

**UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF PENNSYLVANIA**

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In re: )  
 ) Chapter 11  
 )  
Please Touch Museum, ) Case No. 15-16558 (JKF)  
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Debtor. )  
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**DISCLOSURE STATEMENT WITH RESPECT TO  
DEBTOR'S FIRST AMENDED CHAPTER 11 PLAN**

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Dated: January 26, 2016  
[as modified February 2, 2016](#)

## DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE FIRST AMENDED CHAPTER 11 PLAN DATED JANUARY 26, 2016, [AS MODIFIED FEBRUARY 2, 2016](#), FILED BY THE PLEASE TOUCH MUSEUM, DEBTOR AND DEBTOR IN POSSESSION (AS MAY BE AMENDED IN ACCORDANCE WITH THE TERMS THEREOF AND APPLICABLE LAW, THE "PLAN"). THE INFORMATION CONTAINED HEREIN MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON IS AUTHORIZED BY THE DEBTOR OR THE BANKRUPTCY COURT TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE PLAN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN SHALL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. EXCEPT WITH RESPECT TO THE FINANCIAL PROJECTIONS SET FORTH IN EXHIBIT A ANNEXED HERETO (THE "PROJECTIONS") AND EXCEPT AS OTHERWISE SPECIFICALLY AND EXPRESSLY STATED HEREIN, THIS DISCLOSURE STATEMENT DOES NOT REFLECT ANY EVENTS THAT MAY OCCUR SUBSEQUENT TO THE DATE HEREOF AND THAT MAY HAVE A MATERIAL IMPACT ON THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT. THE DEBTOR DOES NOT UNDERTAKE ANY OBLIGATION TO, AND DOES NOT INTEND TO, UPDATE THE PROJECTIONS; THUS, THE PROJECTIONS WILL NOT REFLECT THE IMPACT OF ANY SUBSEQUENT EVENTS NOT ALREADY ACCOUNTED FOR IN THE ASSUMPTIONS UNDERLYING THE PROJECTIONS. FURTHER, THE DEBTOR DOES NOT ANTICIPATE THAT ANY AMENDMENTS OR SUPPLEMENTS TO THIS DISCLOSURE STATEMENT WILL BE DISTRIBUTED TO REFLECT SUCH OCCURRENCES. ACCORDINGLY, THE DELIVERY OF THIS DISCLOSURE STATEMENT WILL NOT UNDER ANY CIRCUMSTANCE IMPLY THAT THE INFORMATION HEREIN IS CORRECT OR COMPLETE AS OF ANY TIME SUBSEQUENT TO THE DATE HEREOF. MOREOVER, THE PROJECTIONS ARE BASED ON ASSUMPTIONS THAT, ALTHOUGH BELIEVED TO BE REASONABLE BY THE DEBTOR, MAY DIFFER FROM ACTUAL RESULTS.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE UNITED STATES BANKRUPTCY CODE AND RULE 3016 OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER NON-BANKRUPTCY LAW. THIS DISCLOSURE STATEMENT HAS

BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "SEC"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING SECURITIES OR CLAIMS OF THE DEBTOR AND DEBTOR IN POSSESSION SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED.

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

THE DEBTOR BELIEVES THAT THE PLAN WILL ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTOR, CREDITORS AND THE ESTATE. THE DEBTOR URGES ALL HOLDERS OF CLAIMS ENTITLED TO VOTE TO ACCEPT THE PLAN.

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## I. INTRODUCTION

The debtor and debtor in possession in the above-referenced chapter 11 case (the "Chapter 11 Case") is Please Touch Museum.

The Debtor submits this disclosure statement (as may be amended, the "Disclosure Statement") pursuant to section 1125 of title 11 of the United States Code (the "Bankruptcy Code") for use in the solicitation of votes on the First Amended Chapter 11 Plan dated as of January 26, 2016 as modified February 2, 2016 (as may be amended, the "Plan"). **Each capitalized term used in this Disclosure Statement but not otherwise defined herein has the meaning ascribed to such term in the Plan. See Article I, Section 1.01** of the Plan. In addition, all references in this Disclosure Statement to monetary figures refer to United States currency, unless otherwise expressly provided.

This Disclosure Statement sets forth certain information regarding the Debtor's reorganization operating and financial history, its reasons for seeking protection and reorganization under chapter 11 and significant events that have occurred during the Chapter 11 Case. This Disclosure Statement also describes certain terms and provisions of the Plan, certain effects of confirmation of the Plan, certain risk factors associated with the Plan and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that Holders of Claims entitled to vote on the Plan must follow for their votes to be counted.

By order entered on ~~January 26, 2016~~ or about February 2, 2016, the Bankruptcy Court has approved this Disclosure Statement as containing "adequate information," in accordance with section 1125 of the Bankruptcy Code, to enable a hypothetical, reasonable investor typical of Holders of Claims against the Debtor to make an informed judgment as to whether to accept or reject the Plan, and has authorized its use in connection with the solicitation of votes with respect to the Plan. APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE PLAN. No solicitation of votes may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. In voting on the Plan, Holders of Claims entitled to vote should not rely on any information relating to the Debtor and its business, other than that contained in this Disclosure Statement, the Plan, and all exhibits and appendices hereto and thereto.

Pursuant to the provisions of the Bankruptcy Code, only classes of Claims or Interests that are (a) "impaired" by a plan and (b) entitled to receive a distribution under such plan are entitled to vote on the plan. In the Debtor's case, only Class 3, the Claim of the Bonds, and Class 6 General Unsecured Claims are Impaired by and entitled to receive a distribution under the Plan; accordingly, only the Holders of Claims in these Classes are entitled to vote to accept or reject the Plan. (As to Class 3, although the Indenture Trustee holds the Claim of the Bonds, Bondholders hold the right to vote with respect to the Claim of the Bonds.) Claims and Interests in Classes 1, 2, 4, and 5 are Unimpaired by the Plan; accordingly, the Holders thereof are conclusively presumed to have accepted the Plan.



## II. OVERVIEW OF THE PLAN

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provisions of the Plan, see Article VI of this Disclosure Statement, entitled "Summary of the Plan."

The Plan provides for the classification and treatment of Claims against and Interests in the Debtor. The Plan designates 6 Classes of Claims and one class of Interests. These Classes take into account the differing nature and priority under the Bankruptcy Code of the various Claims and Interests.

### A. General Structure of the Plan

The Plan contemplates the reorganization of the Debtor and the resolution of all outstanding Claims against, and Interests in, the Debtor. Subject to the specific provisions set forth in the Plan, all Claims will be satisfied by cash payments to be issued by the Debtor, or by honoring its membership obligations. Because the Debtor is a non-profit corporation, no interests in it will be cancelled but nothing will be distributed on account of interests.

The Debtor has estimated the ultimate distributions that will be made in respect of Allowed Claims and Interests. As explained more fully in Section VII entitled "Certain Risk Factors to Be Considered," however, because of inherent uncertainties, many of which are beyond the Debtor's control, including the Debtor's ability to obtain contributions from third parties, there can be no guaranty that actual performance will meet the Debtor's estimates. The Debtor nonetheless believes that if the Plan is not consummated, it is likely that Holders of Claims against the Debtor's estate will receive less than they would if the Plan is confirmed because dismissal of the Chapter 11 Case and subsequent dissolution of the Debtor's organization will not result in a higher distribution to any Class of Claims or Interests. Similarly, if the Debtor's organization were a for-profit entity that could be involuntarily liquidated under chapter 7 of the Bankruptcy Code, liquidation of the Debtor's assets will not result in a higher distribution to any Class of Claims or Interests.

### B. Summary of Treatment of Claims and Interests under the Plan

The table below summarizes the classification and treatment of the prepetition Claims against and Interests in the Debtor under the Plan. For certain Classes of Claims, estimated percentage recoveries are also set forth below. Estimated percentage recoveries have been calculated based upon a number of assumptions, including the amount of Allowed Claims in each Class.

For certain Classes of Claims, the actual amounts of Allowed Claims could materially exceed or could be materially less than the estimated amounts shown in the table that follows. Except for Claims Allowed by the Plan, estimated Claim amounts for each Class set forth below are based upon the Debtor's review of its books and records and Claims filed to date in the

case, and may include estimates of a number of Claims that are contingent, disputed and/or unliquidated.

Type of Claim or Interest	Description and Treatment under Plan
<p><b>Unclassified — Administrative Claims</b></p>	<p>An Administrative Claim is a Claim for (a) any cost or expense of administration (including, without limitation, the fees and expenses of Professionals) of the Chapter 11 Case asserted or arising under sections 503, 507(a)(2), 507(b) or 1114(e)(2) of the Bankruptcy Code including, but not limited to (i) any actual and necessary post Petition Date cost or expense of preserving the Debtor’s Estate or operating the organization of the Debtor, (ii) any post Petition Date cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Debtor in the ordinary course of its organization, (iii) compensation or reimbursement of expenses of Professionals to the extent Allowed by the Bankruptcy Court under sections 330(a) or 331 of the Bankruptcy Code, and (iv) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546 of the Bankruptcy Code; and (b) any fees or charges assessed against the Debtor’s Estate under section 1930 of title 28 of the United States Code.</p> <p>Under the Plan, Administrative Claims are Unimpaired. Unless otherwise provided for therein, each Holder of an Allowed Administrative Claim shall receive from the Debtor in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Administrative Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtor and the Holder of such Administrative Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtor, or as the Bankruptcy Court may order.</p> <p>Administrative Claims are not classified and are treated as required by the Bankruptcy Code. The Holders of such Claims are not entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 100%</p>

Type of Claim or Interest	Description and Treatment under Plan
<p><b>Unclassified — Priority Tax Claims</b></p>	<p>The Plan defines Priority Tax Claims as any and all Claims accorded priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code. Such Priority Tax Claims include Claims of governmental units for taxes owed by the Debtor that are entitled to a certain priority in payment pursuant to section 507(a)(8) of the Bankruptcy Code. The taxes entitled to priority are (a) taxes on income or gross receipts that meet the requirements set forth in section 507(a)(8)(A) of the Bankruptcy Code, (b) property taxes meeting the requirements of section 507(a)(8)(B) of the Bankruptcy Code, (c) taxes that were required to be collected or withheld by the Debtor and for which the Debtor is liable in any capacity as described in section 507(a)(8)(C) of the Bankruptcy Code, (d) employment taxes on wages, salaries or commissions that are entitled to priority pursuant to section 507(a)(4) of the Bankruptcy Code, to the extent that such taxes also meet the requirements of section 507(a)(8)(D), (e) excise taxes of the kind specified in section 507(a)(8)(E) of the Bankruptcy Code, (f) customs duties arising out of the importation of merchandise that meet the requirements of section 507(a)(8)(F) of the Bankruptcy Code and (g) prepetition penalties relating to any of the foregoing taxes to the extent such penalties are in compensation for actual pecuniary loss as provided in section 507(a)(8)(G) of the Bankruptcy Code.</p> <p>Under the Plan, Priority Tax Claims are Unimpaired. Each Holder of an Allowed Priority Tax Claim shall receive, at the option of the Debtor, in full satisfaction, settlement, release, extinguishment and discharge of such Priority Tax Claim: (a) the amount of such unpaid Allowed Priority Tax Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Priority Tax Claim becomes Allowed and (iii) a date agreed to by the Debtor and the Holder of such Priority Tax Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Priority Tax Claim and the Debtor, or as the Bankruptcy Court may order. Prior to the Effective Date, the Debtor shall have the right to prepay at any time, in whole or in part, any Allowed Priority Tax Claim without premium or</p>

Type of Claim or Interest	Description and Treatment under Plan
	<p>penalty of any sort or nature.</p> <p>Priority Tax Claims are not classified and are treated as required by the Bankruptcy Code. The Holders of such Claims are not entitled to vote on the Plan.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><b>Class 1 — Priority Claims</b></p>	<p>Class 1 consists of Priority Claims, which are Claims against the Debtor entitled to priority pursuant to section 507(a) of the Bankruptcy Code, other than Priority Tax Claims or Administrative Claims.</p> <p>Under the Plan, Class 1 Priority Claims are Unimpaired. Each Holder of an Allowed Class 1 Priority Claim shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Class 1 Claim becomes Allowed, and (iii) a date agreed to by the Debtor and the Holder of such Class 1 Priority Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtor.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><b>Class 2 — Member Claims</b></p>	<p>Class 2 Claims consist of Member Claims, which are defined as claims of Persons holding valid memberships to the Museum which (a) had been purchased prior to the Petition Date, and (b) had not expired by their terms as of the Effective Date.</p> <p>Under the Plan, Class 2 Member Claims are Unimpaired. Each Holder of an Allowed Class 2 Member Claim shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claim, access and all rights at the Museum to which the Member’s respective membership level entitles the Member for the duration of the valid membership, subject to all terms and conditions of</p>

Type of Claim or Interest	Description and Treatment under Plan
	such membership.
<b>Class 3 — Claim of the Bonds</b>	<p>The Class 3 Claim of the Bonds is Impaired. It consists of the Claim held by the Indenture Trustee on account of the Bonds and under the Indenture and set forth in the proofs of claim filed by the Indenture Trustee, including, as more fully set forth therein, the outstanding principal amount of Bonds, \$58,000,000.00, plus accrued and unpaid interest as of the Petition Date in the amount of \$3,070,653.13, plus all other amounts due with regard to the Bonds or otherwise due under the Indenture and other documents related to the Bonds, including without limitation the fees and expenses of the Indenture Trustee. The Claim of the Bonds is an Allowed Claim for purposes of the Plan, but such allowance of the Claim of the Bonds for purposes of the Plan shall not be binding on the Debtor or other parties in interest in the event the Effective Date of the Plan does not occur. Recovery on the Claim of the Bonds is set forth in the Plan, at Section 3.07, and below, at Section VI.C.2.c.</p> <p>Although the Claim of the Bonds is held by the Indenture Trustee, it is voted by the Bondholders, <i>i.e.</i>, beneficial holders of the Bonds as of the Voting Record Date. They have the right to vote, as a Class, to accept or reject the Plan with respect to the Claim of the Bonds.</p> <p>The Claim of the Bonds shall be paid in the amount stated in the Term Sheet, which provides, as a requirement of final settlement, that the Museum will make two payments totaling \$8,250,000 to the Indenture Trustee on account of the Bonds: \$2,500,000 upon execution of the Term Sheet, which amount has been paid and constitutes property of the trust estate of the Bonds held by the Indenture Trustee, and the Debtor waives all rights, if any, to such property; and \$5,750,000 on or before the Effective Date of the Plan. The Indenture Trustee shall retain all funds held under the Indenture and/or with respect to the Bonds.</p> <p>As of the date hereof, the Debtor does not have cash in the amount of \$5,750,000 to make such payment to the</p>

Type of Claim or Interest	Description and Treatment under Plan
	<p>Indenture Trustee on account of the Claim of the Bonds. See Sections V. F. and VI. G. 2 of this Disclosure Statement for a description of the Debtor’s fundraising.</p> <p>The Indenture Trustee’s receipt of \$5,750,000 (the remaining amount due under the Term Sheet) from the Museum by the Effective Date, shall be in full satisfaction, settlement, release, extinguishment, and discharge of the Claim of the Bonds. The Indenture Trustee shall not receive any further amounts on account of the Bonds.</p> <p style="text-align: center;"><b>BONDHOLDERS WILL <u>NOT</u> RECOVER ALL AMOUNTS DUE WITH RESPECT TO THEIR BONDS UNDER THE PLAN.</b></p> <p>On the Effective Date, including upon the Indenture Trustee’s receipt of the amount of \$5,750,000 as described above, the Bonds shall be cancelled.</p> <p>On the Effective Date, the Indenture shall be deemed terminated; <i>provided, however,</i> that the Indenture will continue in effect solely for the purposes set forth in the Plan, at Section 3.07, and below, at Section VI.C.2.c. On and after the Effective Date, all duties and responsibilities of the Indenture Trustee under the Indenture will be discharged except to the extent required to effectuate the Plan.</p> <p>The Indenture Trustee shall then distribute all amounts held under the Indenture and/or with regard to the Bonds, including such \$5,750,000, in accordance with the terms and provisions of the Indenture, as follows: <i>first</i>, to payment of the fees, costs, and expenses of the Indenture Trustee; <i>second</i>, all remaining amounts to partial payment of amounts outstanding on the Bonds (a <i>pro rata</i> distribution to Bondholders) without preference or priority of principal over interest or of interest over principal, ratably, according to the amounts due respectively for principal and interest (the “Final Distribution to Bondholders”). The Final Distribution to Bondholders will be made through the facilities of The Depository Trust Company (“DTC”) consistent with the customary mandatory exchange practices of DTC. Bondholders will not receive any amounts</p>

Type of Claim or Interest	Description and Treatment under Plan
	on their Bonds after the Final Distribution to Bondholders (which will be a partial payment).
<p><b>Class 4 — Other Secured Claims</b></p>	<p>Class 4 consists of Other Secured Claims, which are defined as any Secured Claim arising before the Petition Date other than Class 3, the Claim of the Bonds.</p> <p>Under the Plan, Class 4 Other Secured Claims are Unimpaired. Each Holder of an Allowed Class 4 Other Secured Claim shall receive, from the Debtor, in the sole discretion of the Debtor, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) amount of such unpaid allowed claim in cash, on or as soon as practicable after the later of (i) the Effective Date, (ii) the date that such Secured Claim becomes Allowed, and (iii) a date agreed to by the Debtor and the Holder of such Class 1 Secured Claim; (b) reinstatement of such Allowed Secured Claim; (c) the return of Property securing such Secured Claim; or (d) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtor.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><b>Class 5 — City Parking Tax Claim</b></p>	<p>Class 5 consists of the City Parking Tax Claim.</p> <p>The Class 5 City Parking Tax Claim is not Impaired. The Holder of an allowed Parking Tax Claim shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Class 1 Claim becomes Allowed, and (iii) a date agreed to by the Debtor and the Holder of such Class 1 Priority Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtor.</p> <p>Estimated Percentage Recovery: 100%</p>



Type of Claim or Interest	Description and Treatment under Plan
<p><b>Class 6 — General Unsecured Claims</b></p>	<p>Class 6 consists of General Unsecured Claims which include all Claims, including Rejection Claims, that are not Administrative Claims; Priority Tax Claims; Priority Claims; Member Claims; the Claim of the Bonds; Other Secured Claims; City of Philadelphia Claims; or Interests.</p> <p>Under the Plan, Class 6 General Unsecured Claims are Impaired. Each Holder of a Class 6 Allowed General Unsecured Claim shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claim an amount of Distributable Cash equal to 100% of the aggregate amount in U.S. dollars of such Holder’s Class 6 Allowed General Unsecured Claim, paid in equal quarterly installments over a 2 year period with interest at 4% per annum and commencing on the Effective Date; or, if such Holder affirmatively elects such treatment, an amount of Distributable Cash equal to 90% of the aggregate amount in U.S. dollars of such Holder’s Class 6 Allowed General Unsecured Claim, paid on the later of the Effective Date or the date that the Claim becomes Allowed.</p> <p>Estimated Percentage Recovery: 100%</p>
<p><b>Class 7 — Interests</b></p>	<p>Class 7 consists of interests in the Debtor.</p> <p>Under the Plan, Class 7 Interests are Unimpaired. Each Holder of Allowed Class 7 Interests shall retain its Interest and receive no Property or other value distribution on account of its Interest.</p> <p>Estimated Percentage Recovery: 0%</p>

THE DEBTOR BELIEVES THAT THE PLAN PROVIDES THE BEST RECOVERIES POSSIBLE FOR HOLDERS OF CLAIMS AGAINST THE DEBTOR AND THUS STRONGLY RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

### **III. PLAN VOTING INSTRUCTIONS AND PROCEDURES**

#### **A. Notice to Holders of Claims and Interests**

Approval by the Bankruptcy Court of this Disclosure Statement means that the Bankruptcy Court has found that this Disclosure Statement contains information of a kind and in sufficient and adequate detail to enable Holders of Claims to make an informed judgment whether to accept or reject the Plan.

THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR THEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

IF THE PLAN IS APPROVED BY THE REQUISITE VOTE OF HOLDERS OF CLAIMS ENTITLED TO VOTE AND IS SUBSEQUENTLY CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTOR, WHETHER OR NOT THEY WERE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT THEY RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS, ALL HOLDERS OF CLAIMS AGAINST THE DEBTOR ENTITLED TO VOTE ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN ITS ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR REJECT THE PLAN.

No solicitation of votes may be made except after distribution of this Disclosure Statement and no person has been authorized by the Debtor or the Bankruptcy Court to distribute any information concerning the Debtor other than the information contained herein.

#### **B. Voting Rights**

Pursuant to the provisions of the Bankruptcy Code, only holders of claims in classes that are (a) treated as "impaired" by the plan and (b) entitled to receive a distribution under such plan are entitled to vote on the plan. In this Chapter 11 Case, under the Plan, only the Bondholders, who vote with respect to Class 3, the Claim of the Bonds, and the Holders of Class 6 General Unsecured Claims are entitled to vote on the Plan. Claims and Interests in other Classes which receive a distribution are Unimpaired and are deemed to have accepted the Plan.

Only Holders of Allowed Claims in the voting Classes are entitled to vote on the Plan. A Claim that is unliquidated, contingent or disputed is not an Allowed Claim, and is thus not entitled to vote, unless and until the amount is estimated or determined, or the dispute is determined, resolved or adjudicated in the Bankruptcy Court or another court of competent jurisdiction, or pursuant to agreement with the Debtor. However, the Bankruptcy Court may deem a contingent, unliquidated or disputed Claim to be Allowed on a provisional basis, for purposes only of voting on the Plan.

Holders of Allowed Claims in the voting Classes may vote on the Plan only if they are Holders as of the Voting Record Date, which Voting Record Date is January 27, 2016.

**C. Solicitation Materials**

In soliciting votes for the Plan pursuant to this Disclosure Statement, the Debtor, through its voting agent Rust Consulting/Omni Bankruptcy (the "Voting Agent" or "Rust Omni"), will send to Bondholders and to Holders of Claims in Class 6 copies of (a) the Disclosure Statement and Plan, (b) the Order Approving (I) Disclosure Statement; (II) Procedures for the Solicitation and Tabulation of Votes to Accept or Reject the Debtor's Chapter 11 Plan; and (III) Related Notice and Objection Procedures (the "Order Approving Disclosure Statement"), (c) the notice of, among other things, (i) the date, time and place of the hearing to consider confirmation of the Plan and related matters and (ii) the deadline for filing objections to confirmation of the Plan (the "Confirmation Hearing Notice"), (d) ballot (and return envelope) to be used in voting to accept or to reject the Plan and (e) other materials as authorized by the Bankruptcy Court.

If you are the Holder of a Claim that is entitled to vote, but you did not receive a ballot, or if your ballot is damaged or illegible, or if you have any questions concerning voting procedures, you may contact the following:

**If by regular mail:**

PLEASE TOUCH MUSEUM ADMINISTRATION  
c/o RUST OMNI  
5955 DeSoto Ave., Suite 100  
Woodland Hills, CA 91367

**If by overnight courier or hand delivery:**

PLEASE TOUCH MUSEUM ADMINISTRATION  
c/o RUST OMNI  
5955 DeSoto Ave., Suite 100  
Woodland Hills, CA 91367

**If by telephone:**

RUST OMNI  
818-906-8300

**If Bondholders:**

Bondholders may also wish to contact their nominee, such as their broker, bank, transfer agent, dealer, etc.

#### **D. Voting Procedures, Ballots and Voting Deadline for Bondholders**

Bondholders have the right to vote on the Plan in Class 3 with regard to the Claim of the Bonds. Bondholders who are beneficial holders of the Bonds as of the Voting Record Date (January 27, 2016) are entitled to vote in Class 3 to accept or reject the Plan, and all such Bondholders should receive a set of Solicitation Materials that includes a Bondholder Ballot and a return envelope addressed to their broker, dealer, bank, transfer agent or similar nominee of their Bonds (“Nominee”).

Bondholders should read the Disclosure Statement, Plan, and their Exhibits in their entirety. After carefully reviewing such documents, each Bondholder should complete its Bondholder Ballot, including its vote with respect to the Plan, and return it to its Nominee as described in, and by the deadline given in, the instructions contained in the Bondholder Ballot.

If a Bondholder does not receive all of the Solicitation Materials, they are encouraged to contact Rust Omni at 818-906-8300 or at the address given in Section III(C) immediately above, or to contact their Nominee.

IN ORDER FOR A BONDHOLDER’S VOTE TO BE COUNTED, ITS BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS CONTAINED IN THE BALLOT AND RECEIVED:

- **NO LATER THAN MARCH 3~~7~~<sup>7</sup>, 2016, AT 4:00 P.M. PREVAILING EASTERN TIME**
- **BY THE BONDHOLDER’S NOMINEE (I.E., ITS BROKER, DEALER, BANK, TRANSFER AGENT OR SIMILAR NOMINEE OF THEIR BONDS).**

BONDHOLDERS SHOULD USE THE RETURN ENVELOPES INCLUDED WITH THEIR SOLICITATION MATERIALS, WHICH SHOULD BE ADDRESSED TO THE BONDHOLDER’S NOMINEE.

#### **E. Voting Procedures, Ballots and Voting Deadline for Holders of Class 6 General Unsecured Claims**

After reviewing the Plan and this Disclosure Statement, Holders of Class 6 General Unsecured Claims are asked to indicate their acceptance or rejection of the Plan by voting in favor of or against the Plan on the accompanying ballot. Holders of Class 6 Claims should complete and sign their original ballot (copies will not be accepted) and return it to the Voting Agent in the envelope provided.

Each ballot has been coded to reflect the Class of Claims it represents. Accordingly, in voting to accept or reject the Plan, you must use only the coded ballot or ballots sent to you with this Disclosure Statement.

IN ORDER FOR A HOLDER OF A CLASS 6 GENERAL UNSECURED CLAIM TO HAVE ITS VOTE COUNTED, ITS BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN MARCH ~~3~~7, 2016, AT 4:00 P.M. PREVAILING EASTERN TIME BY THE FOLLOWING:

**If by regular mail:**

PLEASE TOUCH MUSEUM ADMINISTRATION  
c/o RUST OMNI  
5955 DeSoto Ave., Suite 100  
Woodland Hills, CA 91367

**If by overnight courier or hand delivery:**

PLEASE TOUCH MUSEUM ADMINISTRATION  
c/o RUST OMNI  
5955 DeSoto Ave., Suite 100  
Woodland Hills, CA 91367

UNLESS OTHERWISE PROVIDED IN THE INSTRUCTIONS ACCOMPANYING THE BALLOTS, FAXED BALLOTS WILL NOT BE ACCEPTED. BALLOTS THAT ARE RECEIVED BUT NOT SIGNED WILL NOT BE COUNTED. BALLOTS THAT ARE SIGNED BUT DO NOT SPECIFY WHETHER THE HOLDER ACCEPTS OR REJECTS THE PLAN WILL BE NULL AND VOID. DO NOT RETURN ANY DEBT INSTRUMENTS OR OTHER EVIDENCE OF YOUR CLAIM WITH YOUR BALLOT.

Copies of this Disclosure Statement, the Plan and any appendices and exhibits to such documents are available to be downloaded free of charge on Please Touch Museum case website maintained by Rust Omni: [www.omningt.com/pleasetouchmuseum](http://www.omningt.com/pleasetouchmuseum). If you have any questions about (a) the procedure for voting your Claim, (b) the packet of materials that you have received, or (c) the amount of your Claim, or if you wish to obtain, at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d), an additional copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact:

**If by regular mail:**

PLEASE TOUCH MUSEUM ADMINISTRATION  
c/o RUST OMNI  
5955 DeSoto Ave., Suite 100  
Woodland Hills, CA 91367

**If by overnight courier or hand delivery:**

PLEASE TOUCH MUSEUM ADMINISTRATION  
c/o RUST OMNI  
5955 DeSoto Ave., Suite 100  
Woodland Hills, CA 91367

**If by telephone:**

RUST OMNI  
818-906-8300

For further information and general instruction on voting to accept or reject the Plan, see [Article XI](#) of this Disclosure Statement and the instructions accompanying your ballot.

THE DEBTOR URGES ALL HOLDERS OF [CLASS 6](#) CLAIMS ENTITLED TO VOTE TO EXERCISE THEIR RIGHT BY VOTING IN FAVOR OF THE PLAN AND OTHERWISE COMPLETING THEIR BALLOTS AND RETURNING THEM TO THE VOTING AGENT BY THE VOTING DEADLINE.

**F. Confirmation Hearing and Deadline for Objections to Confirmation**

Pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3017(c), the Bankruptcy Court has scheduled a Confirmation Hearing for ~~\_\_\_\_\_~~ [March 16, 2016 at 1:00 P.M.](#), (prevailing Eastern time). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing. Objections to confirmation of the Plan or proposed modifications to the Plan, if any, may be raised at the Confirmation Hearing.

**IV. GENERAL INFORMATION CONCERNING THE DEBTOR**

**A. Overview**

The Debtor is a Pennsylvania non-profit organization which operates the Please Touch Museum, a children's museum located at Memorial Hall in the Fairmount Park section of Philadelphia. The address of the Museum is 4231 Avenue of the Republic, Philadelphia, PA 19131. Almost all of the Debtor's operations are conducted at the Memorial Hall location, but the Museum also provides certain educational services to the community in other locations. The Debtor has no shareholders or partners.

**B. Description of Debtor's Operations**

Since 1976, Please Touch Museum has been the children's museum of Philadelphia. It is an internationally acclaimed museum, the first in the nation designed specifically for families with children seven and younger. It has grown into one of the best children's museums in the country and its programs for underserved families in the region have been nationally

recognized. Please Touch Museum has a long history of providing innovative learning experiences and resources that put young children at the center and help support the development of the youngest members of our community, with a mission to enrich the lives of children by creating learning opportunities through play.

The Museum is housed in Memorial Hall, which is owned by the City of Philadelphia and leased to the Debtor under a lease agreement dated February 10, 2005 (the "Memorial Hall Lease"). The Memorial Hall Lease is for an initial term expiring forty five years from November 1, 2005, and there is an automatic renewal option for an additional thirty five years, provided that the Museum is not in default. The Memorial Hall Lease provides for nominal rental payments to the City of Philadelphia of \$1 for the initial term and \$1 for the extension term. The Debtor is required under the terms of the Memorial Hall Lease to, inter alia, (a) admit to the Museum free of charge all children in pre-kindergarten, kindergarten, and first grade who visit the Museum on prescheduled trips sponsored by Philadelphia schools; (b) fund into a Trust controlled by the City of Philadelphia capital repairs and replacements in a minimum amount of \$1.5 million every ten years; and (c) perform certain other maintenance obligations.

The Debtor intends to assume the Memorial Hall Lease on or before the Effective Date of the Plan.

### **C. Management and Employees**

#### *1. Management*

Lynn McMaster is the current President and Chief Executive Officer and has served in this capacity since January 2014. Sally W. Stetson serves as Chair of the Board of Directors. Michael Armento serves as Chief Financial Officer of the Debtor.

Patricia Wellenbach is currently employed by the Museum as a strategic advisor and has been employed in this capacity since November 2, 2015. She will become the President and Chief Executive Officer of the Debtor on the Effective Date.

#### *2. Employees*

As of the Petition Date, the Debtor employed approximately 130 employees, of whom approximately forty-one (41) were full-time, salaried, employees (the "Salaried Employees"), approximately fifteen (15) were full-time hourly employees (the "Full-Time Hourly Employees"), and approximately forty-two (42) were part-time hourly employees (the "Part-Time Employees," and together with the Salaried Employees and Full-Times Hourly Employees, the "Regular Employees").

In addition, as of the Petition Date, the Debtor employed approximately thirty-two (32) temporary employees (the "Temporary Employees," and together with Regular Employees, the "Employees"). Temporary Employees are paid on an hourly basis.

The Debtor's employees are all non-union employees.

#### **D. Summary of Assets**

The Debtor filed Schedules with the Bankruptcy Court that detail the assets which are either owned by the Debtor or in which the Debtor has an interest. Such assets include cash on hand, bank accounts and investments, deposits, insurance policies, accounts receivable, equipment, furnishings and supplies, fixtures, equipment and supplies used in operations, and other items of personal property. The Schedules provide asset values on a net book basis, which is not reflective of actual values. The Schedules may be reviewed on the Bankruptcy Court electronic case filing system or during business hours in the offices of the Clerk of the Bankruptcy Court. Additionally, the Schedules may be reviewed at [www.omnimgt.com](http://www.omnimgt.com). Information regarding the Debtor's assets is also available in the Liquidation Analysis attached hereto as Exhibit B.

#### **E. Historical Financial Information**

Attached as Exhibit C are the Debtor's audited financial statements for the fiscal year ended September 30, 2014. The Debtor's largest liabilities relate to the Bonds.

#### **F. The Debtor's Debt Structure**

At the request of the Debtor, the Philadelphia Authority for Industrial Development issued \$60 million in aggregate principal amount of its Revenue Bonds, Series of 2006 (Please Touch Museum Project) (the "Bonds") under that Trust Indenture dated as of November 1, 2006, with the Indenture Trustee; and loaned the proceeds of the sale of the Bonds to the Museum under a loan agreement of the same date; with such loan being evidenced by a promissory note relating to and securing the Bonds, by the Museum to the Authority. Both the loan agreement and note were assigned by the Authority to the Indenture Trustee. The Museum's obligations and liabilities with respect to the note, and otherwise under the loan agreement, Trust Indenture, and related documents, were secured by, among other things, a security agreement, made as of November 1, 2006 by the Museum to the Trustee.

The Memorial Hall Lease prohibits the Museum from granting a mortgage lien on its leasehold interest. The Museum has, however, granted the Indenture Trustee a security interest in collateral including the Museum's self-generated revenues and unrestricted contributions and pledges and its furnishings, equipment and exhibits located within the Memorial Hall facility, with the exception of certain property including items loaned to the Museum.

The Bonds' debt service requirements (principal and interest only) were structured to escalate over a 30 year period from an interest only payment of \$2,497,805 for the fiscal year ending September 30, 2007 to a total payment of \$5,651,925 for the fiscal year ending September 30, 2036. For the fiscal year ending September 30, 2015, if the Bonds had then



been paid current, the required debt service payment would have included a principal payment of \$770,000 and interest payment of \$2,960,025 for a total of \$3,730,025.

### **G. Affiliates of the Debtor**

PTM II Limited Partnership and PTM II Corporation are affiliates of the Debtor which were formed on June 27, 2003. PTM III Limited Partnership and PTM III Corporation are affiliates of the Debtor which were formed on December 22, 2003. Although these entities were formed with the expectation that they would be used in connection with the Debtor's business, none of them actively conduct business, own property or any material assets.

### **H. Events Leading to the Commencement of the Chapter 11 Case**

Prior to 2008, the Museum was located at 210 North 21st Street in Center City Philadelphia. To finance its move to Memorial Hall, the Debtor incurred the Bond obligation in the original principal amount of \$60 million. On or about October 18, 2008, the Museum opened its current location at Memorial Hall in Fairmount Park. The Memorial Hall location is significantly larger than the Debtor's previous location on 21st Street. The Debtor's real property at 21st Street, which it owned, was sold following the move to Memorial Hall.

The financial events of 2008 had a significant impact on the Debtor's finances. The proceeds from the sale of the 21st Street building were substantially less than expected as a result of a drop in real estate prices associated with the 2008 recession. In addition, fundraising activities conducted by the Debtor in connection with the move to Memorial Hall fell short of goals. The 2008 recession had a significant impact on the Museum's revenues from operations and contributions. Further, the value of, and income from, the Debtor's endowment was negatively impacted by a drop in stock values. By 2013, the Board believed that the Debtor would be unable to remain current on its Bond obligations during the long term.

The Debtor did not make the payment of \$2,075,587.50 due to the Indenture Trustee by the end of August, 2013, and representing the amounts of principal and interest due to Bondholders on September 1, 2013, nor did the Debtor make any subsequent payment due to the Indenture Trustee for payment of principal or interest due on account of the Bonds. By notice from the Indenture Trustee to the Debtor and the Authority dated June 6, 2014, due to significant Events of Default committed by the Debtor, the principal of all the Bonds outstanding was declared to be due and payable immediately, together with interest accrued thereon; all payments due and owing under the loan agreement were declared immediately due and payable; and demand was made for the immediate repayment of all sums due and owing with respect to the Bonds or under the Bond Documents.

Although the rent under the Memorial Hall Lease is nominal, the lease is not economical for the Debtor because the Museum must maintain a 150 year old building owned by the City of Philadelphia. As well, the Museum is responsible for property insurance. Further, the utility expenses associated with heating and cooling the Memorial Hall location are high as a result of the age and condition of the property.

The Debtor continues to suffer declining operating revenues (because of the inability to reinvest in exhibits, marketing, etc.), declining donations (because of the inability to repay the Bond debt), and huge maintenance expenses arising from the age of the building and lease requirements.

The Museum undertook an expense reduction program and achieved a significant reduction in operating expenses.

Discussions took place among the Indenture Trustee, representatives of certain of the Bondholders, and representatives of the Debtor. Ultimately, the representatives of the holders of a majority in aggregate principal amount of the Bonds outstanding worked with the Debtor on a term sheet regarding a settlement of the Debtor's obligations under the Bonds and the documents related to the Bonds, which was executed on September 10, 2015. The terms and provisions of the Term Sheet are attached to the Plan as Exhibit A. The settlement made in the Term Sheet is described in Section VI(C)(2)(c) regarding the Class 3 Claim of the Bonds.

## **V. THE CHAPTER 11 CASE**

### **A. Continuation of Operations; Stay of Litigation**

On September 11, 2015, the Debtor filed its petition for relief under chapter 11 of the Bankruptcy Code.

Since the Petition Date, the Debtor has continued to operate as a Debtor in possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code. The Debtor is authorized to operate its organization and manage its property in the ordinary course, with transactions outside of the ordinary course of business requiring Bankruptcy Court approval.

An immediate effect of the filing of the Debtor's bankruptcy petition was the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by creditors, the enforcement of liens against property of the Debtor and the continuation of litigation against the Debtor. The relief provides the Debtor with the "breathing room" necessary to assess its operations and prevents creditors from obtaining an unfair recovery advantage while the Chapter 11 Case is pending.

### **B. First Day Motions**

On the first day of the Chapter 11 Case the Debtor filed several applications and motions seeking certain relief by virtue of so-called "first day orders." First day motions and orders are intended to facilitate the transition between a debtor's prepetition and post-petition business operations by approving certain regular business practices that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the Bankruptcy Court. The first day motions filed in the Chapter 11 Case are typical

of motions filed in large Chapter 11 case across the country. Such motions sought, among other things, the following relief:

- the maintenance of the Debtor's bank account and operation of its cash management system substantially as such systems existed prior to the Petition Date;
- payment of employees' prepetition compensation, benefits and expense reimbursement amounts;
- payment of prepetition taxes and fee amounts;
- authority to administer customer programs and honor certain prepetition obligations to customers;
- an extension of the statutory period during which utilities are prohibited from altering, refusing or discontinuing services and/or requiring adequate assurance of payment as a condition of receiving services.

The First Day Motions were approved by the Bankruptcy Court, with minor revisions to the relief sought by the Debtor.

### **C. Retention of Professionals**

The Debtor is represented in the Chapter 11 Case by Dilworth Paxson LLP ("Dilworth"). The Debtor is using the financial advisory services of EisnerAmper LLP ("EisnerAmper"). Rust Omni was authorized to provide claims, noticing and balloting services to the Debtor. Isdaner & Company LLC ("Isdaner") was retained to provide accounting and tax services.

### **D. Appointment of Creditors' Committee**

No official committee of unsecured creditors has been appointed in this case.

### **E. Significant Post-Petition and Restructuring Events**

On September 11, 2015, the Debtor filed the *Motion of Debtor Please Touch Museum for Order Authorizing Use of Cash Collateral*. The Debtor has been authorized by the Bankruptcy Court to use cash collateral in accordance with a cash collateral budget, subject to the terms of such motion and order. The Debtor has continued its operations without interruption.

### **F. Foundation For the Future Campaign**

The Museum has launched a Foundation For the Future Campaign through which it seeks to raise a total of \$10 million. As of January 25, 2016, the Museum had obtained pledges of funds which may be used to fund the Effective Date in the amount of approximately \$5.7

million through the Campaign. The Debtor continues to solicit donations and expects to obtain pledges of funds which are sufficient to fund the Plan.

### **G. City Parking Tax Claim**

The City filed claims 21 and 43 on the claims docket relating to an asserted priority claim for parking taxes in the amount of \$638,477.32. Such claim is classified as the Class 5 City Parking Tax Claim. The Debtor intends to negotiate with the City regarding the amount and/or priority of the City Parking Tax Claim. In the event the Debtor and the City are unable to enter into a mutually agreeable compromise with respect to the City Parking Tax Claim, the Debtor reserves the right to object to the claim.

## **VI. SUMMARY OF THE PLAN**

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND IMPLEMENTATION OF THE PLAN AND THE CLASSIFICATION AND TREATMENT OF CLAIMS UNDER THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CLAIMS AGAINST, AND INTERESTS IN, THE DEBTOR UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR AND OTHER PARTIES IN INTEREST. IN THE EVENT OF ANY CONFLICT BETWEEN THIS DISCLOSURE STATEMENT AND THE PLAN OR ANY OTHER OPERATIVE DOCUMENT, THE TERMS OF THE PLAN AND/OR SUCH OTHER OPERATIVE DOCUMENT WILL CONTROL.

### **A. Overall Structure of the Plan**

Under the Plan, Claims against and Interests in the Debtor are divided into Classes according to their relative seniority and other criteria, in accordance with the provisions of the Bankruptcy Code.

If the Plan is confirmed by the Bankruptcy Court and consummated: (a) the Claims in certain Classes will be reinstated or modified and receive distributions equal to the full amount of such Claims, (b) the Claims of certain other Classes will be modified and receive distributions constituting a partial recovery on such Claims, and (c) the Claims and Interests in certain other Classes will receive no recovery on such Claims or Interests. On the Effective Date and at

certain times thereafter, the Debtor will distribute Cash and other property in respect of certain Classes of Claims as provided in the Plan. The Classes of Claims against and Interests in the Debtor created under the Plan, the treatment of those Classes under the Plan and the securities and other property to be distributed under the Plan are described below.

## **B. Necessity of Funding For the Plan**

The Debtor intends to fund the Plan through (1) Funds currently held by the Debtor; (2) Funds obtained from operations; (3) Funding raised through the Foundation For the Future Campaign; and (4) if necessary, borrowing from a financial institution.

To fund the Plan, the Debtor must raise sufficient funds to make all payments called for on the Effective Date of the Plan, including but not limited to (1) payment of the sum of \$5,750,000 ~~(and the remaining value of funds held by the Trustee)~~ with respect to the Class 3 Claim of the Bonds; and (2) payment of the sum of approximately \$1.1 million in the aggregate with respect to all other classes of claims. The actual amount to be paid with respect to claims other than the Class 3 Claim of the Bonds depends on the resolution of several claims.

Obtaining sufficient funding is a condition to the Effectiveness of the Plan. If the Plan is confirmed but the Debtor does not raise sufficient funds to fund the Plan, the Debtor may borrow funds from a financial institution or may withdraw the Plan.

## **C. Classification and Treatment of Claims and Interests**

Section 1122 of the Bankruptcy Code provides that a plan must classify the claims and interests of a debtor's creditors and equity interest holders. In accordance with section 1122 of the Bankruptcy Code, the Plan divides Claims and Interests into Classes and sets forth the treatment for each Class (other than Administrative Claims and Priority Tax Claims which, pursuant to section 1123(a)(1), do not need to be classified). The Debtor is required, under section 1122 of the Bankruptcy Code, to classify Claims against and Interests in the Debtor into Classes that contain Claims and Interests that are substantially similar to the other Claims and Interests in such Class.

The Debtor believes that the Plan has classified all Claims and Interests in compliance with the provisions of section 1122 of the Bankruptcy Code and applicable case law, but it is possible that a Holder of a Claim or Interest may challenge the Debtor's classification of Claims and Interests and that the Bankruptcy Court may find that a different classification is required for the Plan to be confirmed. In that event, the Debtor intends, to the extent permitted by the Bankruptcy Code, the Plan and the Bankruptcy Court, to make such reasonable modifications of the classifications under the Plan to permit confirmation and to use the Plan acceptances received for purposes of obtaining the approval of the reconstituted Class or Classes of which each accepting Holder ultimately is deemed to be a member. Any such reclassification could adversely affect the Class in which such Holder initially was a member, or any other Class under the Plan, by changing the composition of such Class and the vote required of that Class for approval of the Plan.

Except as to Claims specifically Allowed in the Plan, the amount of any Impaired Claim that ultimately is Allowed by the Bankruptcy Court may vary from any estimated Allowed amount of such Claim and accordingly the total Claims ultimately Allowed by the Bankruptcy Court with respect to each Impaired Class of Claims may also vary from any estimates contained herein with respect to the aggregate Claims in any Impaired Class. Thus, the value of the property that ultimately will be received by a particular Holder of an Allowed Claim under the Plan may be adversely or favorably affected by the aggregate amount of Claims ultimately Allowed in the applicable Class.

The classification of Claims and Interests and the nature of distributions to members of each Class are summarized below. The Debtor believes that the consideration, if any, provided under the Plan to Holders of Claims and Interests reflects an appropriate resolution of its Claims and Interests, taking into account the differing nature and priority of such Claims and Interests and the fair value of the Debtor's assets.

In the event any Class rejects the Plan, the Debtor will seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code as to any dissenting Class. Section 1129(b) of the Bankruptcy Code permits confirmation of a chapter 11 plan in certain circumstances even if the plan has not been accepted by all Impaired classes of Claims and Interests. Although the Debtor believes that the Plan can be confirmed under section 1129(b) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will find that the requirements to do so have been satisfied. Notwithstanding anything else herein, the Debtor will not request that the Plan be confirmed under Section 1129(b) with respect to Class 3 (Claim of the Bonds) unless holders of at least 50% in principal amount of the Bonds actually voted vote in favor of the Plan, and the Indenture Trustee does not object to such treatment.

1. *Treatment of Unclassified Claims under the Plan*

(a) *Administrative Claims*

An Administrative Claim is a Claim for: (a) any cost or expense of administration (including, without limitation, the fees and expenses of Professionals) of the Chapter 11 Case asserted or arising under sections 503, 507(a)(1), 507(b) or 1114(e)(2) of the Bankruptcy Code including, but not limited to (i) any actual and necessary post Petition Date cost or expense of preserving the Debtor's Estate or operating the organization of the Debtor, (ii) any post Petition Date cost, indebtedness or contractual obligation duly and validly incurred or assumed by the Debtor in the ordinary course of operations, (iii) compensation or reimbursement of expenses of Professionals to the extent Allowed by the Bankruptcy Court under sections 330(a) or 331 of the Bankruptcy Code, and (iv) all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546 of the Bankruptcy Code; and (b) any fees or charges assessed against the Debtor's Estate under section 1930 of title 28 of the United States Code.

Under the Plan, Administrative Claims are Unimpaired. Unless otherwise provided for therein, each Holder of an Allowed Administrative Claim shall receive, from the Debtor against

which such Claim is Allowed, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Administrative Claim becomes Allowed, or (iii) a date agreed to in writing by the Debtor and the Holder of such Administrative Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtor, or as the Bankruptcy Court may order.

All fees payable pursuant to section 1930 of title 28 of the United States Code, as determined by the Bankruptcy Court at the Confirmation Hearing, will be paid on or before the Effective Date by the Debtor.

Applications for compensation for services rendered and reimbursement of expenses incurred by Professionals from the Petition Date through the Effective Date shall be filed no later than forty-five (45) days after the Effective Date. Such applications shall be served on: (a) the Debtor at 4231 Avenue of the Republic, Philadelphia, PA 191031 (Attn: Michael Armento, Chief Financial Officer); (b) Lawrence G. McMichael, Dilworth Paxson LLP, 1500 Market Street, Suite 3500E, Philadelphia, PA 19102, counsel to the Debtor; and (c) the Office of the United States Trustee. Applications that are not timely filed will not be considered by the Court. The Debtor may pay any Professional fees and expenses incurred after the Effective Date without any application to the Bankruptcy Court.

(b) *Priority Tax Claims*

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

Priority Tax Claims are Unimpaired. Each Holder of an Allowed Priority Tax Claim shall receive, at the option of the Debtor in full satisfaction, settlement, release, extinguishment and discharge of such Priority Tax Claim: (a) the amount of such unpaid Allowed Priority Tax Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date

on which such Priority Tax Claim becomes Allowed, and (iii) a date agreed to by the Debtor and the Holder of such Priority Tax Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Priority Tax Claim and the Debtor or as the Bankruptcy Court may order. Prior to the Effective Date, the Debtor shall have the right to prepay at any time, in whole or in part, any Allowed Priority Tax Claim without premium or penalty of any sort or nature.

2. *Treatment of Classified Claims and Interests under the Plan*

(a) *Class 1: Priority Claims*

Class 1 Priority Claims are Unimpaired. Each Holder of an Allowed Class 1 Priority Claim shall receive, in the discretion of the Debtor, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Class 1 Claim becomes Allowed, and (iii) a date agreed to by the Debtor and the Holder of such Class 1 Priority Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtor.

(b) *Class 2: Member Claims*

Class 2 Member Claims are Unimpaired. Each Holder of an Allowed Class 2 Member Claim shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claim, access and all rights at the Museum to which the Member's respective membership level entitles the Member for the duration of the valid membership, subject to all terms and conditions of such membership.

(c) *Class 3: Claim of the Bonds*

The Class 3 Claim of the Bonds is Impaired. It consists of the Claim held by the Indenture Trustee on account of the Bonds and under the Indenture and set forth in the proofs of claim filed by the Indenture Trustee, including, as more fully set forth therein, the outstanding principal amount of Bonds, \$58,000,000.00, plus accrued and unpaid interest as of the Petition Date in the amount of \$3,070,653.13, plus all other amounts due with regard to the Bonds or otherwise due under the Indenture and other documents related to the issuance of the Bonds, including without limitation the fees and expenses of the Indenture Trustee, including the fees and expenses of the Indenture Trustee's attorneys, consultants, and advisors. The Claim of the Bonds is an Allowed Claim for purposes of the Plan, but such allowance of the Claim of the Bonds for purposes of the Plan shall not be binding on the Debtor or other parties in interest in the event the Effective Date of the Plan does not occur. Recovery on the Claim of the Bonds under the Plan shall be as set forth in Section 3.07 of the Plan and this Section VI.C.2.c.

Although the Claim of the Bonds is held by the Indenture Trustee, it is voted by the Bondholders. Bondholders, *i.e.*, beneficial holders of the Bonds as of the Voting Record Date,



have the right to vote, as a Class, to accept or reject the Plan with respect to the Claim of the Bonds. The votes of the Bondholders with respect to Class 3 shall be tallied as set forth in Section 4.01 below.

The Claim of the Bonds shall be paid in the amount stated in the Term Sheet, which provides, as a requirement of final settlement, that the Museum will make two payments totaling \$8,250,000 to the Indenture Trustee on account of the Bonds: \$2,500,000 upon execution of the Term Sheet, which amount has been paid to the Indenture Trustee on behalf of the Bondholders and constitutes property of the trust estate of the Bonds held by the Indenture Trustee on behalf of the Bondholders and subject to the Indenture, and the Debtor waives all rights, if any, to such property; and \$5,750,000 on or before the Effective Date of the Plan. The Indenture Trustee shall retain all funds held under the Indenture and/or with respect to the Bonds.

As of the date hereof, the Debtor does not have sufficient cash to make such payment to the Indenture Trustee on account of the Claim of the Bonds. Please see Sections V. F. and VI. G. 2 of the Disclosure Statement for a description of the Debtor's fundraising in this regard.

The Indenture Trustee's receipt of \$5,750,000 (the remaining amount due from the Museum to the Indenture Trustee under the Term Sheet) from the Museum on or before the Effective Date, shall be in full satisfaction, settlement, release, extinguishment, and discharge of the Claim of the Bonds. The Indenture Trustee shall not receive any further amounts on account of the Bonds.

**BONDHOLDERS WILL NOT RECOVER  
ALL AMOUNTS DUE WITH RESPECT  
TO THEIR BONDS UNDER THE PLAN.**

On the Effective Date, including upon the Indenture Trustee's receipt of the amount of \$5,750,000 as described above, the Bonds shall be cancelled.

Also on the Effective Date, the Indenture shall be deemed terminated; *provided, however,* that the Indenture will continue in effect solely for the purposes of any obligations governing the relationship between the Indenture Trustee and the Bondholders (including but not limited to those provisions relating to the Indenture Trustee's rights to expense reimbursement, indemnification and similar amounts) or that may survive termination or maturity of the Indenture, (x) allowing Bondholders to receive the Final Distribution to Bondholders (defined below) under the Plan, (y) allowing the Indenture Trustee to make distributions under the Plan, (z) allowing the Indenture Trustee compensation and/or reimbursement of its fees and expenses in accordance with the Indenture, including, without limitation, through the exercise of any charging lien, preference in payment, etc. On and after the Effective Date, all duties and responsibilities of the Indenture Trustee under the Indenture will be discharged except to the extent required to effectuate the Plan.

The Indenture Trustee shall then distribute all amounts held under the Indenture and/or with regard to the Bonds, including such \$5,750,000, in accordance with the terms and provisions of the Indenture, as follows: first, to payment of the fees, costs, and expenses of the Indenture Trustee; second, all remaining amounts to partial payment of amounts outstanding on the Bonds (a *pro rata* distribution to Bondholders) without preference or priority of principal over interest or of interest over principal, ratably, according to the amounts due respectively for principal and interest (the "Final Distribution to Bondholders"). The Final Distribution to Bondholders will be made through the facilities of The Depository Trust Company ("DTC") consistent with the customary mandatory exchange practices of DTC. Bondholders will not receive any amounts on their Bonds after the Final Distribution to Bondholders (which will be a partial payment).

(d) *Class 4: Other Secured Claims*

Class 4 Other Secured Claims are Unimpaired. Each Holder of an Allowed Class 4 Other Secured Claim shall receive, in the discretion of the Debtor, in full satisfaction, settlement, release, extinguishment and discharge of such Claim: (a) Cash equal to the amount of such Allowed Secured Claim, plus any interest due through the date of payment, on or as soon as practicable after the later of (i) the Effective Date, (ii) the date that such Secured Claim becomes Allowed, and (iii) a date agreed to by the Debtor and the Holder of such Class 4 Other Secured Claim; (b) Reinstatement of such Allowed Secured Claim; (c) the Property securing such Secured Claim; or (d) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtor.

(e) *Class 5: City Parking Tax Claim*

Class 5 consists of the City Parking Tax. The Class 5 City Claim is Unimpaired. The Holder of an allowed Parking Tax Claim shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such claim: (a) the amount of such unpaid Allowed Claim in Cash on or as soon as reasonably practicable after the later of (i) the Effective Date, (ii) the date on which such Class 1 Claim becomes Allowed, and (iii) a date agreed to by the Debtor and the Holder of such Class 1 Priority Claim; or (b) such other treatment on such other terms and conditions as may be agreed upon in writing by the Holder of such Claim and the Debtor.

(f) *Class 6: General Unsecured Claims*

Class 6 General Unsecured Claims are Impaired. Class 6 General Unsecured Claims include all Claims, including Rejection Claims, that are not: Administrative Claims, Priority Tax Claims, Class 3 Claim of the Bonds, Other Secured Claims, Priority Claims, or Class 7 Interests. Each Holder of a Class 6 Allowed General Unsecured Claim shall receive, in full satisfaction, settlement, release, extinguishment and discharge of such Claim either (a) an amount of Distributable Cash equal to 100% of the aggregate amount in U.S. dollars of such Holder's Class 7 Allowed General Unsecured Claim, with payment of interest at 4% per annum, paid in equal quarterly installments over a period of two years commencing on the Effective Date; or (b) if elected by the Holder, an amount of Distributable Cash equal to 90% of the aggregate amount

in U.S. dollars of such Holder's Class 7 Allowed General Unsecured Claim, without interest, paid on the Effective Date.

(g) *Class 7: Interests*

Class 7 Interests are Unimpaired. This Class consists of the ownership interests in the Debtor. Allowed Class 7 Interests shall be retained and receive no Property or other distribution of value on account of the Class 7 Interest.

**D. Reservation of Rights Regarding Claims**

Except as otherwise explicitly provided in the Plan, nothing will affect the Debtor's rights and defenses, both legal and equitable, with respect to any Claims, including, but not limited to, all rights with respect to legal and equitable defenses to alleged rights of setoff or recoupment. The Debtor specifically reserve all rights, remedies, claims, defenses and Causes of Action.

**E. Allowed Claims, Distribution Rights and Objections to Claims**

1. *Allowance Requirement*

Only Holders of Allowed Claims are entitled to receive distributions under the Plan. An Allowed Administrative Claim is a Claim or any portion thereof that has been Allowed, or adjudicated in favor of the Holder by estimation or liquidation, by a Final Order, that was incurred by the Debtor in the ordinary course of business during the Chapter 11 Case and as to which there is no dispute as to the Debtor's liability, or that has become Allowed by failure to object pursuant to Section 8.05 of the Plan. An Allowed Claim is such Claim or any portion thereof (other than an Administrative Claim) of (a) any Claim against the Debtor that has been listed by the Debtor in the Schedules, as such Schedules may have been amended by the Debtor from time to time in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed or contingent, and with respect to which no contrary proof of claim has been filed, (b) any Claim specifically allowed under the Plan, (c) any Claim the amount or existence of which has been determined or allowed by a Final Order, or (d) any Claim as to which a proof of claim has been timely filed before the Bar Date, provided that at the time of the Effective Date the Debtor has not identified such Claim as being objectionable in part or in whole and no objection to the allowance thereof has been filed by the Claims Objection Deadline; provided, however, that the term Allowed, with reference to any Claim, shall not include (x) any unliquidated claim or (y) interest or attorneys' fees on or related to any Claim that accrues from and after the Petition Date unless otherwise expressly provided for in the Plan.

2. *Timing of Distributions*

Except as specifically set forth in the Plan, distributions of Property will be made to Holders of Allowed Claims in accordance with Article III of the Plan. If a Claim is not an Allowed Claim as of the applicable distribution date, distributions will be made only if and when the Claim is Allowed, and then in accordance with Article III of the Plan and, with respect to the

cure of defaults for assumed executory contracts and unexpired leases, Section 6.02 of the Plan, and in each case, subject to Article VIII of the Plan. Distributions to be made as of the Effective Date on account of Claims that are Allowed as of the Effective Date and are entitled to receive distributions under the Plan shall be made on the Effective Date or as soon as reasonably practicable thereafter. Distributions to be made after the Effective Date shall be made on dates to be established by the Debtor pursuant to the terms of the Plan, taking into account the establishment of reserves for Disputed Claims and the Debtor's right to defer distributions if the amount of the Cash to be distributed on a particular date is insufficient to justify the costs of effectuating the distribution.

### 3. *Making of Distributions*

Distributions to Holders of Allowed Claims will be made in accordance with Article III of the Plan. On the Effective Date, the Debtor shall deposit cash into the Distribution Account. From the Distribution Account, the Debtor will make Cash distributions in accordance with the Plan. The Debtor shall be entitled to establish reserves for Disputed Claims to provide for payment of such Claims if and when Allowed. If any dispute arises as to the identity of a Holder of an Allowed Claim who is to receive any distribution, the Debtor shall, as appropriate and in lieu of making such distribution to such Holder, delay such distribution until the disposition thereof shall be determined by Final Order of the Bankruptcy Court or by written agreement among the interested parties to such dispute.

Distributions to Holders of Allowed Claims shall be made by the Debtor: (a) at the last known addresses of such Holders or (b) at the addresses set forth in any written notices of address change filed on the Docket in the Bankruptcy Case and delivered to the Debtor. If any Holder's distribution is returned as undeliverable, no further distributions to such Holder shall be made unless and until the Debtor is notified of such Holder's then current address, at which time all missed distributions shall be made to such Holder without interest.

Notwithstanding anything else herein, payment to the Indenture Trustee with respect to Class 3, the Claim of the Bonds, shall be made by wire transfer.

### 4. *Failure to Negotiate Checks/Unclaimed Distributions*

Checks issued in respect of distributions under the Plan shall be null and void if not negotiated within ninety (90) days after the date of issuance. Any amounts returned to the Debtor in respect of such non-negotiated checks shall be held by the Debtor. Requests for reissuance for any such check shall be made directly to the Debtor by the Holder of the Allowed Claim with respect to which such check originally was issued. All amounts represented by any voided check will be held until the earlier of: (a) one (1) month after date on which the check is voided, or (b) the date on which the Bankruptcy Court enters the Final Decree, and all requests for reissuance by the Holder of the Allowed Claim in respect of a voided check are required to be made prior to such date. Thereafter, all such amounts shall be deemed to be Unclaimed Property, in accordance with Section 5.07 of the Plan, and all Holders of Claims in respect of

void checks shall be forever barred, estopped and enjoined from asserting a claim to such funds in any manner against the Debtor or its assets.

All Property distributed on account of Claims must be claimed prior to the date on which the Bankruptcy Court enters the Final Decree, or, in the case of a distribution made in the form of a check, must be negotiated and a request for reissuance be made as provided for in Section 5.07 of the Plan. All Unclaimed Property will be retained by and will revert to the Debtor. All full or partial payments made by the Debtor and received by the Holder of a Claim prior to the Effective Date will be deemed to be payments under the Plan for purposes of satisfying the obligations of the Debtor pursuant to the Plan. Nothing contained in the Plan shall require the Debtor to attempt to locate any Holder of an Allowed Claim other than by reviewing the records of the Debtor and any Claims filed in the Chapter 11 Case. Pursuant to section 1143 of the Bankruptcy Code, all Claims in respect of Unclaimed Property shall be deemed Disallowed and the Holder of any Claim Disallowed in accordance with Section 5.07 of the Plan will be forever barred, expunged, estopped and enjoined from asserting such Claim in any manner against the Debtor or its assets.

#### 5. *Objection Procedures*

Unless otherwise ordered by the Court after notice and a hearing, under the Plan, the Debtor shall have the exclusive right, on and after the Effective Date, to file objections to Claims (other than Claims specifically Allowed in the Plan) and shall serve a copy of each such objection upon the Holder of the Claim to which the objection is made as soon as practicable, but in no event later than the Claims Objection Deadline. An objection to any Claim shall be deemed properly served on the Holder thereof if the Debtor effects service in any of the following manners: (i) in accordance with Rule 4 of the Federal Rules of Civil Procedure, as modified and made applicable by Federal Rule of Bankruptcy Procedure 7004, (ii) by first class mail, postage prepaid, on the signatory on the proof of claim or interest or other representative identified in the proof of claim or interest or any attachment thereto, or (iii) by first class mail, postage prepaid, on any counsel that has appeared on the Holder's behalf in the Chapter 11 Case.

### **F. Disposition of Executory Contracts and Unexpired Leases**

#### 1. *Contracts and Leases Deemed Rejected*

The Plan provides that executory contracts and unexpired leases shall be deemed automatically rejected as of the Effective Date, except for any executory contract or unexpired lease: (a) that has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date, (b) that is the subject of a motion to assume or reject pending on the Effective Date, (c) that is assumed, rejected or otherwise treated pursuant to Section 6.03 or Section 6.04 of the Plan, (d) that is listed on Schedule 6.02(a) or 6.02(b) of the Plan or (e) as to which a Treatment Objection has been filed and properly served by the Treatment Objection Deadline. If an executory contract or unexpired lease either (x) has been assumed or rejected pursuant to an order of the Bankruptcy Court entered prior to the Effective Date or (y) is the subject of a motion to assume or reject pending on the Confirmation

Date, then the listing of any such executory contract or unexpired lease on the aforementioned Schedules shall be of no effect.

Notwithstanding the foregoing, the following are the general categories of executory contracts which, unless they fall into one of the categories (a) through (e) in the foregoing paragraph, shall be deemed assumed as of the Effective Date:

- (a) Customer Programs;
- (b) Insurance Plans;
- (c) Workers Compensation Plans;
- (d) certain Indemnification obligations;
- (e) certain Employee Agreements;
- (f) Employee Benefits

The Debtor, subject to the cash collateral order, may honor, in the ordinary course of business, written contracts, agreements, policies, programs and plans for, among other things, compensation, health care benefits, disability benefits, severance benefits, retirement benefits, welfare benefits, relocation programs, life insurance and accidental death and dismemberment insurance, including written contracts, agreements, policies, programs and plans for bonuses and other incentives or compensation for the directors, officers and employees of the Debtor who served in such capacity at any time.

To the extent that the contracts, agreements, licenses, policies, programs and plans listed in (a) through (f) above are executory contracts, pursuant to sections 365 and 1123 of the Bankruptcy Code, unless a Treatment Objection is timely filed and properly served, each of them will be deemed assumed (as modified or terminated) as of the Effective Date with a Cure of zero dollars. However, notwithstanding anything else herein, at the discretion of the Debtor, the assumed executory contracts shall be subject to modification in accordance with the terms thereof.

## 2. *Schedules of Executory Contracts and Unexpired Leases*

The Debtor shall set forth its intended treatment of all executory contracts and unexpired leases in Schedules 6.02(a) and 6.02(b) of the Plan, which shall be filed as specified in Article VI of the Plan. The Debtor reserve the right, on or prior to 3:00 p.m. (prevailing Eastern time) on the third Business Day immediately prior to the commencement of the Confirmation Hearing, (i) to amend Schedules 6.02(a) and 6.02(b) in order to add, delete or reclassify any executory contract or unexpired lease or amend a proposed assignment and (ii) to amend the Proposed Cure, in each case with respect to any executory contract or unexpired lease previously listed as to be assumed; provided, however, that if the Confirmation Hearing is adjourned for a period of more than two consecutive calendar days, such amendment right

shall be extended to 3:00 p.m. on the Business Day immediately prior to the rescheduled or continued Confirmation Hearing, and this proviso shall apply in the case of any and all subsequent adjournments of the Confirmation Hearing. Pursuant to sections 365 and 1123 of the Bankruptcy Code, and except with respect to executory contracts and unexpired leases as to which a Treatment Objection is properly filed and served by the Treatment Objection Deadline, (i) each of the executory contracts and unexpired leases listed on Schedule 6.02(a) shall be deemed assumed (and, if applicable, assigned) effective as of the Assumption Effective Date specified thereon and the Proposed Cure specified in the notice mailed to each Assumption Party shall be the Cure and shall be deemed to satisfy fully any obligations the Debtor might have with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code through the Assumption Effective Date and (ii) each of the executory contracts and unexpired leases listed on Schedule 6.02(b) shall be deemed rejected effective as of the Rejection Effective Date specified thereon.

With respect to any executory contract or unexpired lease first listed on Schedule 6.02(b) later than the date that is ten calendar days prior to the Voting Deadline, the Debtor shall use its best efforts to notify the applicable Rejection Party promptly of such proposed treatment via facsimile, email or telephone at any notice address or number included in the relevant executory contract or unexpired lease or as otherwise timely provided in writing to the Debtor by any such counterparty or its counsel. With respect to any executory contracts or unexpired leases first listed on Schedule 6.02(b) later than the date that is ten calendar days before the Voting Deadline, affected Rejection Parties shall have five calendar days from the date of such amendment to Schedule 6.02(b) to object to Confirmation of the Plan. With respect to any executory contracts or unexpired leases first listed on Schedule 6.02(b) later than the Voting Deadline, affected Rejection Parties shall have until the Confirmation Hearing to object to Confirmation of this Plan or amend any vote on the Confirmation of this Plan.

### 3. *Assumption and Rejection Procedures and Resolution of Treatment Objections*

#### (a) *Proposed Assumption*

With respect to any executory contract or unexpired lease to be assumed pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless an Assumption Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such executory contract or unexpired lease shall be deemed assumed as of the Assumption Effective Date proposed by the Debtor, without any further notice to or action by the Bankruptcy Court, and any obligation the Debtor may have to such Assumption Party with respect to such executory contract or unexpired lease under section 365(b) of the Bankruptcy Code shall be deemed fully satisfied by the Proposed Cure, if any, which shall be the Cure.

#### (b) *Proposed Rejection*

With respect to any executory contract or unexpired lease to be rejected pursuant to any provision of the Plan or any Notice of Intent to Assume or Reject, unless a Rejection Party files and properly serves a Treatment Objection by the Treatment Objection Deadline, such

executory contract or unexpired lease shall be deemed rejected as of the Rejection Effective Date proposed by the Debtor without any further notice to or action by the Bankruptcy Court.

(c) *Resolution of Treatment Objections*

Both on and after the Effective Date, the Debtor may, in its sole discretion, settle Treatment Objections without any further notice to or action by the Bankruptcy Court or any other party (including by paying any agreed Cure amounts).

With respect to each executory contract or unexpired lease as to which a Treatment Objection is timely filed and properly served and that is not otherwise resolved by the parties after a reasonable period of time, the Debtor, in consultation with the Bankruptcy Court, shall schedule a hearing on such Treatment Objection and provide at least fourteen (14) calendar days' notice of such hearing to the relevant Assumption Party or Rejection Party. Unless the Bankruptcy Court expressly orders or the parties agree otherwise, any assumption or rejection approved by the Bankruptcy Court notwithstanding a Treatment Objection shall be effective as of the Assumption Effective Date or Rejection Effective Date originally proposed by the Debtor or specified in the Plan.

Any Cure shall be paid as soon as reasonably practicable following the entry of a Final Order resolving an assumption dispute and/or approving an assumption, unless the Debtor file a Notice of Intent to Assume or Reject under Section 6.05(d) of the Plan. No Cure shall be allowed for a penalty rate or default rate of interest, each to the extent not proper under the Bankruptcy Code or applicable law.

(d) *Rejection Claims*

Any Rejection Claim must be filed with the Claims Agent by the Rejection Bar Date. Any Rejection Claim for which a Proof of Claim is not properly filed and served by the Rejection Bar Date shall be forever barred and shall not be enforceable against the Debtor, or its Estate or properties. The Debtor may contest any Rejection Claim in accordance with Section 6.06 of the Plan.

4. *Assignment*

To the extent provided under the Bankruptcy Code or other applicable law, any executory contract or unexpired lease transferred and assigned pursuant to the Plan shall remain in full force and effect for the benefit of the transferee or assignee in accordance with its terms, notwithstanding any provision in such executory contract or unexpired lease (including those of the type described in section 365(b)(2) of the Bankruptcy Code) that prohibits, restricts or conditions such transfer or assignment.



5. *Approval of Assumption, Rejection, Retention or Assignment of Executory Contracts and Unexpired Leases*

Entry of the Confirmation Order by the Bankruptcy Court shall, subject to the occurrence of the Effective Date, constitute approval of the rejections, retentions, assumptions and/or assignments contemplated by this Plan pursuant to sections 365 and 1123 of the Bankruptcy Code. Each executory contract and unexpired lease that is assumed (and/or assigned) pursuant to the Plan shall vest in and be fully enforceable by the Debtor in accordance with its terms as of the applicable Assumption Effective Date, except as modified by the provisions of this Plan, any order of the Bankruptcy Court authorizing or providing for its assumption (and/or assignment), or applicable federal law.

The provisions (if any) of each executory contract or unexpired lease assumed and/or assigned pursuant to the Plan that are or may be in default shall be deemed satisfied in full through the Assumption Effective Date by the Cure, or by an agreed-upon waiver of the Cure. Upon payment in full of the Cure, any and all Proofs of Claim based upon an executory contract or unexpired lease that has been assumed in the Chapter 11 Case or under the terms of the Plan shall be deemed disallowed and expunged with no further action required of any party or order of the Bankruptcy Court.

6. *Modifications, Amendments, Supplements, Restatements or Other Agreements*

Unless otherwise provided by the Plan or by separate order of the Bankruptcy Court, each executory contract and unexpired lease that is assumed, whether or not such executory contract or unexpired lease relates to the use, acquisition or occupancy of real property, shall include (i) all modifications, amendments, supplements, restatements or other agreements made directly or indirectly by any agreement, instrument or other document that in any manner affects such executory contract or unexpired lease and (ii) all executory contracts or unexpired leases appurtenant to the premises, if any, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements and any other interests in real estate or rights in remedy related to such premises, unless any of the foregoing agreements has been or is rejected pursuant to an order of the Bankruptcy Court or is otherwise rejected as part of the Plan.

**G. Means for Implementation of the Plan**

1. *Continued Existence/Structure*

Except as otherwise provided in the Plan, on the Effective Date, the Debtor shall continue to exist as a non-profit corporate entity organized under the laws of the Commonwealth of Pennsylvania.

2. *Fundraising Requirements to Fund Plan*

The Debtor is conducting a “Foundation for the Future” campaign to raise the funds which are necessary to fund the Plan. The Debtor has established a goal of raising \$10 million through the campaign. As of January 19, 2016, the Debtor had secured pledges of approximately \$5.9 million in connection with the campaign, of which \$5.1 million is payable on or before the Effective Date of the Plan. To consummate the settlement under the Term Sheet relating to Class 3, the Claim of the Bonds, the Debtor must make payment to the Indenture Trustee of \$5.75 million in addition to the payment of \$2.5 million made upon execution of the Term Sheet. To make the payments due to Class 5 and Class 6, and to make other payments due with respect to the Plan, the Debtor will further need approximately \$1.1 million. The Plan will only go Effective if the Debtor raises sufficient funds to fund the Plan, or is able to borrow funds from a financial institution to fund the Plan.

If the Debtor is unable to raise or borrow sufficient funds to fund the Plan, the Debtor intends to withdraw the Plan in accordance with the procedure set forth in section 9.04 of the Plan.

3. *Restructuring Distributions*

On or as of the Effective Date, the distributions provided for under the Plan shall be made by the Debtor from funds on hand that were (a) solicited for the purpose of funding the Plan, or (b) derived from the Debtor’s ongoing operations.

4. *Organization Action*

The entry of the Confirmation Order shall constitute authorization for the Debtor to take or cause to be taken all actions necessary or appropriate to consummate and implement the provisions of the Plan prior to, on and after the Effective Date, and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court. On or, as applicable, before the Effective Date, the appropriate officers and directors of the Debtor are authorized and directed to execute and deliver the agreements, documents and instruments contemplated by the Plan in the name and on behalf of the Debtor.

**H. Confirmation and/or Consummation**

Described below are certain important considerations under the Bankruptcy Code in connection with confirmation of the Plan.

1. *Requirements for Confirmation of the Plan*

Before the Plan can be confirmed, the Bankruptcy Court must determine at the Confirmation Hearing that the following requirements for confirmation, set forth in section 1129 of the Bankruptcy Code, have been satisfied:

- The Plan complies with the applicable provisions of the Bankruptcy Code.

- The Debtor has complied with the applicable provisions of the Bankruptcy Code.
- The Plan has been proposed in good faith and not by any means forbidden by law.
- Any payment made or promised by the Debtor or by a Person acquiring property under the Plan for services or for costs and expenses in, or in connection with, the Chapter 11 Case, or in connection with the Plan and incident to the Chapter 11 Case, has been disclosed to the Bankruptcy Court, and any such payment made before confirmation of the Plan is reasonable, or if such payment is to be fixed after confirmation of the Plan, such payment is subject to the approval of the Bankruptcy Court as reasonable.
- The Debtor has disclosed (a) the identity and affiliations of (i) any individual proposed to serve, after confirmation of the Plan, as a director or officer of the Debtor under the Plan, and (ii) any affiliate of the Debtor participating in a joint plan with the Debtor, and (b) the identity of any Insider that will be employed or retained by the Debtor and the nature of any compensation for such Insider. See Exhibit D.
- With respect to each Class of Claims or Interests, each Impaired Claim and Impaired Interest Holder either has accepted the Plan or will receive or retain under the Plan, on account of the Claims or Interests held by such Holder, property of a value, as of the Effective Date, that is not less than the amount that such Holder would receive or retain if the Debtor were liquidated on such date. See Section IX.D.
- The Plan provides that Administrative Claims and Priority Claims other than Priority Tax Claims will be paid in full on the Effective Date and that Priority Tax Claims will receive on account of such Claims deferred cash payments, over a period not exceeding five years after the date of assessment of such Claims, of a value, as of the Effective Date, equal to the Allowed Amount of such Claims, except to the extent that the Holder of any such Claim has agreed to a different treatment.
- If a Class of Claims is Impaired under the Plan, at least one Class of Impaired Claims has accepted the Plan, determined without including any acceptance of the Plan by Insiders holding Claims in such Class.
- Confirmation of the Plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the Debtor. See Section IX.A.

The Debtor believes that, upon receipt of the votes required to confirm the Plan, the Plan will satisfy all the statutory requirements of chapter 11 of the Bankruptcy Code, that the

Debtor have complied or will have complied with all of the requirements of chapter 11 and that the Plan has been proposed and submitted to the Bankruptcy Court in good faith.

Even if all of the foregoing are satisfied, if any Class of Claims is Impaired and votes to reject the Plan, the Debtor must satisfy the applicable “cramdown” standard with respect to that Class. Section 1129(b) of the Bankruptcy Code requires that the plan “not discriminate unfairly” and be “fair and equitable” with respect to such class. The Debtor does not anticipate that any Class of Claims will vote to reject the Plan. However, in the event any Class votes to reject the Plan, the Debtor believes it will satisfy the cramdown standards in section 1129(b) with respect to any such rejecting class. Notwithstanding anything else herein, the Debtor will not request that the Plan be confirmed under Section 1129(b) with respect to Class 3 (Claim of the Bonds) unless holders of at least 50% in principal amount of the Bonds actually voted vote in favor of the Plan, and the Indenture Trustee does not object to such treatment.

## 2. *Conditions to Confirmation Date and Effective Date*

The Plan specifies conditions precedent to the Confirmation Date and the Effective Date. Each of the specified conditions must be satisfied or waived in whole or in part by the Debtor, without any notice to parties-in-interest or the Bankruptcy Court and without a hearing, except as otherwise set forth in the Plan.

The conditions precedent to the occurrence of the Confirmation Date, which is the date of entry by the clerk of the Bankruptcy Court of the Confirmation Order, are that the form and substance of the Confirmation order shall be acceptable to the Debtor and reasonably acceptable to the Indenture Trustee.

The conditions that must be satisfied on or prior to the Effective Date, which is the Business Day upon which all conditions to the consummation of the Plan have been satisfied or waived, and is the date on which the Plan becomes effective, are that: (a) the Confirmation Order, in form and substance acceptable to the Debtor and reasonably acceptable to the Indenture Trustee, shall have been entered and become a Final Order; (b) all actions, documents and agreements required to be executed or delivered under the Plan on or prior to the Effective Date shall have been effected and executed as determined by the Debtor in its sole and absolute discretion; (c) the Debtor shall have received any authorizations, consents, regulatory approvals, rulings, letters, no-action letters, opinions or documents that are necessary to implement the Plan and that are required by law, regulation or order, in each case as determined by the Debtor in its sole and absolute discretion; and (d) the Debtor shall have raised or borrowed adequate funding to effectuate the Cash distributions required under the Plan.

In the event the Bankruptcy Court finds that the Debtor cannot reasonably satisfy the condition set forth in Section 9.02(d) of the Plan, then (a) the Plan shall be deemed withdrawn, (b) the Confirmation Order shall be vacated, and (c) the Plan and the Confirmation Order shall be null and void and of no effect, and nothing contained in the Plan Documents shall be deemed to constitute a waiver or release of any Claims by or against the Debtor or any other

Person or to prejudice in any manner the rights of the Debtor or any Person in any further proceedings involving the Debtor.

## **I. Effects of Confirmation**

### *1. Vesting of Assets*

Upon the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtor shall vest in each of the Reorganized Debtor free and clear of all Claims, Liens, encumbrances, charges and other interests, except as otherwise specifically provided in the Plan. All Liens, Claims, encumbrances, charges and other interests shall be deemed fully released and discharged as of the Effective Date, except as otherwise provided in the Plan. Except as otherwise provided in the Plan or the Confirmation Order, all Transferred Avoidance Actions shall automatically revert to and become the property of the Reorganized Debtor. The Reorganized Debtor will waive the right to enforce and prosecute such Transferred Avoidance Actions against any Person or Entity, that arose before the Effective Date, other than those expressly preserved or retained as part of or pursuant to the Plan or Confirmation Order. Except as otherwise provided in the Plan or Confirmation Order, nothing herein shall constitute the Debtor's waiver or release of claims, Causes of Action, or defenses not arising under chapter 5 of the Bankruptcy Code.

### *2. Injunction*

#### *(a) Claims and Interests*

No Holder of a Claim against the Debtor may, on account of such Claim, seek or receive any payment or other distribution from, or seek recourse against, the Debtor, the Debtor's successors, if any, or its property, except as expressly provided in the Plan. Accordingly, except as otherwise provided in the Plan, the Confirmation Order shall provide, among other things, that no Holder of a Claim against the Debtor may, on account of such Claim, seek or receive any payment or other distribution from, or seek recourse against, the Debtor, any of the Debtor's successors, if any, or its property. Creditors' rights of setoff and recoupment are preserved, and the injunctions referenced in Article X of the Plan shall not enjoin the valid exercise of such rights of setoff and recoupment.

#### *(b) Exculpation and Limitation of Liability*

The Plan contains standard exculpation provisions applicable to certain of the key parties in interest with respect to conduct in the Chapter 11 Case. Specifically, the Plan provides that none of the Debtor or Exculpated Persons shall have or incur any liability to any Person, including, without limitation, any Holder of a Claim or Interest or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys or affiliates or any of their successors or assigns, for any act taken or omission made in good faith in connection with, relating to, or arising out of, the Chapter 11 Case, filing, negotiating, prosecuting, administering, formulating, implementing, confirming or

consummating the Plan, or the Property to be distributed under the Plan, including all post-petition activities leading to the promulgation and confirmation of the Plan, the Disclosure Statement (including any information provided or statement made in the Disclosure Statement or omitted therefrom), or any contract, instrument, release or other agreement or document created in connection with or related to the Plan or the administration of the Debtor or the Chapter 11 Case, provided, however, that the exculpation will not apply to any act of gross negligence or willful misconduct. "Exculpated Persons" means to the maximum extent permitted by the Bankruptcy Code and applicable law, the Debtor, each Bondholder, U.S. Bank National Association, including without limitation in its capacity as the Indenture Trustee, and their respective members, officers, directors, shareholders, employees, advisors, attorneys or agents acting in such capacity on or after the Petition Date.

3. *Releases and Discharge Injunction*

(a) *Releases by Debtor in Favor of Third Parties*

The Plan provides for certain releases to be granted by the Debtor on and as of the Effective Date. Specifically, effective as of the Effective Date, and except as otherwise provided in the Plan or the Confirmation Order, the Debtor, in its individual capacity and as Debtor in possession, will be deemed to have forever released, waived and discharged the Releasees from any and all claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtor to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtor, taking place on or prior to the Effective Date in any way relating to the Debtor, the Chapter 11 Case, or the Plan.

Further, effective as of the Effective Date, the Debtor, in its own capacity and as debtor in possession, will be deemed to have forever released, waived and discharged the Bondholder Releasees from any and all Claims, obligations, suits, judgments, damages, demands, debts, rights, Causes of Action and liabilities (other than the rights of the Debtor to enforce the Plan and the contracts, instruments, releases, indentures and other agreements or documents delivered thereunder), whether for tort, contract, violations of federal or state securities laws, or otherwise, whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or part on any act, omission, transaction, event or other occurrence, including actions in connection with indebtedness for money borrowed by the Debtor, taking place on or prior to the Effective Date in any way relating to the Debtor, the Chapter 11 Case, the Plan, the Bonds, the Claim of the Bonds, the Term Sheet, the Indenture, or any other document pertaining to the issuance of the Bonds.

(b) *Releases by Creditors of Claims*

The Plan also provides for certain releases by Holders of Claims and Interests. Effective as of the Effective Date, except as otherwise provided in the Plan or the Confirmation Order, each Person (excluding the Debtor) that has held, currently holds or may hold a Claim or Interest, and any Affiliate of any such Person (as well as any trustee or agent on behalf of each such Person), shall be deemed to have forever waived, released and discharged the Releasees from any and all Claims, obligations, suits, judgments, damages, rights, Causes of Action and liabilities whatsoever (other than the right to enforce the performance of their respective obligations, if any, to the Debtor under the Plan, and the contracts, instruments releases and other agreements delivered under the Plan), whether liquidated or unliquidated, fixed or contingent, matured or unmatured, known or unknown, foreseen or unforeseen, then existing or thereafter arising, in law, equity or otherwise that are based in whole or in part on any act or omission, transaction, event or other occurrence taking place on or prior to the Effective Date in any way relating to the Debtor, the Chapter 11 Case, the Plan or the Disclosure Statement other than Claims or liabilities arising out of or relating to any act or omission that constitutes a failure to perform the duty to act in good faith and where such failure to perform constitutes willful misconduct, gross negligence, or fraud.

This release does not extend to any Claim or Cause of Action existing as of the Effective Date, based on (x) the Internal Revenue Code or any other domestic state, city or municipal tax code, (y) any liability that the Person may have as an owner or operator of real property after Confirmation under the environmental laws of the United States or any domestic state, city or municipality or (z) any criminal laws of the United States or any domestic state, city or municipality.

(c) *Discharge Injunction*

The Plan further provides that, unless otherwise specifically provided therein, on the Effective Date, the Confirmation Order shall constitute an injunction permanently enjoining any Person (excluding the Debtor) that has held, currently holds or may hold a Claim, demand, debt, right, Cause of Action or liability that is released pursuant to Section 10.03 of the Plan from enforcing or attempting to enforce any such Claim, demand, debt, right, Cause of Action or liability against any Releasee or Bondholder Releasee or any of their respective Property.

4. *No Successor Liability*

Except as otherwise expressly provided in the Plan, the Debtor does not, pursuant to the Plan or otherwise, assume, agree to perform, pay, or indemnify or otherwise have any responsibilities for any liabilities or obligations of the Debtor or any other party relating to or arising out of the operations of or assets of the Debtor, whether arising prior to, on, or after the Effective Date.

## **J. Retention of Jurisdiction**

Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain after the Effective Date exclusive jurisdiction of all matters arising out of, arising in or related to, the Chapter 11 Case to the fullest extent permitted by applicable law, including, without limitation, jurisdiction to:

- classify, re-classify or establish the priority or secured or unsecured status of any Claim (whether filed before or after the Effective Date and whether or not contingent, Disputed or unliquidated) or resolve any dispute as to the treatment of any Claim or Interest pursuant to the Plan;
- grant or deny any applications for allowance of compensation or reimbursement of expenses pursuant to sections 330, 331 or 503(b) of the Bankruptcy Code or otherwise provided for in the Plan, for periods ending on or before the Effective Date;
- determine and resolve any matters related to the assumption, assumption and assignment or rejection of any executory contract or unexpired lease to which the Debtor is a party or with respect to which the Debtor may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;
- ensure that all payments due under the Plan and performance of the provisions of the Plan are accomplished as provided herein and resolve any issues relating to distributions to Holders of Allowed Claims pursuant to the provisions of the Plan;
- construe, take any action and issue such orders, prior to and following the Confirmation Date and consistent with section 1142 of the Bankruptcy Code, as may be necessary for the enforcement, implementation, execution and consummation of the Plan and all contracts, instruments, releases, indentures and other agreements or documents created in connection with the Plan, including, without limitation, the Disclosure Statement and the Confirmation Order, for the maintenance of the integrity of the Plan and protection of the Debtor in accordance with sections 524 and 1141 of the Bankruptcy Code following consummation;
- determine and resolve any case, controversies, suits or disputes that may arise in connection with the consummation, interpretation, implementation or enforcement of the Plan (and all Exhibits to the Plan) or the Confirmation Order, including the indemnification and injunction provisions set forth in and contemplated by the Plan or the Confirmation Order, or any Entity's rights arising under or obligations incurred in connection therewith;



- hear any application of the Debtor to modify the Plan after the Effective Date pursuant to section 1127 of the Bankruptcy Code and the Plan or modify this Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan, to the extent authorized by the Bankruptcy Code and the Plan;
- issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any Entity with consummation, implementation or enforcement of the Plan or the Confirmation Order;
- enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked or vacated;
- determine any other matters that may arise in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, indenture or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order, except as otherwise provided in the Plan;
- determine such other matters and for such other purposes as may be provided in the Confirmation Order;
- hear and determine any other matters related hereto and not inconsistent with chapter 11 of the Bankruptcy Code;
- hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan;
- enter a final decree closing the Chapter 11 Case;
- determine and resolve any and all controversies relating to the rights and obligations of the Debtor in connection with the Chapter 11 Case;
- allow, disallow, determine, liquidate, reduce, re-classify or estimate any Claim, including the compromise, settlement and resolution of any request for payment of any Claim, the resolution of any Objections to the allowance of Claims and to hear and determine any other issue presented hereby or arising hereunder,

including during the pendency of any appeal relating to any Objection to such Claim (to the extent permitted under applicable law);

- permit the Debtor, to the extent provided for in the Plan, to recover all assets of the Debtor and Property of its Estate, wherever located;
- hear and determine any motions or contested matters involving taxes, tax refunds, tax attributes and tax benefits and similar or related matters with respect to the Debtor or the Debtor's Estate arising prior to the Effective Date or relating to the period of administration of the Chapter 11 Case, including, without limitation, matters concerning federal, state and local taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code;
- hear and determine any motions, applications, adversary proceedings, contested matters and other litigated matters pending on, filed or commenced after the Effective Date that may be commenced by the Debtor thereafter, including Avoidance Actions, proceedings with respect to the rights of the Debtor to recover Property under sections 542, 543 or 553 of the Bankruptcy Code, or proceedings to otherwise collect to recover on account of any claim or Cause of Action that the Debtor may have; and
- hear any other matter not inconsistent with the Bankruptcy Code.

If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction over any matter arising under, arising in or related to the Debtor, including with respect to the matters set forth above, nothing in the Plan shall prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such subject matter.

#### **K. Modification of Plan**

The Debtor may modify the Plan at any time prior to the Confirmation Date, or after the Confirmed Date and before substantial consummation of the Plan, provided that the Debtor complies with Section 1127 of the Bankruptcy Code. Further, the Debtor may, so long as the treatment of Holders of Claims or Interests under the Plan is not adversely affected, institute proceedings in the Bankruptcy Court to remedy any defect or omission or to reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order and any other matters as may be necessary to carry out the purposes and effects of the Plan; provided, however, prior notice of such proceedings shall be served in accordance with Bankruptcy Rules 2002 and 9014.

### **VII. CERTAIN RISK FACTORS TO BE CONSIDERED**

The Holders of Claims in Class 3 (Bondholders) and Class 6 should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference

herein), before deciding whether to vote to accept or reject the Plan. These risk factors should not, however, be regarded as constituting the only risks associated with the Plan and its implementation.

#### **A. General Considerations**

The Plan sets forth the means for satisfying the Claims against the Debtor. See Section VI.C. of this Disclosure Statement entitled “Classification and Treatment of Claims and Interests” for a description of the treatments of each class of Claims and Interests. Certain Claims and Interests receive no distributions pursuant to the Plan.

#### **B. Certain Bankruptcy Considerations**

Even if all voting Impaired Classes vote in favor of the Plan, and if with respect to any Impaired Class deemed to have rejected the Plan the requirements for “cramdown” are met, the Bankruptcy Court may choose not to confirm the Plan. Section 1129 of the Bankruptcy Code requires, among other things, a showing that confirmation of the Plan will not be followed by liquidation or the need for further financial reorganization of the Debtor, (see [Section IX.A.](#)), and that the value of distributions to dissenting Holders of Claims and Interests will not be less than the value such Holders would receive if the Debtor liquidated. See [Section IX.D.](#) Although the Debtor believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. See [Exhibit B](#) for a liquidation analysis of the Debtor.

#### **C. Claims Estimations**

There can be no assurance that any estimated Claim amounts set forth in this Disclosure Statement are correct. The actual Allowed amount of Claims likely will differ in some respect from the estimates. The estimated amounts are subject to certain risks, uncertainties, and assumptions. Should one or more of these risks or uncertainties materialize, or should any underlying assumptions prove incorrect, the actual Allowed amount of Claims may vary from those estimated herein.

#### **D. Conditions Precedent to Consummation**

The Plan provides for certain conditions that must be satisfied (or waived) prior to confirmation of the Plan and for certain other conditions that must be satisfied (or waived) prior to the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be satisfied (or waived). Accordingly, even if the Plan is confirmed by the Bankruptcy Court, there can be no assurance that the Plan will be consummated and the restructuring completed.

#### **E. Inherent Uncertainty of Financial Projections**

The Projections set forth in [Exhibit A](#) hereto have been prepared by management of the Debtor in consultation with its financial advisors and cover the projected operations of the

Debtor through fiscal year 2020. These Projections are based on numerous assumptions that are an integral part of the Projections, including confirmation and consummation of the Plan in accordance with its terms, realization of the operating strategy of the Debtor, success in soliciting donations from major benefactors, ticket sale revenues, general business and economic conditions, competition, attraction and retention of key employees, and other matters. Certain additional material assumptions are disclosed on Exhibit A, and the Projections should be read in conjunction with these assumptions.

Although the Projections are presented with numerical specificity and are based on assumptions considered reasonable by the Debtor, the assumptions and estimates underlying the Projections are subject to business, economic and competitive uncertainties and contingencies. Accordingly, the Projections are only the Debtor's educated, good faith estimates and are necessarily contingent in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and may increase over time. The projected financial information contained herein should not be regarded as a guaranty by the Debtor, the Debtor's advisors or any other Person that the Projections can or will be achieved. However, the Debtor believes that the Projections are credible and that there is a reasonable likelihood that the results set forth in the Projections can be achieved.

#### **F. Certain Tax Considerations**

There are a number of income tax considerations, risks and uncertainties associated with consummation of the Plan. Interested parties should read carefully the discussions set forth in Article VIII regarding certain U.S. federal income tax consequences of the transactions proposed by the Plan to the Debtor and to Holders of Claims who are entitled to vote to accept or reject the Plan.

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

THE FOLLOWING DISCUSSION SUMMARIZES CERTAIN ANTICIPATED U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE TRANSACTIONS PROPOSED BY THE PLAN TO THE DEBTOR AND HOLDERS OF CLAIMS THAT ARE ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN. THIS SUMMARY IS PROVIDED FOR INFORMATION PURPOSES ONLY AND IS BASED ON THE INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE "CODE"), TREASURY REGULATIONS PROMULGATED THEREUNDER, JUDICIAL AUTHORITIES, AND CURRENT ADMINISTRATIVE RULINGS AND PRACTICE, ALL AS IN EFFECT AS OF THE DATE HEREOF AND ALL OF WHICH ARE SUBJECT TO CHANGE OR DIFFERING INTERPRETATION, POSSIBLY WITH RETROACTIVE EFFECTS THAT COULD ADVERSELY AFFECT THE U.S. FEDERAL INCOME TAX CONSEQUENCES DESCRIBED BELOW.

THIS SUMMARY DOES NOT ADDRESS ALL ASPECTS OF U.S. FEDERAL INCOME TAXATION THAT MAY BE RELEVANT TO A PARTICULAR HOLDER OF A CLAIM IN LIGHT OF ITS PARTICULAR FACTS AND CIRCUMSTANCES OR TO CERTAIN TYPES OF HOLDERS OF CLAIMS SUBJECT TO SPECIAL TREATMENT UNDER THE CODE (FOR EXAMPLE, NON-U.S. TAXPAYERS, FINANCIAL

INSTITUTIONS, BROKER-DEALERS, INSURANCE COMPANIES, TAX-EXEMPT ORGANIZATIONS, AND THOSE HOLDING CLAIMS THROUGH A PARTNERSHIP OR OTHER PASS-THROUGH ENTITY). IN ADDITION, THIS SUMMARY DOES NOT DISCUSS ANY ASPECTS OF STATE, LOCAL, OR NON-U.S. TAXATION AND DOES NOT ADDRESS THE U.S. FEDERAL INCOME TAX CONSEQUENCES TO HOLDERS OF CLAIMS THAT ARE UNIMPAIRED UNDER THE PLAN, HOLDERS OF CLAIMS THAT ARE NOT ENTITLED TO VOTE UNDER THE PLAN, AND HOLDERS OF CLAIMS THAT ARE NOT ENTITLED TO RECEIVE OR RETAIN ANY PROPERTY UNDER THE PLAN.

THE TAX RULES DESCRIBED HEREIN ARE COMPLEX AND ITS APPLICATION IS UNCERTAIN IN CERTAIN RESPECTS. EACH HOLDER OF A CLAIM IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE TAX CONSEQUENCES (INCLUDING STATE, LOCAL AND NON-U.S.) OF THE PLAN TO SUCH HOLDER.

A SUBSTANTIAL AMOUNT OF TIME MAY ELAPSE BETWEEN THE DATE OF THIS DISCLOSURE STATEMENT AND THE RECEIPT OF A FINAL DISTRIBUTION UNDER THE PLAN. EVENTS SUBSEQUENT TO THE DATE OF THIS DISCLOSURE STATEMENT, SUCH AS ADDITIONAL TAX LEGISLATION, COURT DECISIONS, OR ADMINISTRATIVE CHANGES, COULD AFFECT THE U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND THE TRANSACTIONS CONTEMPLATED THEREUNDER. NO RULING HAS BEEN OR IS EXPECTED TO BE SOUGHT FROM THE INTERNAL REVENUE SERVICE (THE "IRS") WITH RESPECT TO ANY OF THE TAX ASPECTS OF THE PLAN AND NO OPINION OF COUNSEL HAS BEEN OR IS EXPECTED TO BE OBTAINED BY THE DEBTOR WITH RESPECT THERETO.

**To ensure compliance with United States Internal Revenue Service Circular 230, (a) any discussion of U.S. federal tax issues in this Disclosure Statement is not intended or written to be relied upon, and cannot be relied upon by Holders, for purposes of avoiding penalties that may be imposed on such Holders under the Code; (b) such discussion is written to support the promotion of the Plan; and (c) each Holder of a claim should seek advice based on such Holder's particular circumstances from an independent tax advisor.**

**A. Federal Income Tax Consequences to the Debtor**

As a non-profit organization, the Debtor shall incur no U.S. federal income tax obligations as a result of the confirmation and consummation of the Plan and distributions made thereunder. The Debtor's tax-exempt status as an organization under section 501(c)(3) of the Internal Revenue Code shall remain unaffected by the Plan.

**B. Federal Income Tax Consequences to Claim Holders**

The U.S. federal income tax consequences to a Holder receiving, or entitled to receive, a payment in partial or total satisfaction of a Claim may depend on a number of factors, including the nature of the Claim, the Holder's method of accounting, and its own particular tax situation. Because the Holders' Claims and tax situations differ, Holders should consult their own tax advisors to determine how the Plan affects them for federal, state and local tax purposes, based on its particular tax situations.

## **C. Other Tax Matters**

### *1. Information Reporting and Backup Withholding*

Certain payments or distributions pursuant to the Plan may be subject to information reporting to the IRS. Moreover, such reportable payments may be subject to backup withholding (at the then applicable rate (currently 28%)) unless the taxpayer: (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact or (ii) provides a correct taxpayer identification number and certifies under penalty of perjury that the taxpayer identification number is correct and that the taxpayer 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 merely an advance payment, which may be refunded to the extent it results in an overpayment of tax and the appropriate information is supplied to the IRS.

In addition, from an information reporting perspective, Treasury Regulations generally require disclosure by a taxpayer on its federal income tax return of certain types of transactions in which the taxpayer participated, including, among other types of transactions, certain transactions that result in the taxpayer's claiming a loss in excess of specified thresholds.

### *2. Importance of Obtaining Professional Tax Assistance*

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN U.S. FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATION PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASE UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER'S INDIVIDUAL CIRCUMSTANCES. ACCORDINGLY, HOLDERS SHOULD CONSULT THEIR OWN TAX ADVISORS ABOUT THE U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX CONSEQUENCES OF THE PLAN.

## **IX. FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS**

### **A. Feasibility of the Plan**

In connection with confirmation of the Plan, the Bankruptcy Court will be required to determine that the Plan is feasible pursuant to section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of the Debtor.

To support its belief in the feasibility of the Plan, the Debtor has prepared and relied upon the Projections with respect to the Debtor's operations and fundraising capabilities post-confirmation, which are annexed to this Disclosure Statement as Exhibit A.

The Plan contemplates that the Debtor will raise certain revenues, gifts and other donations as of the Effective Date. These amounts will ensure that the Debtor has sufficient Cash to satisfy all Allowed Claims as and to the extent provided in the Plan, and that no further financial restructuring will be necessary in the foreseeable future. Accordingly, the Debtor believes that the Plan complies with the financial feasibility standard of section 1129(a)(11) of the Bankruptcy Code.

The Projections were developed by the Debtor's management in consultation with the Debtor's financial advisors.

The Projections, however, are based upon numerous assumptions that are an integral part of the Projections, including, without limitation, confirmation and consummation of the Plan in accordance with its terms, realization of the Debtor's fundraising strategies, ticket and membership sales, no material adverse changes in applicable legislation or regulations, or the administration thereof, exchange rates or generally accepted accounting principles, general business and economic conditions, competition, absence of material contingent or unliquidated litigation, indemnity or other claims, and other matters. To the extent that the assumptions inherent in the Projections are based upon future operational decisions and objectives, they are subject to change. In addition, although they are presented with numerical specificity and the assumptions on which they are based are considered reasonable by the Debtor, the assumptions and estimates underlying the Projections are subject to organizational, economic and competitive uncertainties and contingencies. Accordingly, the Projections are only an educated, good faith estimate and are necessarily contingent in nature. It can be expected that some or all of the assumptions in the Projections will not be realized and that actual results will vary from the Projections, which variations may be material and may be adverse. The Projections should therefore not be regarded as a guaranty by the Debtor or any other Person that the results set forth in the Projections will be achieved. The Projections were prepared by the Debtor, and not by any of its creditors, and the Debtor's creditors make no representations concerning the reasonableness of the Projections. In light of the foregoing, readers are cautioned not to place undue reliance on the Projections. The projected financial information contained herein and in the Projections should not be regarded as a representation or warranty by the Debtor, the Debtor's advisors or any other Person that the Projections can or will be achieved. The Projections should be read together with the assumptions set forth in the Projections and information in Article VII of this Disclosure Statement entitled "Certain Risk Factors to be Considered," which sets forth important factors that could cause actual results to differ from those in the Projections. The Debtor, however, believe that the Projections are credible and that there is a reasonable likelihood that the results set forth in the Projections can be achieved.

The Debtor does not intend to update or otherwise revise the Projections, including any revisions to reflect events or circumstances existing or arising after the date of the Projections or to reflect the occurrence of unanticipated events, even if any or all of the underlying assumptions do not come to fruition. Furthermore, the Debtor does not intend to update or revise the Projections to reflect changes in general economic or industry conditions.

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995: This Disclosure Statement and the financial projections contained herein and in the Projections include “forward-looking statements” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical fact included in this Disclosure Statement are forward-looking statements, including, without limitation, financial projections, the statements, and the underlying assumptions, regarding the timing of, completion of and scope of the current restructuring, the Plan, debt and equity market conditions, current and future economic conditions, the potential effects of such matters on the Debtor’s operating strategy, results of operations or financial position, and the adequacy of the Debtor’s liquidity. The forward-looking statements are based upon current information and expectations. Estimates, forecasts and other statements contained in or implied by the forward-looking statements speak only as of the date on which they are made, are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to evaluate and predict. Although the Debtor believes that the expectations reflected in the forward-looking statements are reasonable, parties are cautioned that any such forward-looking statements are not guarantees of future performance, and involve risks and uncertainties, and that actual results may differ materially from those contemplated by such forward-looking statements. Certain important factors that could cause actual results to differ materially from the Debtor’s expectations or what is expressed, implied or forecasted by or in the forward-looking statements include developments in the Chapter 11 Case, adverse developments in the timing or results of the Debtor’s business plan (including the time line to emerge from chapter 11), the timing and extent of changes in economic conditions, the demand for a children’s museum, motions filed or actions taken in connection with the bankruptcy proceedings, the availability of and the Debtor’s ability to attract or retain high-quality personnel. Additional factors that could cause actual results to differ materially from the Projections or what is expressed, implied or forecasted by or in the forward-looking statements are stated herein in cautionary statements made in conjunction with the forward-looking statements or are included elsewhere in this Disclosure Statement.

## **B. Acceptance of the Plan**

As a condition to Confirmation, the Bankruptcy Code requires that each Class of Impaired Claims vote to accept the Plan, except under certain circumstances.

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 ( $\frac{2}{3}$ ) in dollar amount and more than one-half ( $\frac{1}{2}$ ) 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, Bondholders (Class 3) shall be deemed to have accepted this Plan if (a) with regard to the Bonds that are actually voted, the beneficial holders of at least two-thirds in aggregate principal amount of such Bonds have voted to accept the Plan, and (b) with regard to the Bondholders who actually vote, more than one-half in number of such Bondholders have voted to accept the Plan. Similarly, Holders of Claims in Class 6 will have voted to accept the Plan only if two-thirds ( $\frac{2}{3}$ ) in amount and a majority in



number of the Claims actually voting in such Classes cast their ballots in favor of acceptance. Holders of Claims who fail to vote are not counted as either accepting or rejecting the Plan.

### **C. Best Interests Test**

As noted above even if a plan is accepted by each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that the plan is in the best interests of all holders of claims or interests that are impaired by the plan and that have not accepted the plan. The “best interests” test, as set forth in section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the plan or that 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.

To calculate the probable distribution to holders of each impaired class of claims and interests if the debtor could be liquidated under chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the debtor’s assets if its chapter 11 case were converted to a chapter 7 case under the Bankruptcy Code. This “liquidation value” would consist primarily of the proceeds from a forced sale of the debtor’s assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the claims of secured creditors to the extent of the value of its collateral and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 case and the chapter 11 case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid administrative expenses incurred by the Debtor in its chapter 11 case that are allowed in the chapter 7 case, litigation costs and claims arising from the operations of the debtor during the pendency of the chapter 11 case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. 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 security interests. The liquidation would also prompt the rejection of a large number of executory contracts and unexpired leases and thereby significantly enlarge the total pool of unsecured claims by reason of resulting rejection damages claims.

Once the bankruptcy court ascertains the recoveries in liquidation of secured creditors and priority claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under the plan, then the plan is not in the best interests of creditors and equity security holders.

#### **D. Liquidation Analysis**

The Debtor operates a non-profit organization. As such, it generally cannot be forced to liquidate its assets under chapter 7 of the Bankruptcy Code and, in the event that it were unable to confirm a chapter 11 plan, would be subject to dismissal of its bankruptcy case. In the event of dismissal, or in the event of liquidation, the Debtor might be left with insufficient funds to sustain operations and might need to cease operating and dissolve under state law.

Although not entirely applicable to non-profit entities, for purposes of the best interests test, the Debtor, with the assistance of its financial advisors, prepared a liquidation analysis, annexed hereto as Exhibit B (the "Liquidation Analysis"), which concludes that if a forced liquidation of the Debtor's assets under chapter 7 could occur, the aggregate value to be realized by the Debtor's unsecured creditors other than the Indenture Trustee would be approximately 1% or less. These conclusions are premised upon the assumptions set forth in Exhibit B, which the Debtor and its financial advisors believe are reasonable.

The Debtor believes that any liquidation analysis with respect to the Debtor is inherently speculative. The Liquidation Analysis for the Debtor necessarily contains estimates of the net proceeds that would be received from a forced sale of assets, as well as the amount of Claims that would ultimately become Allowed Claims. Claims estimates are based solely upon the Debtor's books and records and Claims filed to date in this case. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Debtor has projected an amount of Allowed Claims that represents an estimate of the chapter 7 liquidation dividend to Holders of Allowed Claims. The estimate of the amount of Allowed Claims set forth in the Liquidation Analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims under the Plan.

#### **E. Application of the "Best Interests" of Creditors Test**

It is impossible to determine with certainty the value each Holder of a Claim will receive under the Plan as a percentage of any Allowed Claim. Notwithstanding the difficulty in quantifying recoveries with precision, the Debtor believes that the financial disclosures and projections contained herein imply the greatest potential recovery to Holders of Claims in Impaired Classes. Accordingly, the Debtor believes that the "best interests" test of section 1129 of the Bankruptcy Code is satisfied.

#### **F. Confirmation Without Acceptance of All Impaired Classes: The "Cramdown" Alternative**

In the event any Class of Impaired Claims rejects the Plan, the Debtor may seek confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code.

Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if the plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of a debtor if the plan “does not discriminate unfairly” and is “fair and equitable” as to each impaired class that has not accepted the plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank. The Debtor believes the Plan does not discriminate unfairly with respect to the Claims and Interests in Class 6.

A plan is “fair and equitable” as to holders of unsecured claims that reject the plan if the plan provides either that: (a) each holder of a claim of such class receives or retains 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 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 interest any property.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (a) that each holder of an interest included in the rejecting class receive or retain on account of that interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest or (b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property at all.

The Debtor believes that it could, if necessary, meet the “fair and equitable” requirements of section 1129(b) of the Bankruptcy Code with respect to Holders of Claims and Interests in Class 6.

Notwithstanding anything else herein, the Debtor shall not request that the Plan be confirmed under Section 1129(b) with respect to Class 3 (Claim of the Bonds) unless holders of at least 50% in principal amount of the Bonds actually voted vote in favor of the Plan, and the Indenture Trustee does not object to such treatment.

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

The Debtor believes that the Plan affords creditors the potential for the greatest realization on the Debtor’s assets and, therefore, is in the best interests of such Holders. If, however, the requisite acceptances are not received, or the Plan is not confirmed and consummated, the theoretical alternatives include (a) formulation of an alternative plan or plans of reorganization or (b) dismissal of the Debtor’s bankruptcy case.

### **A. Alternative Plan(s) of Reorganization**

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtor (or, if the Debtor's exclusive periods in which to file and solicit acceptances of a plan of reorganization have expired, any other party in interest) could attempt to formulate and propose a different plan or plans of reorganization. Such a plan or plans might involve either a reorganization and continuation of the Debtor's organizations or an orderly liquidation of assets.

The Debtor believes that the Plan enables Creditors to realize the greatest possible value under the circumstances and has the greatest chance to be confirmed and consummated.

### **B. Liquidation**

If no plan is confirmed, the Debtor may be forced to liquidate outside of bankruptcy or to convert to case under chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to liquidate the Debtor's assets for distribution in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict with certainty how the proceeds of the liquidation would be distributed to the respective Holders of Claims against or Interests in the Debtor. However, the Debtor believes these proceeds would go entirely to secured, administrative and priority claims, leaving nothing for distribution to general unsecured claims.

The Debtor further believes that a liquidation would cause a substantial diminution in the Debtor's Estate given (i) the fact that it is relying upon donations and ongoing ticket sales to fund its reorganization, sources which would become unavailable in the event of a cessation of operations, (ii) the fact that its endowment would be placed in the control of the Attorney General and unavailable to creditors, and (ii) the substantial premium in the distribution value pursuant to the Plan over the liquidation value of its assets, as well as the additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees. The assets available for distribution to Creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, arising by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtor's assets.

## **XI. THE SOLICITATION; VOTING PROCEDURES**

### **A. Parties in Interest Entitled to Vote**

In general, a holder of a claim or interest may vote to accept or to reject a plan if (a) the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest, and (b) the claim or interest is "impaired" by the plan but entitled to receive or retain property under the plan.

Under section 1124 of the Bankruptcy Code, a class of claims or interests is deemed to be “impaired” under a plan unless (a) the plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitles the holder thereof or (b) notwithstanding any legal right to an accelerated payment of such claim or interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan and, accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan.

#### **B. Classes Entitled to Vote to Accept or Reject the Plan**

Bondholders, who vote as to the Claim of the Bonds, and Holders of Claims in Class 6 are entitled to vote to accept or reject the Plan. By operation of law, each Unimpaired Class of Claims is deemed to have accepted the Plan, therefore, the Holders of Claims in such Unimpaired Classes are not entitled to vote to accept or reject the Plan. Classes 1, 2, 4, and 5 are deemed to have accepted the Plan, therefore, none of the Holders of Claims or Interests in such Classes are entitled to vote to accept or reject the Plan.

#### **C. Solicitation Order**

Upon approval of this Disclosure Statement, the Bankruptcy Court entered an order that, among other things, determines the dates, procedures and forms applicable to the process of soliciting votes on the Plan and establishes certain procedures with respect to the tabulation of such votes (the “Solicitation Order”). Parties in interest may obtain a copy of the Solicitation Order through the Bankruptcy Court’s electronic case filing system, by downloading the Solicitation Order from the Debtor’s case website at [www.omnimgt.com](http://www.omnimgt.com) or by making written request upon the Debtor’s counsel or Voting Agent.

#### **D. Waivers of Defects, Irregularities, Etc.**

All questions with respect to the validity, form, eligibility (including time of receipt), acceptance and revocation or withdrawal of ballots will be determined by the Bankruptcy Court. As indicated below under “Withdrawal of Ballots; Revocation,” effective withdrawals of ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtor reserves the absolute right to contest the validity of any such withdrawal. The Debtor also reserves the right to seek rejection of any and all ballots not in proper form. The Debtor further reserve the right to seek waiver of any defects or irregularities or conditions of delivery as to any particular ballot. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) may be invalidated by the Bankruptcy Court.

## **E. Withdrawal of Ballots; Revocation**

Any party who has delivered a valid ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. Any Bondholder wishing to withdraw its Bondholder Ballot should consult its Nominee as well as Rust Omni. A notice of withdrawal, to be valid, must (a) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (b) be signed by the withdrawing party in the same manner as the ballot being withdrawn, (c) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn and (d) be received by the Voting Agent in a timely manner via regular mail, overnight courier or hand delivery at Please Touch Museum Administration, c/o Rust Omni, 5955 DeSoto Ave., Suite 100, Woodland Hills, CA 91367. The Debtor intends to consult with the Voting Agent to determine whether any withdrawals of ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtor expressly reserves the absolute right to contest the validity of any such withdrawals of ballots.

Unless otherwise directed by the Bankruptcy Court, a purported notice of withdrawal of ballots which is not received in a timely manner by the Voting Agent will not be effective to withdraw a previously cast ballot.

Any party who has previously submitted to the Voting Agent prior to the Voting Deadline a properly completed ballot may revoke such ballot and change its vote by submitting to the Voting Agent prior to the Voting Deadline a subsequent properly completed ballot for acceptance or rejection of the Plan. In the case where more than one timely, properly completed ballot is received, only the ballot which bears the latest date will be counted for purposes of determining whether the requisite acceptances have been received.

## **F. Voting Rights of Disputed Claimants**

Holders of Disputed Claims whose Claims are asserted as wholly unliquidated or wholly contingent in Proofs of Claim filed prior to the Distribution Record Date (collectively, the "Disputed Claimants") are not permitted to vote on the Plan except as provided in the Solicitation Order. Pursuant to the procedures outlined in the Solicitation Order, Disputed Claimants may obtain a ballot for voting on the Plan only by filing a motion under Bankruptcy Rule 3018(a) seeking to have its Claims temporarily Allowed for voting purposes (a "Rule 3018 Motion"). Any such Rule 3018 Motion must be filed and served upon the Debtor's counsel and the Voting Agent no later than the Voting Deadline. The ballot of any creditor filing such a motion will not be counted unless temporarily allowed by the Bankruptcy Court for voting purposes, after notice and a hearing. Any party timely filing and serving a Rule 3018 Motion will be provided a ballot and be permitted to cast a provisional vote to accept or reject the Plan. If and to the extent that the Debtor and such party are unable to resolve the issues raised by the Rule 3018 Motion prior to the Confirmation Hearing, then at the Confirmation Hearing the Bankruptcy Court will determine whether the provisional ballot should be counted as a vote on

the Plan. Nothing herein affects the Debtor's right to object to any Proof of Claim after the Distribution Record Date.

**G. Further Information; Additional Copies**

If you have any questions or require further information about the voting procedures for voting your Claim or about the package of materials you received, or if you wish to obtain an additional copy of the Plan or this Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d) or the Solicitation Order), you may obtain documents at [www.omningt.com](http://www.omningt.com) or contact the Voting Agent at:

**If by regular mail:**

PLEASE TOUCH MUSEUM ADMINISTRATION  
c/o RUST OMNI  
5955 DeSoto Ave., Suite 100  
Woodland Hills, CA 91367

**If by overnight courier or hand delivery:**

PLEASE TOUCH MUSEUM ADMINISTRATION  
c/o RUST OMNI  
5955 DeSoto Ave., Suite 100  
Woodland Hills, CA 91367

**If by telephone:**

RUST OMNI  
818-906-8300

## RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtor believes that confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtor urges all Holders of Claims in voting Classes to vote to ACCEPT the Plan, and to complete and return its ballots so that they will be RECEIVED on or before 4:00 PM prevailing Eastern time, on March ~~3~~7, 2016.

Dated: January 26, 2016  
[as modified February 2, 2016](#)

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