesting party by the later of (a) 90 days after the Effective Date and (b) 30 days after the Filing of the applicable request for payment of the Fee Claim. To the extent necessary, the Confirmation Order shall amend and supersede any previously entered order of the Bankruptcy Court regarding the payment of Fee Claims. Each Holder of an Allowed Fee Claim shall be paid by the Reorganized Debtors in Cash within five (5) Business Days of entry of the order approving such Allowed Fee Claim.

B. DIP Credit Agreement Claims

On the Effective Date, unless otherwise agreed to by the DIP Lenders, the DIP Facility Claims shall be paid in full in Cash and any outstanding letters of credit collateralized as provided under Section 8.01(t) of the DIP Credit Agreement. Upon payment and satisfaction in full of all Allowed DIP Facility Claims, all Liens and security interests granted to secure such obligations shall be terminated and immediately released and/or assigned to the Reorganized Debtors' lenders under the Exit Facility, and the DIP Lenders shall execute and deliver to the Reorganized Debtors such instruments of release, satisfaction and/or assignment (in recordable form) as may be reasonably requested by the Reorganized Debtors.

C. Priority Tax Claims

Each Holder of an Allowed Priority Tax Claim due and payable on or prior to the Effective Date shall receive, as soon as reasonably practicable after the Effective Date, on account of such Claim: (1) Cash in an amount equal to the amount of such Allowed Priority Tax Claim; (2) Cash in an amount agreed to by the applicable Debtor or Reorganized Debtor, as applicable, and such Holder; *provided, however,* that such parties may further agree for the payment of such Allowed Priority Tax Claim at a later date; or (3) at the option of the Debtors, Cash in an aggregate amount of such Allowed Priority Claim payable in installment payments over a period not more than five years after the Commencement Date, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code. To the extent any Allowed Priority Tax Claim is not due and owing on the Effective Date, such claim shall be paid in full in cash in accordance with the terms of any agreement between the Debtors and such holder, or as may be due and payable under applicable non-bankruptcy law or in the ordinary course of business.

ARTICLE III.

CLASSIFICATION AND TREATMENT OF CLASSIFIED CLAIMS AND EQUITY INTERESTS

A. Summary

1. This Plan constitutes a separate chapter 11 plan of reorganization for each Debtor. Except for the Claims addressed in Article II above (or as otherwise set forth herein), all Claims against a particular Debtor are placed in Classes for each of the Debtors (as designated by subclasses A through M for each of the 13 Debtors). Class 5 consists of Equity Interests which relate only to the plan of reorganization for Pierre Holding Corp. In accordance with section 1123(a)(1) of the Bankruptcy Code, the Debtors have not classified Administrative Claims and Priority Tax Claims, as described in Article II.

2. The categories of Claims and Equity Interests listed below classify Claims and Equity Interests for all purposes, including, without limitation, voting, Confirmation and distribution pursuant hereto and pursuant to sections 1122 and 1123(a)(1) of the Bankruptcy Code. The Plan deems a Claim or Equity Interest to be classified in a particular Class only to the extent that the Claim or Equity Interest qualifies within the description of that Class and shall be deemed classified in a different Class to the extent that any remainder of such Claim or Equity Interest qualifies within the description of such different Class. A Claim or an Equity Interest is in a particular Class only to the extent that any such Claim or Equity Interest is Allowed in that Class and has not been paid or otherwise settled prior to the Effective Date.

3. Summary of Classification and Treatment of Classified Claims and Equity Interests

Class	Claim	Status	Voting Rights
1	Other Priority Claims	Unimpaired	Deemed to Accept
2	Other Secured Claims	Unimpaired	Deemed to Accept
3	Prepetition Credit Agreement Claims	Impaired	Entitled to Vote
4	General Unsecured Claims	Impaired	Entitled to Vote
5	Equity Interests	Impaired	Deemed to Reject
6	Intercompany Interests	Unimpaired	Deemed to Accept

B. Classification and Treatment of Claims and Equity Interests

1. Class 1 – Other Priority Claims (Subclasses 1A through 1M)

(a) *Classification*: Class 1 consists of the Other Priority Claims against the Debtors.

(b) *Treatment*: The legal, equitable and contractual rights of the Holders of Allowed Class 1 Claims are unaltered. Except to the extent that a Holder of an Allowed Class 1 Claim has been paid by the Debtors prior to the Effective Date or otherwise agrees to different treatment, each Holder of an Allowed Class 1 Claim shall receive, in full and final satisfaction of such Allowed Class 1 Claim, payment of the Allowed Class 1 Claim in full in Cash on or as soon as reasonably practicable after (i) the Effective Date, (ii) the date such Allowed Class 1 Claim becomes Allowed or (iii) such other date as may be ordered by the Bankruptcy Court.

(c) *Voting*: Class 1 is an Unimpaired Class, and the Holders of Class 1 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 1 Claims are not entitled to vote to accept or reject the Plan.

2. Class 2 – Other Secured Claims (Subclasses 2A through 2M)

(a) *Classification*: Class 2 consists of the Other Secured Claims against the Debtors.

(b) *Treatment*: Except to the extent that a Holder of an Allowed Class 2 Claim has been paid by the Debtors prior to the Effective Date, on or as soon as reasonably practicable after the Effective Date, Holders of Allowed Class 2 Claims shall receive one of the following treatments, in the sole discretion of the applicable Debtor, in consultation with the Plan Sponsor, in full and final satisfaction of such Allowed Other Secured Claims: (i) the Debtors or the Reorganized Debtors shall pay such Allowed Other Secured Claims in full in Cash including the payment of any interest required to be paid under section 506(b) of the Bankruptcy Code; (ii) the Debtors or the Reorganized Debtors shall deliver the collateral securing any such Allowed Other Secured Claim; or (iii) the Debtors or the Reorganized Debtors shall otherwise treat any Allowed Other Secured Claim in any other manner such that the Claim shall be rendered Unimpaired.

(c) *Voting*: Class 2 is an Unimpaired Class, and the Holders of Class 2 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 2 Claims are not entitled to vote to accept or reject the Plan.

3. Class 3 – Prepetition Credit Agreement Claims (Subclasses 3A through 3M)

(a) *Classification*: Class 3 consists of Prepetition Credit Agreement Claims against the Debtors.

(b) *Allowance:* The Prepetition Credit Agreement Claims shall be Allowed and deemed to be Allowed Claims in the amount of $242,213,076.35 as of the Commencement Date, plus (i) reimbursement obligations of up to $6,369,500.00 with respect to letters of credit, (ii) interest and fees payable from the Commencement Date through and including the Effective Date, (iii) fees and expenses payable to the Prepetition Agent and Lenders through and including the Effective Date and (iv) contingent and unliquidated Claims arising under the Prepetition Credit Agreement, including for indemnification; which

Allowed Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairment or any other challenges under applicable law or regulation by any Entity.

(c) *Treatment*: Holders of Allowed Prepetition Credit Agreement Claims shall receive, in full and final satisfaction of such Allowed Class 3 Claims, their Pro Rata share of each of (i) the Amended and Restated Credit Agreement; (ii) the Mezzanine Debt Facility; and (iii) the Prepetition Lender Equity Allocation.

(d) *Voting*: Class 3 is Impaired, and Holders of Class 3 Claims are entitled to vote to accept or reject the Plan.

4. Class 4 – General Unsecured Claims (Subclasses 4A through 4M)

(a) *Classification:* Class 4 consists of General Unsecured Claims against the Debtors.

(b) *Allowance of Senior Subordinated Note Claims:* The Senior Subordinated Note Claims shall be Allowed and deemed to be Allowed Claims in the amount of $131,222,135 as of the Commencement Date, plus applicable fees, expenses and other amounts due under the Senior Subordinated Notes Indenture as of the Commencement Date, which Allowed Claims shall not be subject to any avoidance, reductions, setoff, offset, recharacterization, subordination, counterclaims, cross-claims, defenses, disallowance, impairment or any other challenges under applicable law or regulation by any Entity.

All other General Unsecured Claims shall be determined and Allowed in accordance with the procedures set forth in Articles VII and VIII below.

(c) *Treatment:* Except to the extent that a Holder of an Allowed Class 4 Claim has been paid by the Debtors prior to the Effective Date or agrees to alternate treatment, each Holder of an Allowed Class 4 Claim shall receive, in full and final satisfaction of such Allowed Class 4 Claim, $0.12 in Cash for each dollar in respect of its Allowed Claim (the "Payout Amount"), plus accrued interest as set forth below:

(i) With respect to Class 4 Claims Allowed on or before the Effective Date, the Payment Amount shall be paid in four equal installments with the first 25% of the Payout Amount to be paid on the Initial Distribution Date. The balance of the Payout Amount will be paid in three (3) additional installments of 25%, each commencing on the next immediately following Periodic Distribution Date and ending on the second consecutive Periodic Distribution Date thereafter. To be clear, Holders of Allowed Class 4 Claims whose claims are Allowed as of the Effective Date shall receive the full Payout Amount plus interest as described below no later than 120 days after the Effective Date.

(ii) With respect to Class 4 Claims Allowed after the Effective Date, the first 25% of the Payout Amount, plus any missed payment(s) as a result of such claim not being Allowed as of the Effective Date will be paid on the Periodic Distribution Date immediately following the date on which such Allowed Class 4 Claim is Allowed or deemed Allowed. The balance of the Payout Amount will be paid in additional installments of 25%, each commencing on the next immediately following Periodic Distribution Date, *provided, however*, that on the date that is 120 days after the Effective Date, any outstanding balance owed to Holder of an Allowed Claim will be paid in full. To be clear, Holders of Allowed Class 4 Claims whose claims are Allowed after the Effective Date but before 120 days after the Effective Date shall receive the full Payout Amount plus interest as described below no later than 120 days after the Effective Date. To the extent a

Class 4 Claim is Allowed on the date that is 120 days after the Effective Date as a result of the Debtors' not filing an objection to such Claim by that date, such Claim will be paid in full no later than 125 days after the Effective Date.

(iii) Interest shall accrue on the Payout Amount at a rate of 12% *per annum* (or 1% per month) beginning on the Effective Date, regardless of when such Class 4 Claim is Allowed or deemed Allowed. Accrued interest with respect to any Payout Amount will be paid together with the Payout Amount installments described in (i) above, with the interest accrued as of the applicable Periodic Distribution Date payable on that date.

(d) *Voting:* Class 4 is an Impaired Class, and Holders of Class 4 Claims are entitled to vote to accept or reject the Plan.

5. Class 5 – Equity Interests in Pierre Holding Corp.

(a) *Classification*: Class 5 consists of all Equity Interests.

(b) *Treatment*: On the Effective Date, all Class 5 Equity Interests shall be deemed canceled and shall be of no further force and effect, whether surrendered for cancellation or otherwise, and there shall be no distribution to the Holders of Class 5 Equity Interests.

(c) *Voting*: Class 5 is Impaired, and Holders of Class 5 Equity Interests are conclusively deemed to reject the Plan. Therefore, Holders of Class 5 Equity Interests are not entitled to vote to accept or reject the Plan.

6. Class 6 – Intercompany Interests (Subclasses 6A through 6M)

(a) *Classification*: Class 6 consists of all Intercompany Interests in the Debtors.

(b) *Treatment*: Subject to any Restructuring Transactions, to preserve the Debtors' corporate structure, Intercompany Interests will not be canceled and, to implement the Plan, will be addressed as set forth below in Article V.G.

(c) *Voting*: Class 6 is an Unimpaired Class, and Holders of Class 6 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Class 6 Claims are not entitled to vote to accept or reject the Plan.

C. Intercompany Claims

Notwithstanding anything herein to the contrary, Holders of Intercompany Claims shall not be eligible to receive any distribution on account of such Claims. On the Effective Date or as soon thereafter as is reasonably practicable, the Intercompany Claims will be (i) eliminated or waived based on accounting entries in the Debtors' or Reorganized Debtors' books and records and other corporate activities by the Debtors or Reorganized Debtors in their discretion or (ii) discharged with no Distributions thereon.

D. Special Provision Governing Unimpaired Claims

Except as otherwise provided herein, nothing under the Plan shall affect the Debtors' rights in respect of any Unimpaired Claims, including, without limitation, all rights in respect of legal and equitable defenses to or setoffs or recoupments against any such Unimpaired Claims.

E. Special Provisions Regarding the Treatment of Allowed Secondary Liability Claims

The classification and treatment of Allowed Claims under the Plan take into consideration all Allowed Secondary Liability Claims. On the Effective Date, the Allowed Secondary Liability Claims arising from or related to any Debtor's joint or several liability for the obligations under any (1) Allowed Claim that is being reinstated under the Plan or (2) Executory Contract or Unexpired Lease that is being assumed or deemed assumed by another Debtor or under any Executory Contract or Unexpired Lease that is being assumed by a Debtor (whether or not assigned to another Debtor or any other Entity) shall be reinstated.

F. Discharge of Claims

Pursuant to section 1141(c) of the Bankruptcy Code, all Claims and Equity Interests that are not expressly provided for and preserved herein shall be extinguished upon Confirmation. Upon Confirmation, the Debtors and all property dealt with herein shall be free and clear of all such claims and interests, including, without limitation, liens, security interests and any and all other encumbrances.

ARTICLE IV.

ACCEPTANCE OR REJECTION OF THE PLAN

A. Presumed Acceptance of Plan

Classes 1, 2 and 6 are Unimpaired under the Plan, and are, therefore, presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code.

B. Voting Classes

Each Holder of an Allowed Claim as of the Record Date in each of the Voting Classes shall be entitled to vote to accept or reject the Plan.

C. Acceptance by Impaired Classes of Claims

Pursuant to section 1126(c) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code, an Impaired Class of Claims has accepted the Plan if the Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims in such Class actually voting have voted to accept the Plan.

D. Presumed Rejection of Plan

Class 5 is Impaired and Holders of Class 5 Equity Interests shall receive no distribution under the Plan on account of their Interests and are, therefore, presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

E. Cramdown

The Debtors request Confirmation of the Plan under section 1129(b) of the Bankruptcy Code with respect to any Impaired Class that does not accept the Plan pursuant to section 1126 of the Bankruptcy Code. The Debtors reserve the right to modify the Plan in accordance with Article XIII.F hereof to the extent, if any, that Confirmation pursuant to section 1129(b) of the Bankruptcy Code requires modification.

F. Elimination of Vacant Classes

Any Class of Claims that is not occupied as of the date of commencement of the Confirmation Hearing by the Holder of an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 (*i.e.*, no Ballots are cast in a Class entitled to vote on the Plan) shall be deemed eliminated from the Plan for purposes of voting to

accept or reject the Plan and for purposes of determining acceptances or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

ARTICLE V.

MEANS FOR IMPLEMENTATION OF THE PLAN

A. General Settlement of Claims

As discussed in detail in Section I.A of the Disclosure Statement and as otherwise provided herein, pursuant to section 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the classification, Distributions, releases and other benefits provided under the Plan, and as a result of arms'-length negotiations among the Debtors, the Plan Sponsor and the Committee, upon the Effective Date, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims and Equity Interests and controversies resolved pursuant to the Plan.

B. Restructuring Transactions

On the Effective Date, and pursuant to the Plan or the Restructuring Transactions Notice, the applicable Debtors or Reorganized Debtors shall enter into the Restructuring Transactions and shall take any actions as may be necessary or appropriate to effect a restructuring of their respective businesses or the overall organizational structure of the Reorganized Debtors. The Restructuring Transactions may include one or more mergers, consolidations, restructurings, conversions, dissolutions, transfers or liquidations as may be determined by the Plan Sponsor to be necessary or appropriate. The actions to effect the Restructuring Transaction may include: (a) the execution and delivery of appropriate agreements or other documents of merger, consolidation, restructuring, conversion, disposition, transfer, dissolution or liquidation containing terms that are consistent with the terms of the Plan and the Restructuring Transactions Notice and that satisfy the applicable requirements of applicable state law and any other terms to which the applicable Entities may agree; (b) the execution and delivery of appropriate instruments of transfer, assignment, assumption or delegation of any asset, property, right, liability, debt or obligation on terms consistent with the terms of the Plan and the Restructuring Transactions Notice and having other terms for which the applicable parties agree; (c) the filing of appropriate certificates or articles of incorporation, reincorporation, merger, consolidation, conversion or dissolution pursuant to applicable state law; and (d) all other actions that the applicable Entities determine to be necessary or appropriate, including making filings or recordings that may be required by applicable state law in connection with the Restructuring Transactions. The chairman of the board of directors, president, chief executive officer, chief financial officer, any executive vice-president or senior vice-president, or any other appropriate officer of each Debtor shall be authorized to execute, deliver, file, or record such contracts, instruments, releases, indentures, and other agreements or documents, and take such other actions, as may be necessary or appropriate, to effectuate and further evidence the terms and conditions of this Plan and the Restructuring Transactions Notice. The secretary or assistant secretary of the appropriate Debtor shall be authorized to certify or attest to any of the foregoing actions.

C. Restructuring of Prepetition Secured Debt

To implement the Plan, the Debtors' outstanding prepetition secured debt will be restructured as follows:

(i) $100 million of the outstanding secured debt under the Prepetition Credit Agreement will be converted into the Prepetition Lender Equity Allocation as set forth in Article III.B.3(c) hereof,

(ii) $50 million of the outstanding secured debt under the Prepetition Credit Agreement will be converted into the Mezzanine Debt Facility as set forth in Article III.B.3(c) hereof, and

(iii) all other secured debt outstanding under the Prepetition Credit Agreement shall be restructured into new term loans pursuant to the terms of the Amended and Restated Credit Agreement (the "New Term Loans").

D. Credit Enhancement by Plan Sponsor

To implement the Plan and in consideration of the Plan Sponsor Release, the Plan Sponsor has agreed to provide credit enhancement to the Reorganized Debtors to improve overall liquidity and in particular to ensure adequate funding of Class 4 Distributions. Specifically, if the Debtors will have insufficient liquidity on either the Initial Distribution Date or any given Periodic Distribution Date to make the required distributions to Allowed General Unsecured Claims in Class 4, the Debtors shall give notice of such insufficiency to the Plan Sponsor, the Indenture Trustee and the Committee no later than five (5) days prior to the Initial Distribution Date or the applicable Periodic Distribution Date. In the event such notice is given by the Debtors, the Plan Sponsor shall purchase from Holders of Allowed Senior Subordinated Note Claims their right to the distributions due on the Initial Distribution Date or the applicable Periodic Distribution Date under the Plan by paying to the Indenture Trustee, no later than five (5) days after the Initial Distribution Date or applicable Periodic Distribution Date, any Payout Amount due on the Initial Distribution Date or applicable Periodic Distribution Date on account of the Senior Subordinated Note Claims, plus any interest accrued thereon through and including the Initial Distribution Date or applicable Periodic Distribution Date. The Plan Sponsor has further agreed that, in the event the Plan Sponsor succeeds to the rights to distribution of the Holders of Senior Subordinated Note Claims as a result of such purchase, the Reorganized Debtors may defer payments on account of such claims purchased by the Plan Sponsor until the date that is 120 days after the Effective Date, notwithstanding anything in the Plan to the contrary. In the event that the Plan Sponsor fails to purchase the obligations in accordance with this Article V.D, the Indenture Trustee or the Committee shall have the right to enforce the provisions of this Article V.D against the Plan Sponsor before the Bankruptcy Court.

E. Corporate Existence

Subject to any Restructuring Transaction, each Debtor shall continue to exist after the Effective Date as a separate corporate entity or limited liability company, with all the powers of a corporation or limited liability company pursuant to the applicable law in the jurisdiction in which each applicable Debtor is incorporated or formed and pursuant to the respective certificate of incorporation and bylaws (or other formation documents in the case of a limited liability company) in effect prior to the Effective Date, except to the extent such certificate of incorporation or bylaws (or other formation documents in the case of a limited liability company) are amended by the Plan or otherwise and, to the extent such documents are amended, such documents are deemed to be authorized pursuant hereto and without the need for any other approvals, authorizations, actions or consents.

F. Vesting of Assets in the Reorganized Debtors

Except as otherwise provided herein or in any agreement, instrument or other document relating thereto, on or after the Effective Date, all property of each Estate and any property acquired including by any of the Debtors pursuant hereto shall vest in each respective Reorganized Debtor, free and clear of all liens, Claims, charges or other encumbrances. Except as may be provided herein, on and after the Effective Date, each Reorganized Debtor may operate its business and may use, acquire or dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by the Plan and the Confirmation Order. Without limiting the foregoing, each Reorganized Debtor shall pay the charges that it incurs after the Effective Date for Professionals' fees, disbursements, expenses or related support services (including reasonable fees relating to the preparation of Professional fee applications) without application to the Bankruptcy Court.

G. Intercompany Interests

Subject to any Restructuring Transaction, in order to implement the Plan, at the option of the Reorganized Debtors, with the consent of the Plan Sponsor, Intercompany Interests shall either (i) be retained, in which case the Debtor holding such Intercompany Interest shall continue to hold such Equity Interests and the legal, equitable and contractual rights to which the Holders of such Intercompany Interests are entitled shall remain unaltered, or (ii) be cancelled and new Intercompany Interests in the applicable subsidiary Debtor shall be issued pursuant to the Plan to Reorganized Pierre or the Reorganized Debtor that holds such Intercompany Interests.

H. Exit Facility, Sources of Cash for Plan Distributions and Transfers of Funds Among Debtors

On the Effective Date, the Reorganized Debtors are authorized to execute and deliver those documents necessary or appropriate to obtain the Exit Facility, subject to the reasonable consent of the Plan Sponsor and the Committee. All Cash necessary for the Reorganized Debtors to make payments required pursuant to the Plan will be obtained from the Reorganized Debtors' Cash balances, including cash from operations, the proceeds of the Exit Facility and the commitment by the Plan Sponsor to purchase rights to distributions on account of Senior Subordinated Note Claims as described in Article V.D above. Cash payments to be made pursuant to the Plan will be made by the Reorganized Debtors; *provided, however*, that the Debtors and the Reorganized Debtors will be entitled to transfer funds between and among themselves as they determine to be necessary or appropriate to enable the Reorganized Debtors to satisfy their obligations under the Plan. Except as set forth herein, any changes in intercompany account balances resulting from such transfers will be accounted for and settled in accordance with the Debtors' historical intercompany account settlement practices and will not violate the terms of the Plan.

I. New Stock

On the Effective Date, Reorganized Pierre shall issue the New Stock to Holders of Allowed Prepetition Credit Agreement Claims pursuant to the terms set forth herein. The New Stock shall represent all of the equity interests in Reorganized Pierre as of the Effective Date and shall be subject to dilution by any equity issued in connection with the Management and Director Equity Incentive Program. The Reorganized Debtors shall not be obligated to list the New Stock on a national securities exchange.

J. Amended and Restated Prepetition Credit Agreement

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the Amended and Restated Prepetition Credit Agreement. On the Effective Date, except to the extent otherwise provided herein, the Debtors' obligations under the Prepetition Credit Agreement shall be fully released, discharged and superseded in full by the Debtors' obligations under the Amended and Restated Prepetition Credit Agreement.

K. Mezzanine Debt Facility

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the Mezzanine Debt Facility.

L. Director and Officer Liability Insurance

The Debtors, and upon the Effective Date, the Reorganized Debtors, shall assume all of the D&O Liability Insurance Policies pursuant to section 365(a) of the Bankruptcy Code. Unless previously effectuated by separate order entered by the Bankruptcy Court, entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the Debtors' foregoing assumption of each of the D&O Liability Insurance Policies. Notwithstanding anything to the contrary contained herein, Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors hereunder as to which no Proof of Claim need be Filed.

M. Retiree Benefit Programs

All retiree benefit programs (as that term is defined in Section 1114 of the Bankruptcy Code), as modified or amended during the Chapter 11 Cases, will continue in effect for the duration of the period that the Debtors have obligated themselves to provide such benefits.

N. Management and Director Equity Incentive Programs

As soon as practical after the Effective Date, the New Board will adopt and implement a Management and Director Equity Incentive Program.

O. Securities Registration Exemption and Registration Rights Agreement

The New Stock to be issued to Holders of Allowed Claims in Class 3 will be issued without registration under the Securities Act or any similar federal, state or local law in reliance upon the exemptions set forth in section 1145 of the Bankruptcy Code.

The Reorganized Debtors intend to make awards under the Management and Director Equity Incentive Plan without registration under the Securities Act or any similar federal, state or local law in reliance upon the exemption set forth in section 701 of the Securities Act or as a result of the issuance or grant of such equity award not constituting a "sale" under Section 2(3) of the Securities Act.

On the Effective Date, Reorganized Pierre and the Plan Sponsor will enter into a registration rights agreement in the form set forth in the Plan Supplement. Within 30 days following the Effective Date or as soon thereafter as practical, Reorganized Pierre shall file appropriate shelf registration documents as required by such registration rights agreement.

P. Issuance and Distribution of the New Stock

On or immediately after the Effective Date, the Reorganized Debtors shall issue or reserve for issuance all securities required to be issued pursuant hereto. The shares of New Stock issued under the Plan are issued under Section 1145 of the Bankruptcy Code and will be freely tradable, subject to any applicable restrictions of the federal and state securities laws and subject to the Shareholder Agreement. All other shares of New Stock will be tradable only to the extent described above under Article V.O hereof. All of the shares of New Stock issued pursuant to the Plan shall be duly authorized, validly issued and, if applicable, fully paid and non-assessable. Each distribution and issuance referred to in Article VII hereof shall be governed by the terms and conditions set forth herein applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

In connection with the distribution of New Stock to current or former employees of the Debtors, the Reorganized Debtors may take whatever actions are necessary to comply with applicable federal, state, local and international tax withholding obligations, including withholding from distributions a portion of the New Stock and selling such securities to satisfy tax withholding obligations including, without limitation, income, social security and Medicare taxes.

Q. Shareholders Agreement for New Stock

On or after the Effective Date, Reorganized Pierre and the Plan Sponsor shall execute and deliver the Shareholders Agreement. Each Holder of an Allowed Prepetition Credit Agreement Claim shall be required to execute and be bound by the Shareholders Agreement as a condition precedent to receiving its allocation of New Stock.

R. Release of Liens, Claims and Equity Interests

Except as otherwise provided herein or in any contract, instrument, release or other agreement or document entered into or delivered in connection with the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Article VII hereof, all Liens, Claims, Equity Interests, mortgages, deeds of trust, or other security interests against the property of any Estate shall be fully released and discharged.

S. Certificate of Incorporation and Bylaws

The certificates of incorporation and bylaws (or other formation documents relating to limited liability companies) of the Debtors shall be amended as may be required to be consistent with the provisions of the Plan and the Bankruptcy Code or as otherwise required by, and in a form reasonably acceptable to, the Plan Sponsor. On or as soon as reasonably practicable after the Effective Date, each of the Reorganized Debtors shall file new certificates of incorporation with the secretary of state (or equivalent state officer or entity) of the state under which each such

Reorganized Debtor is or is to be incorporated, which, as required by section 1123(a)(6) of the Bankruptcy Code, shall prohibit the issuance of non-voting securities. After the Effective Date, each Reorganized Debtor may file a new, or amend and restate its existing, certificate of incorporation, charter and other constituent documents as permitted by the relevant state corporate law.

T. Directors and Officers of Reorganized Pierre

The New Board shall consist of five (5) directors, who shall be designated by the Plan Sponsor and identified in the Plan Supplement. Any directors elected pursuant to this section shall be subject to approval of the Bankruptcy Court pursuant to section 1129(a)(5) of the Bankruptcy Code.

U. Effectuating Documents; Further Transactions; Exemption from Certain Transfer Taxes

The Debtors or the Reorganized Debtors, as applicable, may take all actions to execute, deliver, File or record such contracts, instruments, releases and other agreements or documents and take such actions as may be necessary or appropriate to effectuate and implement the provisions of the Plan, including, without limitation, the distribution of the securities to be issued pursuant hereto in the name of and on behalf of the Reorganized Debtors, without the need for any approvals, authorizations, actions or consents except for those expressly required pursuant hereto. The secretary and any assistant secretary of each Debtor shall be authorized to certify or attest to any of the foregoing actions.

Prior to, on or after the Effective Date (as appropriate), all matters provided for pursuant to the Plan that would otherwise require approval of the shareholders, directors or members of the Debtors shall be deemed to have been so approved and shall be in effect prior to, on or after the Effective Date (as appropriate) pursuant to applicable law and without any requirement of further action by the shareholders, directors, managers or partners of the Debtors, or the need for any approvals, authorizations, actions or consents.

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement the provisions of and the distributions to be made under the Plan, including the Exit Facility, the Amended and Restated Prepetition Credit Agreement (and the providing of security therefor), the Mezzanine Debt Facility (and the providing of security therefor), the issuance of New Stock, and the maintenance or creation of security as contemplated by the Exit Facility, the Amended and Restated Prepetition Credit Agreement and the Mezzanine Debt Facility.

V. Cancellation of Senior Subordinated Notes and Equity Interests

On the Effective Date, except to the extent otherwise provided herein, all notes, stock, instruments, certificates and other documents evidencing the Senior Subordinated Notes and the Equity Interests shall be canceled, and the obligations of the Debtors thereunder or in any way related thereto shall be fully released and discharged. On the Effective Date, except to the extent otherwise provided herein, the Senior Subordinated Notes Indenture shall be deemed to be canceled, as permitted by section 1123(a)(5)(F) of the Bankruptcy Code, and the obligations of the Debtors thereunder shall be fully released and discharged. The Senior Subordinated Notes Indenture shall continue in effect solely for the purposes of: (1) allowing Holders of the Senior Subordinated Notes Claims to receive distributions under the Plan, including through any purchase of rights to distributions on account of the Senior Subordinated Note Claims by the Plan Sponsor as provided in Article V.D hereof; and (2) allowing and preserving the rights of the Indenture Trustee to (a) make distributions in satisfaction of Allowed Senior Subordinated Notes Claims, (b) exercise its charging liens against any such distributions, and (c) seek compensation and reimbursement for any fees and expenses incurred in making such distributions. Upon completion of all such Distributions, the Senior Subordinated Notes and the Senior Subordinated Notes Indenture shall terminate completely. From and after the Effective Date, the Indenture Trustee shall have no duties or obligations under the Senior Subordinated Notes Indenture other than to make distributions.

ARTICLE VI.

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumption and Rejection of Executory Contracts and Unexpired Leases

1. Assumption of Executory Contracts and Unexpired Leases

Except as otherwise set forth herein, each Executory Contract or Unexpired Lease shall be deemed automatically assumed in accordance with the provisions and requirements of sections 365 and 1123 of the Bankruptcy Code as of the Effective Date, unless any such Executory Contract or Unexpired Lease:

(a) has been previously rejected by the Debtors by Final Order of the Bankruptcy Court;

(b) has been rejected by the Debtors by order of the Bankruptcy Court as of the Effective Date, which order becomes a Final Order after the Effective Date;

(c) is the subject of a motion to reject pending as of the Effective Date;

(d) is listed on the schedule of "Rejected Executory Contracts and Unexpired Leases" in the Plan Supplement;

(e) is otherwise rejected pursuant to the terms herein.

The Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumptions pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. The Debtors reserve the right to amend the schedule of Rejected Executory Contracts and Unexpired Leases at any time before the Effective Date with the consent of the Plan Sponsor.

2. Assumption of Employee-Related Agreements

The Debtors, and upon the Effective Date, the Reorganized Debtors, shall assume all of the Employee-Related Agreements. The designation of a contract as an Employee-Related Agreement shall not be deemed an admission that such contract constitutes an Executory Contract.

3. Assumption of Director and Officer Insurance Policies

The Debtors, and upon the Effective Date, the Reorganized Debtors, shall assume all of the D&O Liability Insurance Policies pursuant to sections 365(a) or 1123 of the Bankruptcy Code. Notwithstanding anything to the contrary contained herein, Confirmation of the Plan shall not discharge, impair or otherwise modify any indemnity obligations assumed by the foregoing assumption of the D&O Liability Insurance Policies, and each such indemnity obligation shall be deemed and treated as an Executory Contract that has been assumed by the Debtors hereunder as to which no Proof of Claim need be Filed.

4. Assumption of Indemnification Provisions

The Debtors, and upon the Effective Date, the Reorganized Debtors, shall assume all of the Indemnification Provisions in place on and prior to the Effective Date for Indemnified Parties for Claims related to or in connection with any actions, omissions or transactions occurring prior to the Effective Date.

5. Approval of Assumptions

The Confirmation Order shall constitute an order of the Bankruptcy Court approving the assumptions described in this Article VI pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date. Any counterparty to an Executory Contract or Unexpired Lease that fails to object timely to the proposed assumption of

such Executory Contract or Unexpired Lease will be deemed to have consented to such assumption. Each Executory Contract and Unexpired Lease assumed pursuant to this Section or by any order of the Bankruptcy Court, which has not been assigned to a third party prior to the Effective Date, shall revest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as such terms are modified by the provisions of the Plan or any order of the Bankruptcy Court authorizing and providing for its assumption under applicable federal law.

6. Rejection of Executory Contracts or Unexpired Leases

All Executory Contracts and Unexpired Leases listed on the schedule of "Rejected Executory Contracts and Unexpired Leases" in the Plan Supplement shall be deemed rejected as of the Effective Date. The Confirmation Order shall constitute an order of the Bankruptcy Court approving the rejections described in this Article VI pursuant to sections 365 and 1123 of the Bankruptcy Code as of the Effective Date.

B. Claims on Account of the Rejection of Executory Contracts or Unexpired Leases

All proofs of Claim with respect to Claims arising from the rejection of Executory Contracts or Unexpired Leases, pursuant to the Plan or the Confirmation Order, if any, must be filed with the Bankruptcy Court within thirty (30) days after the date of entry of an order of the Bankruptcy Court (including the Confirmation Order) approving such rejection.

Any Entity that is required to file a Proof of Claim arising from the rejection of an Executory Contract or an Unexpired Lease that fails to timely do so shall be forever barred, estopped and enjoined from asserting such Claim, and such Claim shall not be enforceable, against any Debtor or any Reorganized Debtor or their Estates and property, and the Debtors or the Reorganized Debtors and their Estates and property shall be forever discharged from any and all indebtedness and liability with respect to such Claim unless otherwise ordered by the Bankruptcy Court or as otherwise provided herein. All such Claims shall, as of the Effective Date, be subject to the permanent injunction set forth in Article X.F hereof.

C. Cure of Defaults for Assumed Executory Contracts and Unexpired Leases

Any monetary defaults under each Executory Contract and Unexpired Lease to be assumed pursuant to the Plan shall be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, by payment of the default amount in Cash on the Effective Date or on such other terms as the parties to such Executory Contracts or Unexpired Leases may otherwise agree. In the event of a dispute regarding (1) the amount of any payments to cure such a default, (2) the ability of the Reorganized Debtors or any assignee to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the contract or lease to be assumed or (3) any other matter pertaining to assumption, the cure payments required by section 365(b)(1) of the Bankruptcy Code shall be made following the entry of a Final Order or orders resolving the dispute and approving the assumption. At least ten (10) days prior to the Confirmation Hearing, the Debtors shall provide for notices of proposed assumption and proposed cure amounts to be sent to applicable third parties and for procedures for objecting thereto and resolution of disputes by the Bankruptcy Court. Any objection by a counterparty to an Executory Contract or Unexpired Lease to a proposed assumption or related cure amount must be filed, served and actually received by the Debtors at least five (5) days prior to the Confirmation Hearing. Any counterparty to an Executory Contract and Unexpired Lease that fails to object timely to the proposed assumption or cure amount will be deemed to have assented to such matters. If an objection to Cure is sustained by the Bankruptcy Court, the Reorganized Debtors in their sole option, may elect to reject such executory contract or unexpired lease in lieu of assuming it.

D. Contracts and Leases Entered Into After the Commencement Date

Contracts and leases entered into after the Commencement Date by any Debtor, including any Executory Contracts and Unexpired Leases assumed by such Debtor, will be performed by the Debtor or Reorganized Debtor liable thereunder in the ordinary course of its business. Accordingly, such contracts and leases (including any assumed Executory Contracts and Unexpired Leases) will survive and remain unaffected by entry of the Confirmation Order.

ARTICLE VII.

PROVISIONS GOVERNING DISTRIBUTIONS

A. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties, the Reorganized Debtors shall make initial distributions under the Plan on account of Claims Allowed before the Effective Date on or as soon as practicable after the Initial Distribution Date; *provided, however*, that payments on account of General Unsecured Claims that become Allowed Claims on or before the Effective Date shall commence on the Initial Distribution Date.

B. Distributions on Account of Claims Allowed After the Effective Date

1. Payments and Distributions on Disputed Claims

Except as otherwise provided in the Plan, a Final Order or as agreed to by the relevant parties, distributions under the Plan on account of a Disputed Claim that becomes an Allowed Claim after the Effective Date shall be made on the Periodic Distribution Date that is at least thirty (30) days after the Disputed Claim becomes an Allowed Claim.

2. Special Rules for Distributions to Holders of Disputed Claims

Notwithstanding any provision otherwise in the Plan and except as otherwise agreed to by the relevant parties no partial payments and no partial distributions shall be made with respect to a Disputed Claim until all such disputes in connection with such Disputed Claim have been resolved by settlement or Final Order. In the event that there are Disputed Claims requiring adjudication and resolution, the Reorganized Debtors shall establish appropriate reserves for potential payment of such Claims.

C. Delivery and Distributions and Undeliverable or Unclaimed Distributions

1. Record Date for Distributions

On the Distribution Record Date, the Claims Register shall be closed and any party responsible for making distributions shall instead be authorized and entitled to recognize only those Holders of Claims listed on the Claims Register as of the close of business on the Distribution Record Date. If a Claim, other than one based on a publicly traded security is transferred twenty (20) or fewer days before the Distribution Record Date, the Distribution Agent shall make distributions to the transferee only to the extent practical and, in any event, only if the relevant transfer form contains an unconditional and explicit certification and waiver of any objection to the transfer by the transferor.

2. Delivery of Distributions in General

Except as otherwise provided herein, the Debtors or the Reorganized Debtors, as applicable, shall make distributions to Holders of Allowed Claims at the address for each such Holder as indicated on the Debtors' records as of the date of any such distribution; *provided, however*, that the manner of such distributions shall be determined at the discretion of the Debtors or the Reorganized Debtors, as applicable; and *provided further*, that the address for each Holder of an Allowed Claim shall be deemed to be the address set forth in any Proof of Claim Filed by that Holder.

All distributions to Holders of Senior Subordinated Note Claims shall be governed by the Senior Subordinated Notes Indenture and shall be deemed completed when made to the Indenture Trustee. Notwithstanding any provisions herein to the contrary, the Senior Subordinated Notes Indenture shall continue in effect to the extent necessary to (a) allow the Indenture Trustee to receive and make distributions pursuant to this Plan on account of the Senior Subordinated Note Claims, (b) exercise its charging liens against any such

distributions, and (c) seek compensation and reimbursement for any fees and expenses incurred in making such distributions.

The Indenture Trustee may effect any distribution to Holders of Senior Subordinated Note Claims through the book-entry transfer facilities of The Depository Trust Company, who shall distribute the same to its participants in accordance with their respective holdings of Senior Subordinated Notes as of the Distribution Record Date.

3. Distributions by Distribution Agents

The Debtors and the Reorganized Debtors, as applicable, shall have the authority, in their sole discretion, to enter into agreements with one or more Distribution Agents to facilitate the distributions required hereunder. As a condition to serving as a Distribution Agent, a Distribution Agent must (a) affirm its obligation to facilitate the prompt distribution of any documents, (b) affirm its obligation to facilitate the prompt distribution of any recoveries or distributions required hereunder and (c) waive any right or ability to setoff, deduct from or assert any lien or encumbrance against the distributions required hereunder that are to be distributed by such Distribution Agent; *provided, however,* that the Indenture Trustee shall retain the right to setoff against the distributions required hereunder. The Debtors or the Reorganized Debtors, as applicable, shall pay to the Distribution Agents all reasonable and documented fees and expenses of the Distribution Agents without the need for any approvals, authorizations, actions or consents. The Distribution Agents shall submit detailed invoices to the Debtors or the Reorganized Debtors, as applicable, for all fees and expenses for which the Distribution Agent seeks reimbursement and the Debtors or the Reorganized Debtors, as applicable, shall pay those amounts that they, in their sole discretion, deem reasonable, and shall object in writing to those fees and expenses, if any, that the Debtors or the Reorganized Debtors, as applicable, deem to be unreasonable. In the event that the Debtors or the Reorganized Debtors, as applicable, object to all or any portion of the amounts requested to be reimbursed in a Distribution Agent's invoice, the Debtors or the Reorganized Debtors, as applicable, and such Distribution Agent shall endeavor, in good faith, to reach mutual agreement on the amount of the appropriate payment of such disputed fees and/or expenses. In the event that the Debtors or the Reorganized Debtors, as applicable, and a Distribution Agent are unable to resolve any differences regarding disputed fees or expenses, either party shall be authorized to move to have such dispute heard by the Bankruptcy Court.

4. Minimum Distributions

Notwithstanding anything herein to the contrary, the Reorganized Debtors shall not be required to make distributions or payments of less than $10 (whether Cash or otherwise) and shall not be required to make partial distributions or payments of fractions of dollars. Whenever any payment or distribution of a fraction of a dollar or share of New Stock under the Plan would otherwise be called for, the actual payment or distribution will reflect a rounding of such fraction to the nearest whole dollar or share of New Stock (up or down), with half dollars and half shares of New Stock or less being rounded down.

No Distribution Agent shall have any obligation to make a distribution on account of an Allowed Claim if: (a) the aggregate amount of all distributions authorized to be made from on the Periodic Distribution Date in question is or has an economic value less than $25,000, unless such distribution is a final distribution; or (b) the amount to be distributed to the specific Holder of an Allowed Claim on such Periodic Distribution Date does not constitute a final distribution to such Holder and is or has an economic value less than $10, which shall be treated as an undeliverable distribution under Article VII.C.5 below.

5. Undeliverable Distributions

(a) Holding of Certain Undeliverable Distributions

If any distribution to a Holder of an Allowed Claim made in accordance herewith is returned to the Reorganized Debtors (or their Distribution Agent) as undeliverable, no further distributions shall be made to such Holder unless and until the Reorganized Debtors (or their Distribution Agent) are notified in writing of such Holder's then current address, at which time all currently due missed distributions shall be made to such Holder on the next Periodic Distribution Date. Undeliverable distributions shall remain in the possession of the Reorganized

Debtors, subject to Article VII.C.5(b) hereof, until such time as any such distributions become deliverable. Undeliverable distributions shall not be entitled to any additional interest, dividends or other accruals of any kind on account of their distribution being undeliverable.

(b) Failure to Claim Undeliverable Distributions

No later than 210 days after the Effective Date, the Reorganized Debtors shall File with the Bankruptcy Court a list of the Holders of undeliverable distributions. This list shall be maintained and updated periodically in the sole discretion of the Reorganized Debtors for as long as the Chapter 11 Cases stay open. Any Holder of an Allowed Claim, irrespective of when a Claim becomes an Allowed Claim, that does not notify the Reorganized Debtors of such Holder's then current address in accordance herewith within the latest of (i) one year after the Effective Date, (ii) 60 days after the attempted delivery of the undeliverable distribution and (iii) 180 days after the date such Claim becomes an Allowed Claim shall have its Claim for such undeliverable distribution discharged and shall be forever barred, estopped and enjoined from asserting any such Claim against the Reorganized Debtors or their property. In such cases, (i) any Cash or New Stock held for distribution on account of Allowed Claims shall be redistributed to Holders of Allowed Claims in the applicable Class on the next Periodic Distribution Date and (ii) any Cash held for distribution to other creditors shall be deemed unclaimed property under section 347(b) of the Bankruptcy Code and become property of the Reorganized Debtors, free of any Claims of such Holder with respect thereto. Nothing contained herein shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

(c) Failure to Present Checks

Checks issued by the Distribution Agent on account of Allowed Claims shall be null and void if not negotiated within 180 days after the issuance of such check. In an effort to ensure that all Holders of Allowed Claims receive their allocated distributions, no later than 180 days after the issuance of such checks, the Reorganized Debtors shall File with the Bankruptcy Court a list of the Holders of any un-negotiated checks. This list shall be maintained and updated periodically in the sole discretion of the Reorganized Debtors for as long as the Chapter 11 Cases stay open. Requests for reissuance of any check shall be made directly to the Distribution Agent by the Holder of the relevant Allowed Claim with respect to which such check originally was issued. Any Holder of an Allowed Claim holding an un-negotiated check that does not request reissuance of such un-negotiated check within 240 days after the date of mailing or other delivery of such check shall have its Claim for such un-negotiated check discharged and be discharged and forever barred, estopped and enjoined from asserting any such Claim against the Reorganized Debtors or their property. In such cases, any Cash held for payment on account of such Claims shall be property of the Reorganized Debtors, free of any Claims of such Holder with respect thereto. Nothing contained herein shall require the Reorganized Debtors to attempt to locate any Holder of an Allowed Claim.

D. Compliance with Tax Requirements/Allocations

In connection with the Plan, to the extent applicable, the Reorganized Debtors shall comply with all tax withholding and reporting requirements imposed on them by any governmental unit, and all distributions pursuant hereto shall be subject to such withholding and reporting requirements. Notwithstanding any provision in the Plan to the contrary, the Reorganized Debtors and the Distribution Agent shall be authorized to take all actions necessary or appropriate to comply with such withholding and reporting requirements, including liquidating a portion of the distribution to be made under the Plan to generate sufficient funds to pay applicable withholding taxes, withholding distributions pending receipt of information necessary to facilitate such distributions or establishing any other mechanisms they believe are reasonable and appropriate. The Reorganized Debtors reserve the right to allocate all distributions made under the Plan in compliance with all applicable wage garnishments, alimony, child support and other spousal awards, liens and encumbrances.

For tax purposes, distributions in full or partial satisfaction of Allowed Claims shall be allocated first to the principal amount of Allowed Claims, with any excess allocated to unpaid interest that accrued on such Claims.

E. Timing and Calculation of Amounts to Be Distributed

On the Initial Distribution Date (or if a Claim is not an Allowed Claim on the Effective Date, on the date that such a Claim becomes an Allowed Claim, or as soon as reasonably practicable thereafter), each Holder of an Allowed Claim against the Debtors shall receive the full amount of the distributions that the Plan provides for Allowed Claims in the applicable Class; *provided, however*, that distributions on account of General Unsecured Claims that become Allowed Claims before the Effective Date shall commence on the Initial Distribution Date. If and to the extent that there are Disputed Claims, distributions on account of any such Disputed Claims shall be made pursuant to the provisions set forth in the applicable class treatment or in Article VII hereof. Except as otherwise provided herein, Holders of Claims shall not be entitled to interest, dividends or accruals on the distributions provided for herein, regardless of whether such distributions are delivered on or at any time after the Effective Date.

F. Setoffs

The Debtors and the Reorganized Debtors may withhold (but not setoff except as set forth below) from the distributions called for hereunder on account of any Allowed Claim an amount equal to any claims, equity interests, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of any such Allowed Claim. In the event that any such claims, equity interests, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of any such Allowed Claim are adjudicated by Final Order or otherwise resolved, the Debtors may, pursuant to section 553 of the Bankruptcy Code or applicable non-bankruptcy law, set off against any Allowed Claim and the distributions to be made pursuant hereto on account of such Allowed Claim (before any distribution is made on account of such Allowed Claim), the amount of any adjudicated or resolved claims, equity interests, rights and Causes of Action of any nature that the Debtors or the Reorganized Debtors may hold against the Holder of any such Allowed Claim, but only to the extent of such adjudicated or resolved amount. Neither the failure to effect such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors or the Reorganized Debtors of any such claims, equity interests, rights and Causes of Action that the Debtors or the Reorganized Debtors may possess against any such Holder, except as specifically provided herein.

G. Surrender of Canceled Instruments or Securities

As a condition precedent to receiving any distribution on account of its Allowed Claim, each record Holder of a Senior Subordinated Note Claim shall be deemed to have surrendered the certificates or other documentation underlying each such Claim, and all such surrendered certificates and other documentations shall be deemed to be canceled pursuant to Article V.V hereto, except to the extent otherwise provided herein. The Indenture Trustee may (but shall not be required to) request that registered Holders of the Senior Subordinated Notes surrender their notes for cancellation.

ARTICLE VIII.

PROCEDURES FOR RESOLVING CONTINGENT, UNLIQUIDATED AND DISPUTED CLAIMS

A. Resolution of Disputed Claims

1. Allowance of Claims

After the Effective Date, the Reorganized Debtors shall have and shall retain any and all rights and defenses that the Debtors had with respect to any Claim, except with respect to any Claim deemed Allowed under the Plan. Except as expressly provided in the Plan or in any order entered in the Chapter 11 Cases prior to the Effective Date (including, without limitation, the Confirmation Order), no Claim shall become an Allowed Claim unless and until such Claim is deemed Allowed under the Plan or the Bankruptcy Code or the Bankruptcy Court has entered a Final Order, including, without limitation, the Confirmation Order, in the Chapter 11 Cases allowing such Claim. All settled claims approved prior to the Effective Date pursuant to a Final Order of the Bankruptcy Court pursuant to Bankruptcy Rule 9019 or otherwise shall be binding on all parties.

2. Prosecution of Objections to Claims

After the Confirmation Date but before the Effective Date, the Debtors (in consultation with the Plan Sponsor and, with respect to General Unsecured Claims, the Committee), and after the Effective Date until the Claims Objection Bar Date, the Reorganized Debtors, shall have the exclusive authority to File objections to Claims, settle, compromise, withdraw or litigate to judgment objections to any and all Claims, regardless of whether such Claims are in a Class or otherwise. From and after the Effective Date, the Reorganized Debtors may settle or compromise any Disputed Claim without any further notice to or action, order or approval of the Bankruptcy Court. The Reorganized Debtors shall have the sole authority to administer and adjust the Claims Register to reflect any such settlements or compromises without any further notice to or action, order or approval of the Bankruptcy Court. With respect to all Tort Claims, an objection is deemed to have been Filed timely, thus making each such Claim a Disputed Claim as of the Claims Objection Bar Date. Each such Tort Claim shall remain a Disputed Claim unless and until it becomes an Allowed Claim.

3. Claims Estimation

After the Confirmation Date but before the Effective Date, the Debtors (in consultation with the Plan Sponsor and, with respect to General Unsecured Claims, the Committee), and after the Effective Date, the Reorganized Debtors may, at any time, request that the Bankruptcy Court estimate (a) any Disputed Claim pursuant to applicable law and (b) any contingent or unliquidated Claim pursuant to applicable law, including, without limitation, section 502(c) of the Bankruptcy Code, regardless of whether the Debtors or the Reorganized Debtors have previously objected to such Claim or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction under 28 U.S.C. §§ 157 and 1334 to estimate any Disputed Claim, contingent Claim or unliquidated Claim, including during the litigation concerning any objection to any Claim or during the pendency of any appeal relating to any such objection. Notwithstanding any provision otherwise in the Plan, a Claim that has been expunged from the Claims Register but that is subject to appeal or has not been the subject of a Final Order, shall be deemed to be estimated at zero dollars, unless otherwise ordered by the Bankruptcy Court. All of the aforementioned Claims and objection, estimation and resolution procedures are cumulative and not exclusive of one another. Claims may be estimated and subsequently compromised, settled, withdrawn or resolved by any mechanism approved by the Bankruptcy Court.

4. Expungement or Adjustment to Claims Without Objection

Any Claim that has been paid, satisfied or superseded may be expunged on the Claims Register by the Reorganized Debtors, and any Claim that has been amended may be adjusted thereon by the Reorganized Debtors, in both cases without a claims objection having to be Filed and without any further notice to or action, order or approval of the Bankruptcy Court.

5. Deadline to File Objections to Claims

Any objections to Claims shall be Filed no later than the Claims Objection Bar Date.

B. Disallowance of Claims

All Claims of any Entity from which property is sought by the Debtors or the Reorganized Debtors under section 542, 543, 550 or 553 of the Bankruptcy Code or that the Debtors or the Reorganized Debtors allege is a transferee of a transfer that is avoidable under section 522(f), 522(h), 544, 545, 547, 548, 549 or 724(a) of the Bankruptcy Code shall be disallowed if (i) the Entity, on the one hand, and the Debtors or the Reorganized Debtors, on the other hand, agree or the Bankruptcy Court has determined by Final Order that such Entity or transferee is liable to turnover any property or monies under any of the aforementioned sections of the Bankruptcy Code and (ii) such Entity or transferee has failed to turnover such property by the date set forth in such agreement or Final Order.

EXCEPT AS OTHERWISE AGREED, ANY AND ALL PROOFS OF CLAIM FILED AFTER THE APPLICABLE CLAIMS BAR DATE SHALL BE DEEMED DISALLOWED AND EXPUNGED AS OF

THE EFFECTIVE DATE WITHOUT ANY FURTHER NOTICE TO OR ACTION, ORDER OR APPROVAL OF THE BANKRUPTCY COURT, AND HOLDERS OF SUCH CLAIMS MAY NOT RECEIVE ANY DISTRIBUTIONS ON ACCOUNT OF SUCH CLAIMS, UNLESS SUCH LATE PROOF OF CLAIM IS DEEMED TIMELY FILED BY A BANKRUPTCY COURT ORDER ON OR BEFORE THE LATER OF (1) THE CONFIRMATION HEARING AND (2) 45 DAYS AFTER THE APPLICABLE CLAIMS BAR DATE.

C. Amendments to Claim

On or after the Effective Date, except as otherwise provided herein, a Claim may not be Filed or amended without the prior authorization of the Bankruptcy Court or the Reorganized Debtors, and, to the extent such prior authorization is not received, any such new or amended Claim Filed shall be deemed disallowed and expunged without any further notice to or action, order or approval of the Bankruptcy Court.

ARTICLE IX.

CONDITIONS PRECEDENT TO CONFIRMATION AND CONSUMMATION OF THE PLAN

A. Conditions Precedent to Confirmation

It shall be a condition to Confirmation hereof that all provisions, terms and conditions hereof are approved in the Confirmation Order.

B. Conditions Precedent to Consummation

It shall be a condition to Consummation of the Plan that the following conditions shall have been satisfied or waived pursuant to the provisions of Article IX.C hereof.

1. The Plan and all Plan Supplement documents, including any amendments, modifications or supplements thereto, shall be reasonably acceptable to the Debtors and the Plan Sponsor and, to the extent the Plan and Plan Supplement Documents, including any amendments, modifications or supplements thereto, affect the rights or treatments of Holders of General Unsecured Claims or the Committee and its members, the Committee.

2. The Confirmation Order shall have been entered and become a Final Order in a form and in substance reasonably satisfactory to the Debtors, the Plan Sponsor and the Committee. The Confirmation Order shall provide that, among other things, the Debtors or the Reorganized Debtors, as appropriate, are authorized and directed to take all actions necessary or appropriate to consummate the Plan, including, without limitation, entering into, implementing and consummating the contracts, instruments, releases, leases, indentures and other agreements or documents created in connection with or described in the Plan.

3. All documents and agreements necessary to implement the Plan, including, without limitation, the Amended and Restated Prepetition Credit Agreement, the Mezzanine Debt Facility and the Exit Facility shall have (a) been tendered for delivery and (b) been effected or executed. All conditions precedent all to such documents and agreements shall have been satisfied or waived pursuant to the terms of such documents or agreements.

4. All actions, documents, certificates and agreements necessary to implement this Plan shall have been effected or executed and delivered to the required parties and, to the extent required, Filed with the applicable governmental units in accordance with applicable laws.

C. Waiver of Conditions

The conditions to Confirmation of the Plan and to Consummation of the Plan set forth in this Article IX may be waived by the Debtors with the consent of the Plan Sponsor without notice, leave or order of the Bankruptcy Court or any formal action other than proceeding to confirm or consummate the Plan; *provided, however*, to the

extent any of the conditions to Confirmation of the Plan and to Consummation of the Plan affects Holders of General Unsecured Claims, the Committee or its members, the Committee must also consent to the waiver of such condition.

D. Effect of Non Occurrence of Conditions to Consummation

If the Consummation of the Plan does not occur, the Plan shall be null and void in all respects and nothing contained in the Plan or the Disclosure Statement shall: (1) constitute a waiver or release of any claims by or Claims against or Equity Interests in the Debtors; (2) prejudice in any manner the rights of the Debtors, any Holders or any other Entity; or (3) constitute an admission, acknowledgment, offer or undertaking by the Debtors, any Holders or any other Entity in any respect.

ARTICLE X.

SETTLEMENT, RELEASE, INJUNCTION AND RELATED PROVISIONS

A. Compromise and Settlement

Notwithstanding anything contained herein to the contrary, the allowance, classification and treatment of all Allowed Claims and their respective distributions and treatments hereunder takes into account and conforms to the relative priority and rights of the Claims and the Equity Interests in each Class in connection with any contractual, legal and equitable subordination rights relating thereto whether arising under general principles of equitable subordination, section 510(b) and (c) of the Bankruptcy Code or otherwise. As of the Effective Date, any and all such rights described in the preceding sentence are settled, compromised and released pursuant hereto. The Confirmation Order will constitute the Bankruptcy Court's finding and determination that the settlements reflected in the Plan are (1) in the best interests of the Debtors, their estates and all Holders of Claims, (2) fair, equitable and reasonable, (3) made in good faith and (4) approved by the Bankruptcy Court pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019. In addition, the allowance, classification and treatment of Allowed Claims take into account any Causes of Action, whether under the Bankruptcy Code or otherwise under applicable non-bankruptcy law, that may exist: (1) between the Debtors, on the one hand, and the Debtor Releasees, on the other; and (2) as between the Releasing Parties and the Third Party Releasees (to the extent set forth in the Third Party Release); and, as of the Effective Date, any and all such Causes of Action are settled, compromised and released pursuant hereto. The Confirmation Order shall approve the releases by all Entities of all such contractual, legal and equitable subordination rights or Causes of Action that are satisfied, compromised and settled pursuant hereto.

In accordance with the provisions of this Plan, including Article VIII hereof, and pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date (1) the Reorganized Debtors may, in their sole and absolute discretion, compromise and settle Claims against them and (2) the Reorganized Debtors may, in their respective sole and absolute discretion, compromise and settle Causes of Action against other Entities.

B. Debtor Release

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY EACH OF THE DEBTOR RELEASEES AND THE THIRD PARTY RELEASEES, INCLUDING, WITHOUT LIMITATION, THE DISCHARGE OF DEBT AND ALL OTHER GOOD AND VALUABLE CONSIDERATION PAID PURSUANT HERETO; AND THE SERVICES OF THE DEBTORS' PRESENT AND FORMER OFFICERS, DIRECTORS, MEMBERS (INCLUDING *EX OFFICIO* MEMBERS) AND ADVISORS IN FACILITATING THE EXPEDITIOUS IMPLEMENTATION OF THE RESTRUCTURING CONTEMPLATED HEREBY, EACH OF THE DEBTORS SHALL PROVIDE A FULL DISCHARGE AND RELEASE TO EACH DEBTOR RELEASEE AND TO EACH THIRD PARTY RELEASEE (AND EACH SUCH DEBTOR RELEASEE AND THIRD PARTY RELEASEE SO RELEASED SHALL BE DEEMED FULLY RELEASED AND DISCHARGED BY THE DEBTORS) AND THEIR RESPECTIVE PROPERTIES FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN,

FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING, WITHOUT LIMITATION, THOSE THAT ANY OF THE DEBTORS OR THE REORGANIZED DEBTORS WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT IN THEIR OWN RIGHT (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR THAT ANY HOLDER OF A CLAIM OR AN EQUITY INTEREST OR OTHER ENTITY WOULD HAVE BEEN LEGALLY ENTITLED TO ASSERT ON BEHALF OF ANY OF THE DEBTORS OR ANY OF THEIR ESTATES, AND FURTHER INCLUDING THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASES OR THE PLAN; *PROVIDED, HOWEVER*, THAT THE FOREGOING "DEBTOR RELEASE" SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION OF ANY DEBTOR: (1) AGAINST A THIRD PARTY RELEASEE (OTHER THAN THE DIP AGENT, THE DIP ARRANGER, THE DIP LENDERS, THE PREPETITION AGENT, THE INDENTURE TRUSTEE AND EACH HOLDER OF SENIOR SUBORDINATED NOTE CLAIMS, EACH IN THEIR CAPACITIES AS SUCH) ARISING FROM ANY CONTRACTUAL OBLIGATIONS OWED TO THE DEBTORS; (2) EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS; (3) ARISING UNDER THE AMENDED AND RESTATED CREDIT AGREEMENT; OR (4) ARISING FROM CLAIMS FOR FRAUD OR WILLFUL MISCONDUCT.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE DEBTOR RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE DEBTOR RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE DEBTOR RELEASEES, A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE DEBTOR RELEASE; (2) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS; (3) FAIR, EQUITABLE AND REASONABLE; (4) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (5) A BAR TO ANY OF THE DEBTORS OR THE REORGANIZED DEBTORS ASSERTING ANY CLAIM RELEASED BY THE DEBTOR RELEASE AGAINST ANY OF THE DEBTOR RELEASEES.

C. Third Party Release

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, THE RELEASING PARTIES (REGARDLESS OF WHETHER A RELEASING PARTY IS A THIRD PARTY RELEASEE) SHALL PROVIDE A FULL DISCHARGE AND RELEASE (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED BY THE RELEASING PARTIES) TO THE THIRD PARTY RELEASEES AND THE DEBTOR RELEASEES AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING, WITHOUT LIMITATION, THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASES OR THE PLAN; *PROVIDED, HOWEVER*, THAT THE FOREGOING "THIRD PARTY RELEASE" SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION OF ANY RELEASING PARTY: (1) AGAINST A THIRD PARTY RELEASEE (OTHER THAN THE DIP AGENT, THE DIP ARRANGER, THE DIP LENDERS, THE PREPETITION AGENT, EACH HOLDER OF SENIOR SUBORDINATED NOTE CLAIMS, THE INDENTURE TRUSTEE AND ALL OF THE CURRENT AND FORMER MEMBERS (INCLUDING *EX OFFICIO* MEMBERS), OFFICERS, DIRECTORS, EMPLOYEES, PARTNERS, ATTORNEYS, FINANCIAL ADVISORS, ACCOUNTANTS, MANAGED FUNDS, INVESTMENT BANKERS, INVESTMENT ADVISORS, ACTUARIES, PROFESSIONALS, AGENTS, AFFILIATES FIDUCIARIES AND REPRESENTATIVES OF EACH OF THE FOREGOING ENTITIES, EACH IN THEIR RESPECTIVE CAPACITIES AS SUCH) ARISING FROM ANY CONTRACTUAL OBLIGATIONS OWED TO THE RELEASING PARTY; (2) EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS;

(3) ARISING UNDER THE AMENDED AND RESTATED CREDIT AGREEMENT; OR (4) ARISING FROM CLAIMS FOR FRAUD OR WILLFUL MISCONDUCT.

ENTRY OF THE CONFIRMATION ORDER SHALL CONSTITUTE THE BANKRUPTCY COURT'S APPROVAL, PURSUANT TO BANKRUPTCY RULE 9019, OF THE THIRD PARTY RELEASE, WHICH INCLUDES BY REFERENCE EACH OF THE RELATED PROVISIONS AND DEFINITIONS CONTAINED HEREIN, AND FURTHER, SHALL CONSTITUTE THE BANKRUPTCY COURT'S FINDING THAT THE THIRD PARTY RELEASE IS: (1) IN EXCHANGE FOR THE GOOD AND VALUABLE CONSIDERATION PROVIDED BY THE THIRD PARTY RELEASEES, A GOOD FAITH SETTLEMENT AND COMPROMISE OF THE CLAIMS RELEASED BY THE THIRD PARTY RELEASE; (2) IN THE BEST INTERESTS OF THE DEBTORS AND ALL HOLDERS OF CLAIMS; (3) FAIR, EQUITABLE AND REASONABLE; (4) GIVEN AND MADE AFTER DUE NOTICE AND OPPORTUNITY FOR HEARING; AND (5) A BAR TO ANY OF THE RELEASING PARTIES ASSERTING ANY CLAIM RELEASED BY THE THIRD PARTY RELEASE AGAINST ANY OF THE THIRD PARTY RELEASEES.

D. Exculpation

The Exculpated Parties shall neither have, nor incur any liability to any Entity for any prepetition or postpetition act taken or omitted to be taken in connection with, or related to formulating, negotiating, preparing, disseminating, implementing, administering, confirming or effecting the Consummation of the Plan, the Disclosure Statement or any contract, instrument, release or other agreement or document created or entered into in connection with the Plan or any other prepetition or postpetition act taken or omitted to be taken in connection with or in contemplation of the restructuring of the Debtors; *provided, however*, that the foregoing "Exculpation" shall have no effect on the liability of any Entity that results from any such act or omission that is determined in a Final Order to have constituted gross negligence or willful misconduct; *provided, further*, that each Exculpated Party shall be entitled to rely upon the advice of counsel concerning his, her or its duties pursuant to, or in connection with, the Plan; *provided, still further*, that the foregoing Exculpation shall not apply to any acts or omissions expressly set forth in and preserved by the Plan, the Plan Supplement or related documents.

E. Preservation of Rights of Action

1. Maintenance of Causes of Action

Except as otherwise provided in the Plan or Confirmation Order, after the Effective Date, the Reorganized Debtors shall retain all rights to commence, pursue, litigate or settle, as appropriate, any and all Causes of Action, whether existing as of the Commencement Date or thereafter arising, in any court or other tribunal including, without limitation, in an adversary proceeding Filed in one or more of the Chapter 11 Cases.

2. Preservation of All Causes of Action Not Expressly Settled or Released

Unless a claim or Cause of Action against a Holder of a Claim or an Equity Interest or other Entity is expressly waived, relinquished, released, compromised or settled in the Plan or any Final Order (including, without limitation, the Confirmation Order), the Debtors expressly reserve such claim or Cause of Action for later adjudication by the Debtors or the Reorganized Debtors (including, without limitation, claims and Causes of Action not specifically identified or of which the Debtors may presently be unaware or which may arise or exist by reason of additional facts or circumstances unknown to the Debtors at this time or facts or circumstances that may change or be different from those the Debtors now believe to exist) and, therefore, no preclusion doctrine, including, without limitation, the doctrines of *res judicata*, collateral estoppel, issue preclusion, claim preclusion, waiver, estoppel (judicial, equitable or otherwise) or laches shall apply to such claims or Causes of Action upon or after the Confirmation or Consummation of the Plan based on the Disclosure Statement, the Plan or the Confirmation Order, except where such claims or Causes of Action have been expressly released in the Plan (including, without limitation, and for the avoidance of doubt, the Debtor Release contained in Article X.B hereof) or any other Final Order (including, without limitation, the Confirmation Order). In addition, the Debtors and the Reorganized Debtors expressly reserve the right to pursue or adopt any claims alleged in any lawsuit in which the Debtors are a plaintiff, defendant or an interested party, against any Entity, including, without limitation, the plaintiffs or co-defendants in such lawsuits.

F. Injunction

EXCEPT AS OTHERWISE PROVIDED IN THE PLAN, ALL ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES THAT: (A) HAVE BEEN RELEASED PURSUANT TO ARTICLE X.B HEREOF; (B) HAVE BEEN RELEASED PURSUANT TO ARTICLE X.C HEREOF; (C) HAVE BEEN RELEASED PURSUANT TO ARTICLE X.G HEREOF; (D) HAVE BEEN DISCHARGED PURSUANT TO ARTICLE III.F HEREOF; OR (E) ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE X.D (BUT ONLY TO THE EXTENT OF THE EXCULPATION PROVIDED IN ARTICLE X.D) ARE PERMANENTLY ENJOINED AND PRECLUDED, FROM AND AFTER THE EFFECTIVE DATE, FROM: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES; (2) ENFORCING, ATTACHING, COLLECTING OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES; (3) CREATING, PERFECTING OR ENFORCING ANY LIEN, CLAIM OR ENCUMBRANCE OF ANY KIND AGAINST ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES; (4) ASSERTING ANY RIGHT OF SETOFF, SUBROGATION, OR RECOUPMENT OF ANY KIND AGAINST ANY OBLIGATION DUE FROM ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES UNLESS SUCH HOLDER HAS FILED A MOTION REQUESTING THE RIGHT TO PERFORM SUCH SETOFF ON OR BEFORE THE CONFIRMATION DATE, AND NOTWITHSTANDING AN INDICATION IN A PROOF OF CLAIM OR INTEREST OR OTHERWISE THAT SUCH HOLDER ASSERTS, HAS OR INTENDS TO PRESERVE ANY RIGHT OF SETOFF PURSUANT TO SECTION 553 OF THE BANKRUPTCY CODE OR OTHERWISE; AND (5) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND AGAINST ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED (INCLUDING THE REORGANIZED DEBTORS) (OR THE PROPERTY OR ESTATE OF ANY ENTITY SO RELEASED, DISCHARGED OR EXCULPATED) ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH RELEASED, DISCHARGED OR EXCULPATED CLAIMS, EQUITY INTERESTS, CAUSES OF ACTION OR LIABILITIES RELEASED OR SETTLED PURSUANT TO THE PLAN.

G. Plan Sponsor Release

NOTWITHSTANDING ANYTHING CONTAINED HEREIN TO THE CONTRARY, ON THE EFFECTIVE DATE AND EFFECTIVE AS OF THE EFFECTIVE DATE, EACH HOLDER OF A CLAIM WHO RECEIVES A DISTRIBUTION UNDER THE PLAN SHALL PROVIDE A FULL DISCHARGE AND RELEASE (AND EACH ENTITY SO RELEASED SHALL BE DEEMED RELEASED) TO THE PLAN SPONSOR AND ITS AFFILIATES AND EACH OF THEIR RESPECTIVE DIRECTORS, OFFICERS, EMPLOYEES, MEMBERS, ATTORNEYS, FINANCIAL ADVISORS, ACCOUNTANTS, INVESTMENT BANKERS, INVESTMENT ADVISORS, ACTUARIES, PROFESSIONALS, AGENTS AND REPRESENTATIVES, EACH IN THEIR RESPECTIVE CAPACITIES AS SUCH, AND THEIR RESPECTIVE PROPERTY FROM ANY AND ALL CAUSES OF ACTION, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, LIQUIDATED OR UNLIQUIDATED, CONTINGENT OR NON-CONTINGENT, EXISTING AS OF THE EFFECTIVE DATE IN LAW, AT EQUITY, WHETHER FOR TORT, FRAUD, CONTRACT, VIOLATIONS OF FEDERAL OR

STATE SECURITIES LAWS OR OTHERWISE, ARISING FROM OR RELATED IN ANY WAY TO THE DEBTORS, INCLUDING, WITHOUT LIMITATION, THOSE IN ANY WAY RELATED TO THE CHAPTER 11 CASES OR THE PLAN, *PROVIDED, HOWEVER*, THAT THE FOREGOING "PLAN SPONSOR RELEASE" SHALL NOT OPERATE TO WAIVE OR RELEASE ANY CAUSES OF ACTION (1) ARISING FROM ANY CONTRACTUAL OBLIGATIONS; (2) EXPRESSLY SET FORTH IN AND PRESERVED BY THE PLAN, THE PLAN SUPPLEMENT OR RELATED DOCUMENTS; (3) ARISING UNDER THE AMENDED AND RESTATED CREDIT AGREEMENT OR THE MEZZANINE DEBT FACILITY; OR (4) ARISING FROM CLAIMS FOR FRAUD OR WILLFUL MISCONDUCT.

ARTICLE XI.

BINDING NATURE OF PLAN

THIS PLAN SHALL BIND ALL HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS AND INTERCOMPANY INTERESTS IN THE DEBTORS TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NOTWITHSTANDING WHETHER OR NOT SUCH HOLDER (I) WILL RECEIVE OR RETAIN ANY PROPERTY OR INTEREST IN PROPERTY UNDER THE PLAN, (II) HAS FILED A PROOF OF CLAIM OR INTEREST IN THE CHAPTER 11 CASES, OR (II) FAILED TO VOTE TO ACCEPT OR REJECT THE PLAN OR VOTED TO REJECT THE PLAN.

ARTICLE XII.

RETENTION OF JURISDICTION

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall, after the Effective Date, retain such jurisdiction over the Chapter 11 Cases and all Entities with respect to all matters related to the Chapter 11 Cases, the Debtors and the Plan as legally permissible, including, without limitation, jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including, without limitation, the resolution of any request for payment of any Administrative Claim and the resolution of any and all objections to the allowance or priority of any Claim;

2. grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or the Plan, for periods ending on or before the Confirmation Date;

3. resolve any matters related to the assumption, assignment or rejection of any Executory Contract or Unexpired Lease to which a Debtor is party or with respect to which a Debtor or Reorganized Debtor may be liable and to adjudicate and, if necessary, liquidate, any Claims arising therefrom, including, without limitation, those matters related to any amendment to the Plan after the Effective Date to add Executory Contracts or Unexpired Leases to the list of Executory Contracts and Unexpired Leases to be assumed;

4. resolve any issues related to any matters adjudicated in the Chapter 11 Cases;

5. ensure that distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan;

6. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other Causes of Action that are pending as of the Effective Date or that may be commenced in the future, and grant or deny any applications involving a Debtor that may be pending on the Effective Date or instituted by the Reorganized Debtors after the Effective Date, *provided* that the Reorganized Debtors shall reserve the right to commence actions in all appropriate forums and jurisdictions;

7. enter such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with the Plan, the Plan Supplement or the Disclosure Statement;

8. resolve any cases, controversies, suits or disputes that may arise in connection with the Consummation, interpretation or enforcement of the Plan or any Entity's obligations incurred in connection with the Plan; *provided, however,* that any dispute arising under or in connection with the Exit Facility, the Amended and Restated Prepetition Credit Agreement or the Mezzanine Debt Facility shall be dealt with in accordance with the provisions of the applicable document;

9. hear and determine all Causes of Action that are pending as of the Effective Date or that may be commenced in the future;

10. issue injunctions and enforce them, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with Consummation or enforcement of the Plan, except as otherwise provided in the Plan;

11. enforce Article X.A, Article X.B, Article X.C, Article X.D, Article X.E and Article X.G hereof;

12. enforce the injunction set forth in Article X.F hereof;

13. enforce the credit enhancement set forth in Article V.D hereof;

14. resolve any cases, controversies, suits or disputes with respect to the Debtor Release, the Third Party Release, the Exculpation, the Indemnification, the Plan Sponsor Release and other provisions contained in Article X hereof and enter such orders or take such others actions as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;

15. enter and implement such orders or take such others actions as may be necessary or appropriate if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

16. resolve any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document adopted in connection with the Plan or the Disclosure Statement; *provided, however,* that any dispute arising under or in connection with the Exit Facility, the Amended and Restated Prepetition Credit Agreement or the Mezzanine Debt Facility shall be dealt with in accordance with the provisions of the applicable document; and

17. enter an order concluding the Chapter 11 Cases.

ARTICLE XIII.

MISCELLANEOUS PROVISIONS

A. Dissolution of Committee

After the Effective Date and upon the earlier to occur of (i) the Claims Objection Deadline and the date upon which the Payout Amount with respect to Allowed Class 4 Claims has been satisfied in full and (ii) the date upon which the Reorganized Debtors notify the Committee that all objections to Claims have been filed with the Bankruptcy Court and the Payout Amount with respect to Allowed Class 4 Claims has been satisfied in full, the Committee shall dissolve with respect to the Debtors and its respective members shall be released and discharged from all further authority, duties, responsibilities and obligations relating to the Chapter 11 Cases; *provided, however,* that the Committee and their respective Retained Professionals shall be retained with respect to (1) applications Filed pursuant to sections 330 and 331 of the Bankruptcy Code, (2) motions or other litigation seeking the enforcement of the provisions of the Plan and the transactions contemplated hereunder or the Confirmation Order and (3) pending appeals and related proceedings.

B. Payment of Statutory Fees

All fees payable pursuant to section 1930 of title 28 of the United States Code after the Effective Date shall be paid prior to the closing of the Chapter 11 Cases when due or as soon thereafter as practicable.

C. Payment of Fees and Expenses of Plan Sponsor

All fees and expenses payable to the Plan Sponsor associated with the restructuring described herein, including, without limitation, the fees and expenses of Skadden, Arps, Slate, Meagher & Flom, LLP and Chanin Capital Partners, shall be paid in full in Cash when due.

D. Payment of Fees and Expenses of Prepetition Agent

On the Effective Date or as soon as reasonably practicable thereafter, the Reorganized Debtors shall pay in full in Cash all outstanding reasonable and documented fees and expenses of the Prepetition Agent and its advisors (including, without limitation, the fees and expenses of Milbank, Tweed, Hadley & McCloy LLP and Capstone Advisory Group LLC).

E. Payment of Fees and Expenses of Indenture Trustee

On the Effective Date or as soon as reasonably practicable thereafter (and, thereafter, upon request by the Indenture Trustee with respect to fees and expenses of the Indenture Trustee relating to post-Effective Date service under the Plan), the Reorganized Debtors shall pay in full in Cash all outstanding reasonable and documented fees and expenses of the Indenture Trustee and its counsel.

F. Modification of Plan

Effective as of the date hereof and subject to the limitations and rights contained in the Plan: (a) the Debtors reserve the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules, to amend or modify the Plan prior to the entry of the Confirmation Order; and (b) after the entry of the Confirmation Order, the Debtors or the Reorganized Debtors, as applicable, may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with section 1127(b) of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the purpose and intent of the Plan; *provided, however*, that any modification to the Plan shall not affect the rights or treatment of Holders of General Unsecured Claims, the Committee or its members without the consent of the Committee.

G. Revocation of Plan

The Debtors and Plan Sponsor reserve the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent chapter 11 plans. If the Debtors or Plan Sponsor revoke or withdraw the Plan, or if Confirmation or Consummation does not occur, then: (1) the Plan shall be null and void in all respects; (2) any settlement or compromise embodied in the Plan, assumption or rejection of Executory Contracts or Unexpired Leases effected by the Plan and any document or agreement executed pursuant hereto shall be deemed null and void except as may be set forth in a separate order entered by the Bankruptcy Court; and (3) nothing contained in the Plan shall: (a) constitute a waiver or release of any Claims by or against, or any Equity Interests in, such Debtor or any other Entity; (b) prejudice in any manner the rights of the Debtors or any other Entity; or (c) constitute an admission, acknowledgement, offer or undertaking of any sort by the Debtors or any other Entity.

H. Successors and Assigns

The rights, benefits and obligations of any Entity named or referred to herein shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of such Entity.

I. Reservation of Rights

Except as expressly set forth herein, the Plan shall have no force or effect unless and until the Bankruptcy Court enters the Confirmation Order. Neither the filing of the Plan, any statement or provision contained herein, nor the taking of any action by a Debtor or any other Entity with respect to the Plan shall be or shall be deemed to be an admission or waiver of any rights of: (1) any Debtor with respect to the Holders of Claims or Equity Interests or other Entity; or (2) any Holder of a Claim or an Equity Interest or other Entity prior to the Effective Date.

J. Section 1146 Exemption

Pursuant to section 1146(a) of the Bankruptcy Code, any transfers of property pursuant hereto shall not be subject to any stamp tax or other similar tax or governmental assessment in the United States, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forego the collection of any such tax or governmental assessment and to accept for filing and recordation instruments or other documents pursuant to such transfers of property without the payment of any such tax or governmental assessment. Such exemption specifically applies, without limitation, to all documents necessary to evidence and implement the provisions of and the distributions to be made under the Plan, including the Exit Facility, the Amended and Restated Prepetition Credit Agreement (and the providing of security therefor), the Mezzanine Debt Facility (and the providing of security therefor), the issuance of New Stock and the maintenance or creation of security as contemplated by the Exit Facility, the Amended and Restated Prepetition Credit Agreement and the Mezzanine Debt Facility.

K. Financial Reporting

The Reorganized Debtors shall make periodic filings with the Commission to the extent required by applicable law, and shall otherwise prepare reports to be available to shareholders (including pursuant to the terms of the Shareholders Agreement), including an annual audit of financials, which reports also shall be the same or substantially similar in content to the reports required of a company that must make public reports under sections 12(g) or 15(d) of the Securities Exchange Act of 1934, as amended. Such reports further shall be made available to shareholders through the maintenance of a readily accessible website.

L. Further Assurances

The Debtors or the Reorganized Debtors, as applicable, all Holders of Claims receiving distributions hereunder and all other Entities shall, from time to time, prepare, execute and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan or the Confirmation Order.

M. Severability

If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted, *provided* that any such alteration or interpretation must be in form and substance reasonably acceptable to the Debtors, the Plan Sponsor and, to the extent such alteration or interpretation affects the rights or treatment of Holders of General Unsecured Claims, the Committee or its members, the Committee; *provided, further,* that the Debtors, the Plan Sponsor or the Committee (as applicable) may seek an expedited hearing before the Bankruptcy Court to address any objection to any such alteration or interpretation of the foregoing. Notwithstanding any such order by the Bankruptcy Court, alteration or interpretation, the remainder of the terms and provisions of the Plan shall remain in full force and effect. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

N. Service of Documents

Any pleading, notice or other document required by the Plan to be served on or delivered to the Debtors shall be sent by overnight mail to:

Pierre Foods, Inc.
Attn: Cynthia S. Hughes
9990 Princeton Road
Cincinnati, Ohio 45246

with copies to:

Kirkland & Ellis LLP
Citigroup Center
153 East 53rd Street
New York, New York 10022
Attn: Jonathan S. Henes and Lisa G. Laukitis

O. Return of Security Deposits

Unless the Debtors have agreed otherwise in a written agreement or stipulation approved by the Bankruptcy Court, all security deposits provided by the Debtors to any Person or Entity at any time after the Commencement Date shall be returned to the Reorganized Debtors within twenty (20) days after the Effective Date, without deduction or offset of any kind.

P. Filing of Additional Documents

On or before the Effective Date, the Debtors may File with the Bankruptcy Court all agreements and other documents that may be necessary or appropriate to effectuate and further evidence the terms and conditions hereof.

Dated: September 29, 2008

Respectfully submitted,

PIERRE FOODS, INC.

By: /s/ Cynthia S. Hughes
Title: Vice President, Chief Financial Officer, Secretary and Treasurer

PIERRE HOLDING CORP.

By: /s/ Cynthia S. Hughes
Title: Senior Vice President, Treasurer and Assistant Secretary

PF MANAGEMENT, INC.

By: /s/ Cynthia S. Hughes
Title: Senior Vice President, Treasurer and Assistant Secretary

PIERRE REAL PROPERTY, LLC

By: /s/ Cynthia S. Hughes
Title: Vice President, Chief Financial Officer, Secretary and Treasurer of Pierre Foods, Inc.

FRESH FOODS PROPERTIES, LLC

By: /s/ Cynthia S. Hughes
Title: Vice President, Chief Financial Officer, Secretary and Treasurer of Pierre Foods, Inc.

CLOVERVALE FARMS, INC.

By: /s/ Cynthia S. Hughes
Title: Senior Vice President, Treasurer and Assistant Secretary

CHEFS PANTRY, INC.

By: /s/ Cynthia S. Hughes
Title: Senior Vice President, Treasurer and Assistant Secretary

CLOVERVALE TRANSPORTATION, INC.

By: /s/ Cynthia S. Hughes
Title: Senior Vice President, Treasurer and Assistant Secretary

ZARTIC, LLC

By: /s/ Cynthia S. Hughes
Title: Senior Vice President, Treasurer and Assistant Secretary

ZARTIC REAL PROPERTY, LLC

By: /s/ Cynthia S. Hughes
Title: Senior Vice President, Treasurer and Assistant Secretary of Zartic, LLC

ZAR TRAN, LLC

By: /s/ Cynthia S. Hughes
Title: Senior Vice President, Treasurer and Assistant Secretary

WARFIGHTER FOODS, LLC

By: /s/ Cynthia S. Hughes
Title: Vice President, Chief Financial Officer, Secretary and Treasurer of Pierre Foods, Inc.

ZAR TRAN REAL PROPERTY, LLC

By: /s/ Cynthia S. Hughes
Title: Senior Vice President, Treasurer and Assistant Secretary of Zar Tran, LLC

EXHIBIT A

Summary of Amended and Restated Credit Agreement Terms & Conditions

Borrower:	Reorganized Pierre Foods, Inc. [1]
Guarantor:	Each Reorganized Debtor (other than Reorganized Pierre Foods, Inc.)
Principal:	An aggregate principal amount (estimated to be approximately $97 million) equal to Allowed Prepetition Credit Agreement Claims after the conversion of $100 milllion of such claims into the Prepetition Lender Equity Allocation and conversion of $50 million of such claims into obligations under the Mezzanine Debt Facility.
Interest:	LIBOR plus 250 bps.
Maturity:	Six (6) years after the Effective Date.
Collateral:	The New Term Loans shall be secured by liens and security interests in all existing and future Collateral (as used herein, "Collateral" has the meaning set forth in the Prepetition Credit Agreement), subject only to any senior liens granted in connection with the Exit Facility. The New Term Loans shall be subordinated to the Exit Facility in the amount of $35 million or such other amount as agreed to by the Debtors and the Plan Sponsor.
Pre-Payment	No pre-payment penalties.
Covenants:	Other than for usual and customary covenants typically found in a loan of this type (respecting preservation of collateral, incurrence of debt and liens, reporting, and the like), there shall be no financial maintenance covenants until one year following the Effective Date. After one year following the Effective Date, a minimum EBITDAR covenant shall apply; any breach of such covenant shall be subject to cure, including, without limitation, through an equity contribution from the Sponsor.
Other Terms and Conditions	Such other terms and conditions as acceptable to the Plan Sponsor.

[1] Capitalized terms not defined herein shall have the same meaning ascribed thereto in the Plan.

EXHIBIT B

Summary of Mezzanine Debt Terms & Conditions

Borrower:	Reorganized Pierre Foods, Inc.[1]
Guarantor:	Each Reorganized Debtor
Principal:	$50 million.
Interest:	14% payable periodically in cash or in kind, at the Company's election; provided that payments in kind of interest may not exceed, at any time, 50% of the aggregate interest accrued, whether unpaid or paid in cash or in kind, at such time. Notwithstanding the foregoing, the Reorganized Company shall be required to make AHYDO "catch-up" payments through the payments of interest in cash before the close of the first accrual period ending after the fifth anniversary of the Effective Date in an amount sufficient to result in the Mezzanine Debt to be treated as not having "significant original issue discount" within the meaning of Section 163(i)(2) of the Internal Revenue Code.
Pre-Payment	No pre-payment penalties.
Maturity:	Eight (8) years after the Effective Date.
Collateral:	The Mezzanine Debt shall be secured by liens and security interests in all existing and future Collateral, subject only to any senior liens granted in connection with the Amended and Restated Credit Agreement and the Exit Facility. The New Term Loans shall be subordinated to the Exit Facility in the amount of $35 million or such other amount as agreed to by the Debtors and the Plan Sponsor.
Covenants:	The Mezzanine Debt shall include usual and customary covenants typically found in debt of this type.
Other Terms and Conditions	Such other terms and conditions as acceptable to the Plan Sponsor.

[1] Capitalized terms not defined herein shall have the same meaning set forth in the Plan.

EXHIBIT B

The Disclosure Statement Order

[TO COME]

EXHIBIT C

The Reorganized Debtors' Projections

[TO COME]

EXHIBIT D

The Reorganized Debtors' Valuation

REORGANIZED DEBTORS' VALUATION ANALYSIS[1]

A. OVERVIEW

The Debtors have been advised by their financial advisor, Perella Weinberg Partners LP ("PWP"), with respect to the reorganization value of the Reorganized Debtors on a going-concern basis. Solely for purposes of the Plan, PWP has determined the estimated range of reorganization value of the Reorganized Debtors, excluding cash on hand, to be approximately $208 million to $255 million (with a mid-point estimate of approximately $232 million) as of an assumed Effective Date of December 31, 2008. PWP's estimate of a range of reorganization values does not constitute an opinion as to fairness from a financial point of view of the consideration to be received under the Plan or of the terms and provisions of the Plan.

The assumed range of the reorganization value of the Reorganized Debtors, as of an assumed Effective Date of December 31, 2008, reflects work performed by PWP on the basis of information in respect of the business and assets of the Debtors provided to PWP as of September 2, 2008. Changes in facts and circumstances between the date hereof and the Effective Date, including, without limitation, a delay in the Effective Date, may result in changes to the reorganization value of the Reorganized Debtors. PWP will consider any such changes in facts and circumstances and may modify the reorganization value prior to the Effective Date. It should be understood that, although subsequent developments may affect PWP's conclusions, PWP may not, and does not have any obligation to, update, revise or reaffirm its estimate.

The foregoing estimate of the reorganization value of the Reorganized Debtors is based on a number of assumptions, including a successful reorganization of the Debtors' business and finances in a timely manner, the implementation of the Reorganized Debtors' Business Plan (the "Business Plan"), the achievement of the forecasts reflected in the Business Plan, access to adequate exit financing, continuity of a qualified management team, market conditions as of September 2, 2008 continuing through the assumed Effective Date of December 31, 2008 and the Plan becoming effective in accordance with the estimates and other assumptions discussed herein.

With respect to the Reorganized Debtor's Projections (the "Projections") set forth on Exhibit C to the Disclosure Statement, which were prepared by the management of the Debtors with the assistance of Alvarez & Marsal North America LLC ("A&M"), PWP has assumed that the Projections have been reasonably prepared in good faith and on a basis reflecting the best currently available estimates and judgments of the management of the Debtors as to the future operating and financial performance of the Reorganized Debtors. PWP's estimate of a range of reorganization values assumes that operating results projected by the Debtors will be achieved by the Reorganized Debtors in all material respects, including revenue growth and improvements in operating margins, earnings and cash flow. Certain of the results forecast by the management of the Debtors are materially better than the recent historical results of operations of the Debtors. As a result, to the extent that the estimate of enterprise values is dependent upon the Reorganized Debtors performing at the levels set forth in the Projections, such estimate must be considered

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speculative. If the business performs at levels below those set forth in the Projections, such performance may have a material impact on the Projections and on the estimated range of values derived therefrom.

In estimating the range of the reorganization value of the Reorganized Debtors, PWP: (a) reviewed certain historical financial information of the Debtors for recent years and interim periods; (b) reviewed certain internal financial and operating data of the Debtors, including the Projections, which were prepared and provided to PWP by the Debtors' management and which relate to the Debtors' business and its prospects; (c) met with certain members of management of the Debtors to discuss the Debtors' operations and future prospects; (d) reviewed publicly available financial data and considered the market value of public companies that PWP deemed generally comparable to the operating business of the Debtors; (e) considered relevant precedent transactions in the packaged foods and meats industry; (f) considered certain economic and industry information relevant to the operating business; and (g) conducted such other studies, analyses, inquiries, and investigations as it deemed appropriate.

PWP assumed and relied on the accuracy and completeness of all financial and other information furnished to it by the Debtors, as well as publicly available information. Additionally, PWP did not independently verify management's Projections in connection with such estimates of the reorganization value of the Reorganized Debtors, and no independent valuations or appraisals of the Debtors were sought or obtained in connection herewith.

Estimates of the reorganization value of the Reorganized Debtors do not purport to be appraisals or necessarily reflect the values that may be realized if assets are sold as a going concern, in liquidation, or otherwise.

In the case of the Reorganized Debtors, the estimates of the reorganization value prepared by PWP represent the hypothetical reorganization value of the Reorganized Debtors. Such estimates were developed solely for purposes of the formulation and negotiation of the Plan and the analysis of implied relative recoveries to creditors thereunder. Such estimates reflect computations of the range of the estimated reorganization value of the Reorganized Debtors through the application of various valuation techniques and do not purport to reflect or constitute appraisals, liquidation values or estimates of the actual market value that may be realized through the sale of any Plan Securities issued pursuant to the Plan, which may be significantly different than the amounts set forth herein.

The value of an operating business is subject to numerous uncertainties and contingencies which are difficult to predict and will fluctuate with changes in factors affecting the financial condition and prospects of such a business. As a result, the estimate of the ranges of the reorganization value of the Reorganized Debtors set forth herein is not necessarily indicative of actual outcomes, which may be significantly more or less favorable than those set forth herein. Because such estimates are inherently subject to uncertainties, none of the Debtors, PWP, the Debtors' other advisors or any other person assumes responsibility for their accuracy. In addition, the valuation of newly issued Plan Securities

is subject to additional uncertainties and contingencies, all of which are difficult to predict. Actual market prices of such Plan Securities at issuance will depend upon, among other things, prevailing interest rates, conditions in the financial markets, the anticipated initial securities holdings of prepetition creditors, some of which may prefer to liquidate their investment rather than hold it on a long-term basis, and other factors which generally influence the prices of securities.

B. VALUATION METHODOLOGY

PWP performed a variety of analyses and considered a variety of factors in preparing the reorganization value of the Reorganized Debtors. PWP primarily relied on three methodologies: comparable public company analysis, discounted cash flow analysis, and precedent transactions analysis. PWP made judgments as to the relative significance of each analysis in determining the Debtors' indicated enterprise value range. PWP's valuation must be considered as a whole, and selecting just one methodology or portions of the analyses, without considering the analyses as a whole, could create a misleading or incomplete conclusion as to the Reorganized Debtors' enterprise value.

The following summary does not purport to be a complete description of the analyses and factors undertaken to support PWP's conclusions. The preparation of a valuation is a complex process involving various determinations as to the most appropriate analyses and factors to consider, as well as the application of those analyses and factors under the particular circumstances. As a result, the process involved in preparing a valuation is more complex than the summary provided below.

1. Comparable Public Company Analysis

A comparable public company analysis estimates value based on a comparison of the target company's financial statistics with the financial statistics of public companies that are similar to the target company. It establishes a benchmark for asset valuation by deriving the value of "comparable" assets through a standardized approach that uses a common variable such as revenues, earnings, and cash flows. The analysis includes a detailed financial comparison of each company's income statement, balance sheet, and cash flow statement. In addition, each company's performance, profitability, margins, leverage and business trends are also examined. Based on these analyses, a number of financial multiples and ratios are calculated to gauge each company's relative performance and valuation.

A key factor to this approach is the selection of companies with relatively similar business and operational characteristics to the target company. Criteria for selecting comparable companies include, among other relevant characteristics, similar lines of businesses, business risks, target market segments, growth prospects, maturity of businesses, market presence, size, and scale of operations. The selection of truly comparable companies is often difficult and subject to interpretation. However, the underlying concept is to develop a premise for relative value, which, when coupled with other approaches, presents a foundation for determining enterprise value.

While calculating the current trading value for the comparable companies, PWP analyzed the current enterprise value for the comparable companies as a multiple of projected calendar year end 2008 and 2009 earnings before interest, taxes, depreciation and amortization ("EBITDA"). These multiples were then applied to the Debtors' calendar year end 2008 and 2009 forecasted EBITDA to determine the range of enterprise values.

2. Discounted Cash Flow Approach

The discounted cash flow ("DCF") valuation methodology relates the value of an asset or business to the present value of expected future cash flows to be generated by that asset or business. The DCF methodology is a "forward looking" approach that discounts the expected future cash flows by a theoretical or observed discount rate determined by calculating the average cost of debt and equity for publicly traded companies that are similar to the Debtors. The expected future cash flows have two components: the present value of the projected unlevered after-tax free cash flows for a determined period and the present value of the terminal value of cash flows (representing firm value beyond the time horizon of the Projections). PWP's discounted cash flow valuation is based on a three-year calendar year end projection of the Debtors' operating results (2009E-2011E). PWP discounted the projected cash flows using the Debtors' estimated risk-adjusted cost of capital, the weighted average cost of capital, and calculated the terminal value of the Debtors using EBITDA multiples consistent with the comparable companies analysis.

The DCF approach relies on a company's ability to project future cash flows with some degree of accuracy. Because the Projections reflect significant assumptions made by the Debtors' management concerning anticipated results, the assumptions and judgments used in the Projections may or may not prove correct and, therefore, no assurance can be provided that projected results are attainable or will be realized. PWP cannot and does not make any representations or warranties as to the accuracy or completeness of the Projections.

3. Precedent Transactions Analysis

Precedent transactions analysis estimates value by examining public merger and acquisition transactions. An analysis of the disclosed purchase price as a multiple of various operating statistics reveals industry acquisition multiples for companies in similar lines of business to the Debtors. These transaction multiples are calculated based on the purchase price (including any debt assumed) paid to acquire companies that are comparable to the Debtors. PWP specifically focused on prices paid as a multiple of EBITDA in determining a range of values for the Debtors. These multiples are then applied to the Debtors' key operating statistics, to determine the total enterprise value or value to a potential strategic buyer assuming the purchase of the Debtors in a single transaction.

Unlike the comparable public company analysis, the valuation in the precedent transactions methodology includes a "control" premium, representing the purchase of a majority or control position in a company's assets. Thus, the precedent transactions methodology generally produces higher valuations than the comparable public company analysis. Other factors that impact value in the precedent transactions analysis include the following:

- the business, financial and market environment are not identical for transactions occurring at different periods of time;

- circumstances surrounding a merger transaction, including the financial position of the Debtors and potential buyers, may significantly impact the valuation of the transaction;

- perceived synergies and NOL benefits that buyers can obtain and their willingness to pay for or share such synergies and benefits with the seller.

As with the comparable company analysis, because no acquisition used in any analysis is identical to any other transaction, valuation conclusions cannot be based solely on quantitative results. The reasons for and circumstances surrounding each acquisition transaction are specific to such transaction, and there are inherent differences between the businesses, operations and prospects of each. Therefore, qualitative judgments must be made concerning the differences between the characteristics of these transactions and other factors and issues that could affect the price an acquirer is willing to pay in an acquisition. The number of completed transactions during a relevant timeframe for which public data is available also limits this analysis. Because the precedent transactions analysis of value is hypothetical and PWP has not market tested the results, there are limitations as to its use in the Debtors' valuation.

The estimates of the reorganization value of the Reorganized Debtors determined by PWP represent estimated reorganization values and do not reflect values that could be attainable in public or private markets. The imputed estimate of the range of the reorganization value of the Reorganized Debtors ascribed in the analysis does not purport to be an estimate of the post-reorganization market trading value. Any such trading value may be materially different from the estimate of the reorganization value range for the Reorganized Debtors associated with PWP's valuation analysis.

EXHIBIT E

The Liquidation Analysis

Liquidation Analysis[1]

A. OVERVIEW

A chapter 11 plan cannot be confirmed unless the bankruptcy court determines that the plan is in the "best interests" of all holders of claims and interests that are impaired by the plan and that have not accepted the plan. The "best interests" test requires a bankruptcy court to find either that (i) all members of an impaired class of claims or interests have accepted the plan or (ii) the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under chapter 7 of the Bankruptcy Code.

This liquidation analysis (the "Liquidation Analysis") was prepared in connection with the filing of the Debtors' Disclosure Statement and Plan. This Liquidation Analysis assumes the Debtors' estates are substantively consolidated.

The Debtors have prepared this Liquidation Analysis based on a hypothetical liquidation under chapter 7 of the Bankruptcy Code. The determination of the costs of, and proceeds from, the hypothetical liquidation of the Debtors' assets in a chapter 7 case is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtors, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the Debtors, their management, and their legal advisors. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual chapter 7 liquidation.

It is assumed, among other things, that the hypothetical liquidation under chapter 7 would commence under the direction of a Court-appointed trustee and would continue for a period of time, during which time all of the Debtor's major assets would be sold or surrendered to the respective lien holders, and the cash proceeds, net of liquidation related costs, would then be distributed to creditors in accordance with relevant law.

THE LIQUIDATION ANALYSIS IS NOT INTENDED AND SHOULD NOT BE USED FOR ANY OTHER PURPOSE. THE LIQUIDATION ANALYSIS DOES NOT PURPORT TO BE A VALUATION OF THE DEBTORS' ASSETS AS A GOING CONCERN, AND THERE MAY BE A SIGNIFICANT DIFFERENCE BETWEEN THE LIQUIDATION ANALYSIS AND THE VALUES THAT MAY BE REALIZED IN AN ACTUAL LIQUIDATION. THIS ANALYSIS ASSUMES "LIQUIDATION VALUES" BASED ON APPRAISALS, WHERE AVAILABLE, AND THE DEBTORS' BUSINESS JUDGEMENT, WHERE APPRAISALS ARE NOT AVAILABLE. THE RECOVERIES SHOWN DO NOT CONTEMPLATE A SALE OR SALES OF BUSINESS UNITS ON A GOING CONCERN BASIS. WHILE THE DEBTORS MAKE NO ASSURANCES, IT IS POSSIBLE THAT PROCEEDS RECEIVED FROM SUCH GOING CONCERN SALE(S) WOULD BE MORE THAN HYPOTHETICAL LIQUIDATION, THE COSTS ASSOCIATED WITH THE SALE(S) WOULD BE LESS, FEWER CLAIMS WOULD BE ASSERTED AGAINST THE BANKRUPTCY ESTATES AND/OR CERTAIN

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ORDINARY COURSE CLAIMS WOULD BE ASSUMED BY THE BUYER(S) OF SUCH BUSINESS(ES).

The underlying financial information in the Liquidation Analysis was not compiled or examined by any independent accountants. NEITHER THE DEBTORS NOR THEIR ADVISORS MAKE ANY REPRESENTATION OR WARRANTY THAT THE ACTUAL RESULTS WOULD OR WOULD NOT APPROXIMATE THE ESTIMATES AND ASSUMPTIONS REPRESENTED IN THE LIQUIDATION ANALYSIS. ACTUAL RESULTS COULD VARY MATERIALLY. THIS ANALYSIS ASSUMES "LIQUIDATION VALUES" BASED ON APPRAISALS, WHERE AVAILABLE AND WHEN APPLICABLE, AND THE DEBTORS' BUSINESS JUDGEMENT, WHERE APPRAISALS ARE NOT AVAILABLE.

This Liquidation Analysis assumes that a liquidation of the Debtors would occur over approximately twelve (12) months. During the first sixty (60) days, it is assumed that the chapter 7 trustee would arrange for the Debtors to discontinue most if not all of their ordinary course business other than minimal operations required to complete and secure work in process inventory, clean all equipment, and marshal all assets. Thereafter, it is assumed that the chapter 7 trustee would arrange for the Debtors to focus efforts to sell substantially all assets in an orderly manner.

B. SUMMARY NOTES TO THIS LIQUIDATION ANALYSIS

The Liquidation Analysis should be read in conjunction with the following notes and assumptions:

1. *Dependence on assumptions.* The Liquidation Analysis depends on estimates and assumptions. The Liquidation Analysis is based on a number of estimates and assumptions that, although developed and considered reasonable by the management and the advisors of the Debtors, are inherently subject to significant economic, business, regulatory and competitive uncertainties and contingencies beyond the control of the Debtors or their management. The Liquidation Analysis is also based on the Debtors' best judgment of how numerous decisions in the liquidation process would be resolved. Accordingly, there can be no assurance that the values reflected in this Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such a liquidation and actual results could vary materially and adversely from those contained herein.

2. A*dditional unsecured claims.* The cessation of business in a liquidation will trigger certain claims that otherwise would not exist under the Plan absent a liquidation. Examples of these kinds of claims include various potential employee claims (for such items as severance and potential WARN Act claims), executory contracts, and unexpired lease rejection damages. Some of these claims could be significant and will be entitled to priority in payment over general unsecured claims. Those priority claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured claims or to make any distribution in respect of equity interests. Other than WARN Act Claims, no attempt has been made to estimate other additional unsecured claims that may result from such events under a chapter 7 liquidation scenario because no funds are estimated to be available to general unsecured creditors.

3. *Dependence on unaudited financial statements.* This Liquidation Analysis contains numerous estimates that are still under review and it remains subject to further legal and accounting analysis. It is based upon the Debtors' preliminary unaudited trial balance as of August 30, 2008.

4. *Preference or fraudulent transfers.* No recovery or related litigation costs attributed to any potential avoidance actions under the Bankruptcy Code, including potential preference or fraudulent transfer actions are assumed within this analysis due to, among other issues, anticipated disputes about these matters.

5. *Chapter 7 liquidation costs and length of liquidation process.* The Debtors have assumed that the initial phase of a liquidation would involve very little operations (completing certain work in progress inventory), all equipment would be cleaned, and assets would be marshaled. Subsequently, a limited group of personnel would be retained in order to pursue orderly sales of substantially all of the remaining assets, collect receivables, arrange distributions, and otherwise administer and close the estates. Thus, this Liquidation Analysis assumes the liquidation would be completed within 12 months. In an actual liquidation the wind down process and time period(s) could vary thereby impacting recoveries. For example, the potential for priority, contingent and other claims, litigation, rejection costs, and the final determination of allowed claims could substantially impact both the timing and amount of the distribution of the asset proceeds to the creditors. Accordingly, there can be no assurance that the values reflected in this Liquidation Analysis would be realized if the Debtors were, in fact, to undergo such a liquidation.

   Pursuant to section 726 of the Bankruptcy Code, the allowed administrative expenses incurred by chapter 7 Trustee, including, but not limited to, expenses affiliated with selling the Debtor's assets, will be entitled to payment in full prior to any distribution to chapter 11 administrative and other priority claims. The estimate used in the Liquidation Analysis for these expenses includes estimates for certain legal, accounting, and other professionals, as well as an assumed 3% fee based upon liquidated assets payable to a chapter 7 trustee.

   Post-petition interest accrued ($0.6 million) on the prepetition secured revolver and term B loan is assumed to be charged against the collateral pursuant to Section 506(c) of the Bankruptcy Code. Therefore the secured revolver and term B loan balances have been increased at August 30, 2008 to reflect the additional accrued interest at this date.

6. *Claims Estimates.* Claims are estimated based upon known book liabilities as of August 30, 2008. The bar date has been set for October 31, 2008, a date that has not yet passed. Additional claims may arise during the notice period that were not estimated at August 30, 3008 as part of this Liquidation Analysis.

C. SUMMARY OF LIQUIDATION ANALYSIS (AS OF AUGUST 30, 2008):

Pierre Foods, Inc.
Liquidation Analysis
Consolidated

($'s in thousands) Assets	Footnotes	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Cash	(a)	$ 6,358.6	100%	$ 6,358.6
Accounts Receivable	(b)	44,746.4	81%	36,222.1
Inventory	(c)	68,094.9	65%	44,497.1
Income Tax Receivable	(d)	439.0	57%	250.0
Other Current Assets	(e)	27,244.9	24%	6,580.6
Total Current Assets		**146,883.8**		**93,908.5**
Net Property, Plant & Equipment	(f)	77,359.0	60%	46,298.3
Goodwill & Intangibles	(g)	105,752.6	0%	-
Other Assets	(h)	9,824.8	3%	257.6
		192,936.4		**46,555.9**
Total Assets		**$ 339,820.2**		
Proceeds Available for Distribution				**$ 140,464.4**
Liquidation Expenses		**Expenses & Claims**		
Trustee Fee - 3% of assets		(4,213.9)	100%	(4,213.9)
Wind-down costs		(28,400.0)	100%	(28,400.0)
Total Liquidation Expenses	(i)	(32,613.9)	100%	(32,613.9)
Remaining Proceeds				**$ 107,850.4**
Allowance for Reserve Claims				
PACA/PSA Accounts Payables		(1,193.7)	100%	(1,193.7)
Other		-	100%	-
Total Allowance for Reserve Claims	(j)	(1,193.7)	100%	(1,193.7)
Net Estimated Proceeds Available for Allocation				**$ 106,656.8**
DIP Lender's Claims				
DIP Cash Usage		(10,555.0)	100%	(10,555.0)
DIP LC		(8,000.0)	100%	(8,000.0)
DIP Carve-Out		(2,500.0)	100%	(2,500.0)
Total DIP Lender's Claims	(k)	(21,055.0)	100%	(21,055.0)
Remaining Proceeds				**$ 85,601.8**
Pre-Petition Secured Lenders' Claims				
Pre-Petition Secured Term B Loan		(228,628.9)	33%	(75,715.0)
Pre-Petition Secured Revolver		(18,303.2)	33%	(6,061.5)
Pre-Petition - Shipping & Warehousing and Other Liens		(3,256.6)	33%	(1,078.5)
Pre-Petition Capital Leases		(1,924.8)	33%	(637.5)
Pre-Petition LC - USDA		(5,694.5)	33%	(1,885.8)
Pre-Petition LC's - Workers Compensation		(675.0)	33%	(223.5)
Total Pre-Petition Secured Lenders' Claims	(l)	(258,483.0)	33%	(85,601.8)
Remaining Proceeds				$ -
Administrative Claims				
Taxes		(1,417.6)	0%	-
Post Petition Trade A/P		(1,366.8)	0%	-
503(b)9 Claims		(7,223.6)	0%	-
Accrued Employee Wages & Related Liabilities		(7,753.2)	0%	-
Other Post-Petition Accruals		(2,373.9)	0%	-
Professional Fees (net of Carve-Out & Deposits)		-	0%	-
Total Administrative Claims	(m)	(20,135.1)	0%	-
Remaining Proceeds				$ -
Unsecured Claims				
Bond Holders (Senior Sub Notes 2012)		(131,222.1)	0%	-
Pre-Petition Trade		(5,196.4)	0%	-
Contract Rejection & Other		(4,466.0)	0%	-
Incremental Claims - Discontinuation of Business		Not Estimated	0%	-
Total Unsecured Claims	(n)	(140,884.5)	0%	-
Remaining Proceeds				$ -

D. DETAILED ASSUMPTIONS

1. Asset Recovery Estimates

Asset recovery estimates presented in this liquidation analysis are based on the Debtors' preliminary unaudited trial balance as of August 30, 2008 and are as follows:

(a) Cash: The Liquidation Analysis assumes that operations during the liquidation period would not generate additional cash available for distribution except for net proceeds from the disposition of non-cash assets. All outstanding cash balances are assumed to be 100% recoverable.

(b) Accounts Receivable: Accounts Receivables are mainly comprised of amounts owed from customers for sales generated by the Debtors' various divisions ("Trade Accounts Receivable"), which include military, vending, national, food service, schools, convenience stores and warehouse/retail. It is assumed that a chapter 7 trustee would retain certain existing staff of the Debtors' to handle an aggressive collection effort for outstanding Trade Accounts Receivable of the Debtors. While the Debtors' historical bad debt reserve is less than 1% of sales, the Debtors anticipate an increase in non-collectible Trade Accounts Receivable as a result of potential supply and business interruption issues at customers. The Debtors' management believes that in the case of a liquidation, the Debtors would be able to collect approximately 90% of these outstanding receivables (excluding 3 customers' accounts receivable, to the extent they are also a vendor and owed money), net of money owed related to customer programs.

($'s in thousands) Assets	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Accounts Receivable Summary			
Trade Accounts Receivable	$ 46,161.2	90%	$ 41,545.1
Customer/Vendor A/P (3)	74.4	0%	-
Customer Programs	n/a	100%	(5,323.0)
Sub Total	46,235.6	78%	36,222.1
Other Under Payments & Reserves	(1,489.2)	0%	-
Total Accounts Receivable	**$ 44,746.4**	**81%**	**$ 36,222.1**

(c) Inventory: The Debtors' inventory includes raw materials (packaging, meat and non-meat), finished goods, capitalized variances, work-in-process, and reserves. Inventory has been valued as if an orderly liquidation had taken place. Inventory recovery values are based upon assumptions from the Debtors' management and generally range from 10% to 100%. Packaging is assumed to be sold at an estimated value of 10% of book value, which represents scrap value as these boxes are pre-printed with the Debtors' name. Meat and non-meat raw materials are assumed to be sold to the respective vendors or traders or are disposed of and are assumed to have average recoveries of 60% and 25%, respectively. Meat has a higher estimated liquidation value as it can be resold more easily than non-meats, which are very often proprietary mixes and have unique value only to the Debtors' business. Recoveries from the sale of finished goods are assumed to range from 60% to 100%, which is based upon an average of historical distressed sale values and book values. Capitalized variances, work-in-process, and reserves are assumed to yield value in liquidation and are already contemplated in the recovery estimated described above.

($'s in thousands) Assets	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Inventory Summary			
RM Inv-Packaging	$ 4,171.0	10%	$ 417.1
RM Inv-Meat	4,964.8	60%	2,978.9
RM Inv-Non-Meat	6,238.3	25%	1,559.6
Finished Goods - Boil in	60.4	84%	50.8
Finished Goods - Compart	203.6	60%	121.4
Finished Goods - Fruit&Veg	203.2	67%	136.2
Finished Goods - Desserts	1,784.8	72%	1,277.0
Finished Goods - Co-Packed	597.6	62%	369.0
Finished Goods - Manuf.	28,163.8	73%	20,531.4
Finished Goods - Mfd	3,430.3	100%	3,430.3
Finished Goods - Commodity	4,457.6	81%	3,626.2
Finished Goods Clmt-Sandwich	11,527.7	71%	8,144.3
Finished Goods Amhst-Sandwich	1,726.9	71%	1,220.0
Finished Goods - Bakery	903.2	70%	635.0
Capitalized Variances	1,140.7	0%	-
Work-In-Process	30.4	0%	-
Inventory Reserves	(1,509.1)	0%	-
Total Inventory	**$ 68,094.9**	**65%**	**$ 44,497.1**

(d) Income Tax Receivable: Represents $250,000 of state tax refunds and other tax accruals.

(e) Other Current Assets: The primary assets in other current assets are short term deferred income taxes, pre-payments to vendors, the Cedartown assets (real estate, machinery and equipment), spare parts, deposits held by professionals, pre-paid insurance, deposits held by utility providers, utility deposit funds held in escrow and other (includes fuel, trailer parts, and miscellaneous). Short term deferred income taxes is a GAAP accrual and is assumed to yield no value in liquidation. Pre-payments to vendors are assumed to yield a recovery of 80% through an aggressive collection effort by accounts receivable wind-down employees. The Cedartown assets consisting of real estate, machinery, and equipment are assumed to be sold at 90% of book value, representing a 10% discount to recent offers and for a liquidation sale environment and transaction related costs. Spare parts are assumed to be sold for a price equal to the average of scrap value and 75% of book value. Deposits held by professionals, pre-paid insurance, deposits held by utility providers and utility deposit funds held in escrow are all assumed to yield no value in liquidation as it is assumed that these assets would be offset against the respective claims or used to reduce costs during the wind-down. Other assets are assumed to have nominal value in liquidation.

($'s in thousands) Assets	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Other Current Assets Summary			
Short Term Deferred Income Taxes	$ 14,076.0	0%	$ -
Net Pre-Paid Voucher	3,205.4	80%	2,564.3
Cedartown - Assets Held for Sale	3,129.9	90%	2,816.9
Spare Parts - Current	1,997.8	53%	1,048.8
Deposits Held by Professionals	1,767.2	0%	-
Pre-Paid Insurance	897.2	0%	-
Deposits Held by Utility Providers	758.1	0%	-
Rstrcted Cash-Utility Deposits - Post-Pet. Escrow	362.8	0%	-
Other	1,050.5	14%	150.5
Other Current Assets	**$ 27,244.9**	**24%**	**$ 6,580.6**

(f) Plant Property and Equipment: Represents land, land improvements, buildings, plant machinery & equipment, vehicles, office furniture, office machinery/equipment, software and construction in progress and are assumed to yield an average overall recovery of 60% of book value. The majority of the Property, Plant & Equipment ("PP&E") would have value unique to the food manufacturing industry as there are production lines that enable cooking and freezing of products as well as separate refrigeration facilities. Significant value estimates are derived from the March 1, 2008 SFAS No. 142 analysis, which are consistent with independent appraised values for the unique PP&E, but updated for current market changes with an assumed 10% discount for a liquidation sale environment and transaction related costs. Software and construction in progress are assumed to have no value in liquidation. All recovery amounts are net of the required costs to liquidate such assets.

($'s in thousands) Assets	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Net Property Summary			
Land	$ 3,607.0	52%	$ 1,858.4
Land Improvements	5.2	52%	2.7
Building	26,921.7	52%	13,871.0
Plant Machinery & Equipment	41,858.4	70%	29,322.9
Vehicles	1,390.9	70%	974.3
Office Furniture	215.6	70%	151.0
Office Machinery/Equipment	168.4	70%	117.9
Software	2,256.6	0%	-
Construction In Progress	935.2	0%	-
Net Property, Plant & Equipment	**$ 77,359.0**	**60%**	**$ 46,298.3**

(g) Goodwill and Intangibles: Consists of goodwill, trade names, customer lists, licenses, formulas and non-compete agreements. All goodwill and intangibles are assumed to yield no value in liquidation as Pierre is not a well recognized consumer brand name.

($'s in thousands) Assets	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Goodwill & Intangibles Summary			
Goodwill - Unamortized	$ 43,938.0	0%	$ -
Net Unamortized Trade Name	26,708.9	0%	-
Net Intangibles - Customers	22,829.6	0%	-
Net Intangibles - License	225.6	0%	-
Net Intangibles - Formula	11,921.7	0%	-
Net Intangibles - Non-Compete	128.8	0%	-
Total Goodwill & Intangibles	**$ 105,752.6**	**0%**	**$ -**

(h) Other Assets: Other assets such as loan commitment fees and certain formulas are assumed to yield no value and spare parts are assumed to yield scrap value in liquidation. Recoveries represent estimated values provided by the Debtors' management.

($'s in thousands) Assets	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Other Assets Summary			
Loan Commitment Fees	$ 6,917.6	0%	$ -
Other Long Term Asset-Formula	2,048.5	0%	-
Other Non-Current Assets	11.0	30%	3.3
Spare Parts Non-Current & Other	1,689.6	30%	506.9
Reserve for Obsolete Spare	(841.8)	30%	(252.6)
Total Other Assets	**$ 9,824.8**	**3%**	**$ 257.6**

2. Liquidation Expenses & Claims

(i) Liquidation Expenses: It is assumed that a liquidation of the Debtors' assets would occur over approximately twelve (12) months. During the first sixty (60) days, it is assumed that the chapter 7 trustee would arrange for the Debtors to discontinue most if not all of their ordinary course business other than minimal operations required to complete and secure work-in-process inventory, clean all equipment, and marshal all assets. Thereafter, it is assumed that the chapter 7 Trustee would arrange for the Debtors to focus efforts to sell substantially all assets in an orderly manner. Liquidation expenses include trustee fees of 3% of total assets available for distribution in the amount of $4.2 million and wind-down costs of $28.4 million. For purposes of this Liquidation Analysis, Wind-down costs include expenses related to the corporate headquarters and its manufacturing facility as well as expenses for all other manufacturing facilities. Wind-down costs include costs for personnel to manage the wind-down ($2.8 million), costs associated with the WARN Act ($14.0 million), utilities ($4.3 million), other ($0.6 million) and professional fees ($6.8 million). Wind-down costs include a compensation program designed to retain key employees during the liquidation period and monthly costs are estimated to reduce over time.

($'s in thousands)

Cash Flow: by Location/ Plant	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Total
Wind-down Costs Summary													
Payroll - All Plants	$ 225.0	$ 225.0	$ 425.0	$ 425.0	$ 425.0	$ 755.0	$ 40.0	$ 40.0	$ 40.0	$ 40.0	$ 40.0	$ 110.0	$ 2,790.0
WARN Act Claims	7,000.0	7,000.0	-	-	-	-	-	-	-	-	-	-	14,000.0
Utilities - All Plants	700.0	700.0	700.0	700.0	700.0	700.0	10.0	10.0	10.0	10.0	10.0	10.0	4,260.0
Other - All Plants	100.0	100.0	100.0	100.0	100.0	100.0	-	-	-	-	-	-	600.0
Professional Support	1,500.0	1,000.0	500.0	500.0	500.0	500.0	500.0	500.0	500.0	250.0	250.0	250.0	6,750.0
TOTAL	$ 9,525.0	$ 9,025.0	$ 1,725.0	$ 1,725.0	$ 1,725.0	$ 2,055.0	$ 550.0	$ 550.0	$ 550.0	$ 300.0	$ 300.0	$ 370.0	$ 28,400.0

(j) Allowance for Reserve Claims: Includes PACA/PSA (defined below) claims of $1.2 million at the petition date. As the Packers and Stockyards Act of 1921 ("PSA") or the Perishable Agricultural Commodities Act of 1930 ("PACA" and, together with PSA, "PACA/PSA") imposes a statutory trust on a buyer's entire inventory of "livestock" and "perishable agricultural commodities" and all products, receivables or proceeds related to the sale thereof immediately upon delivery of goods to the buyer (the "PACA/PSA Trust"), these amounts are not property of the estate.

($'s in thousands) Claims	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Allowance for Reserve Claims Summary			
PACA/PSA Accounts Payables	(1,193.7)	100%	(1,193.7)
Other	-	100%	-
Total Allowance for Reserve Claims	**$ (1,193.7)**	**100%**	**$ (1,193.7)**

(k) DIP Lenders' Claims: The DIP Lenders' claims represent the DIP loan balance of $18.6 million as of August 30, 2008, which includes $10.6 million in cash usage, as well as $8.0 million for a letter of credit ("LC") issued to the USDA, and an additional $2.5 million increase related to a carve-out for professional fees. In a liquidation, it is assumed that the USDA would draw down its $8.0 million LC in order to satisfy a $4.6 million commodity accrual and any other claim that may arise. Additionally, the $2.5 million carve-out for professional fees is also assumed to be used as it is assumed that the retainers held by professionals as of August 30, 2008 in the total amount of $1.8 million would not be sufficient to cover outstanding fees and expenses, since such retainers will be used to cover outstanding professional fees during the case.

($'s in thousands) Claims	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
DIP Lender's Claims Summary			
DIP Cash Usage	$ (10,555.0)	100%	$ (10,555.0)
DIP LC	(8,000.0)	100%	(8,000.0)
DIP Carve-Out	(2,500.0)	100%	(2,500.0)
Total DIP Lender's Claims	**$ (21,055.0)**	**100%**	**$ (21,055.0)**

(l) Prepetition Lenders' Claims: Includes principal and accrued interest related to the prepetition secured term B loan ($228.6 million), the prepetition secured revolver ($18.3 million), estimated prepetition claims of $3.3 million related to shippers, warehousemen and mechanics that are assumed to have the right to a lien, and prepetition capital lease obligations ($1.9 million) as well as the assumption that all of the Prepetition Lenders' LC are fully drawn to satisfy claims relating to the USDA ($5.7 million) and for workers compensation claims ($0.7 million). The Prepetition Lenders are estimated to have a recovery of approximately 33%. (Subsequent Event Note: The $5.7 million USDA LC was released in September 2008 and not drawn. Additionally, both workers' compensation LC's totaling $0.7 million were in the process of being released in September 2008.)

($'s in thousands) Claims	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Pre-Petition Secured Lenders' Claims Summary			
Pre-Petition Secured Term B Loan	$ (228,628.9)	33%	$ (75,715.0)
Pre-Petition Secured Revolver	(18,303.2)	33%	(6,061.5)
Pre-Petition - Shipping & Warehousing and Other Liens	(3,256.6)	33%	(1,078.5)
Pre-Petition Capital Leases	(1,924.8)	33%	(637.5)
Pre-Petition LC - USDA	(5,694.5)	33%	(1,885.8)
Pre-Petition LCs - Workers Compensation	(675.0)	33%	(223.5)
Total Pre-Petition Secured Lenders' Claims	**$ (258,483.0)**	33%	**$ (85,601.8)**

(m) Administrative Claims: Includes taxes ($1.4 million), post petition trade A/P ($1.4 million), claims arising under section 503(b)(9) of the Bankruptcy Code ($7.2 million), accrued employee wages and related liabilities ($7.8 million), other post-petition accruals ($2.4 million) and professional fees, net of carve-outs and deposits ($0.0 million).

($'s in thousands) Claims	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Administrative Claims Summary			
Taxes	$ (1,417.6)	0%	$ -
Post-Petition Trade A/P	(1,366.8)	0%	-
503(b)9 Claims	(7,223.6)	0%	-
Accrued Employee Wages & Related Liabilities	(7,753.2)	0%	-
Other Post-Petition Accruals	(2,373.9)	0%	-
Professional Fees (net of Carve-Out & Deposits)	-	0%	-
Total Administrative Claims	**$ (20,135.1)**	0%	**$ -**

(n) Unsecured Claims: Includes prepetition principal and accrued interest for Senior Subordinated Notes in the amount of $131.2 million, prepetition trade (excludes lien claimants and 503(b)9 claims) in the amount of $5.2 million, and contract accrual – per books in the amount of $4.5 million. Claims from the rejection of Executory Contracts, Unexpired Leases and other general unsecured claims that may arise through the discontinuation of business operations have not been estimated and these amounts may be substantial. However, it is assumed that there would not be any proceeds available to distribute to these claimants.

($'s in thousands) Claims	Trial Balance Prelim 08/30/08	Estimated % Recovery	Estimated $ Recovery
Unsecured Claims Summary			
Bond Holders (Senior Sub Notes 2012)	$ (131,222.1)	0%	$ -
Pre-Petition Trade	(5,196.4)	0%	-
Contract Accrual - per Books	(4,466.0)	0%	-
Incremental Claims - Discontinuation of Business	Not Estimated	0%	-
Total Other Claims	**$ (140,884.5)**	0%	**$ -**