

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

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:)	Chapter 11
TACTICAL INTERMEDIATE HOLDINGS, INC., <i>et al.</i> , ¹)	Case No. 14-11659 (KG)
Debtors.)	(Jointly Administered)

**DISCLOSURE STATEMENT WITH RESPECT TO
FIRST AMENDED CHAPTER 11 PLAN OF LIQUIDATION OF
TACTICAL INTERMEDIATE HOLDINGS, INC. AND ITS DEBTOR AFFILIATES
PURSUANT TO CHAPTER 11 OF THE BANKRUPTCY CODE**

SEPTEMBER 26, 2014

KLEHR HARRISON HARVEY
BRANZBURG LLP

KLEHR HARRISON HARVEY
BRANZBURG LLP

Domenic E. Pacitti (DE Bar No. 3989)
Michael W. Yurkewicz (DE Bar No. 4165)
919 Market Street, Suite 1000
Wilmington, DE 19801
Telephone: (302) 426-1189
Facsimile: (302) 426-9193
Email: dpacitti@klehr.com
Email: myurkewicz@klehr.com

Morton R. Branzburg (*admitted pro hac*)
1835 Market Street, Suite 1400
Philadelphia, PA 19103
Telephone: (215) 569-2700
Facsimile: (215) 568-6603
Email: mbranzburg@klehr.com

*Counsel for the Debtors
and Debtors-in-Possession*

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal taxpayer-identification number, are: Tactical Intermediate Holdings, Inc. (4895); Tactical Holdings Operations, Inc. (8504); Wellco Enterprises, Inc. (9274); Ro-Search Incorporated (6293); Mo-Ka Shoe Corporation (2446); Altama Delta Corporation (6369); Altama Delta (Puerto Rico) Corporation (3459); Massif Holdings LLC (1692); and Massif Mountain Gear Company L.L.C. (9717). The address of the Debtors' corporate headquarters is 5968 Commerce Blvd., Morristown, TN 37814.

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT RELATES TO THE FIRST AMENDED CHAPTER 11 PLAN OF LIQUIDATION OF TACTICAL INTERMEDIATE HOLDINGS, INC., ET AL. (THE "PLAN"), AND IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS, OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ANNEXED OR REFERRED TO IN THE PLAN, AND THIS DISCLOSURE STATEMENT. 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 WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(C) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER LAWS GOVERNING DISCLOSURE OUTSIDE THE CONTEXT OF CHAPTER 11. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE U.S. 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 TACTICAL INTERMEDIATE HOLDINGS, INC., TACTICAL HOLDINGS OPERATIONS, INC., WELLCO ENTERPRISES, INC., RO-SEARCH INCORPORATED, MO-KA SHOE CORPORATION, ALTAMA DELTA CORPORATION, ALTAMA DELTA (PUERTO RICO) CORPORATION, MASSIF HOLDINGS LLC, AND MASSIF MOUNTAIN GEAR COMPANY L.L.C. (COLLECTIVELY, THE "**DEBTORS**") 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 OTHER ACTIONS OR THREATENED ACTIONS, 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 DEBTORS.

THIS DISCLOSURE STATEMENT SUMMARIZES CERTAIN PROVISIONS OF THE PLAN, STATUTORY PROVISIONS, DOCUMENTS RELATED TO THE PLAN, EVENTS IN THE CHAPTER 11 CASES OF THE DEBTORS, AND FINANCIAL INFORMATION. THE DEBTORS ARE SOLELY RESPONSIBLE FOR ALL STATEMENTS IN THIS DISCLOSURE STATEMENT. THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS UNLESS OTHERWISE NOTED. ALTHOUGH THE DEBTORS BELIEVE THAT THE PLAN AND RELATED DOCUMENT SUMMARIES ARE FAIR AND ACCURATE, SUCH INFORMATION IS QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF THE PLAN, SUCH DOCUMENTS OR ANY STATUTORY PROVISIONS THAT MAY BE REFERENCED THEREIN. THE DEBTORS BELIEVE THAT THE INFORMATION CONTAINED HEREIN IS CORRECT, BUT MAKE NO REPRESENTATION WITH RESPECT TO ITS ACCURACY OR COMPLETENESS.

1. INTRODUCTION

1.1 Purpose of Disclosure Statement.

Tactical Intermediate Holdings, Inc., Tactical Holdings Operations, Inc., Wellco Enterprises, Inc., Ro-Search Incorporated, Mo-Ka Shoe Corporation, Altama Delta Corporation, Altama Delta (Puerto Rico) Corporation, Massif Holdings LLC, and Massif Mountain Gear Company L.L.C. (collectively, the "*Debtors*"), provide this Disclosure Statement (the "*Disclosure Statement*") to the Office of the United States Trustee and to all of the Debtors' known Creditors and Interest Holders pursuant to section 1125(b) of Title 11 of the United States Code (the "*Bankruptcy Code*") for the purpose of soliciting acceptances of the *First Amended Chapter 11 Plan of Liquidation of Tactical Intermediate Holdings, Inc. and its Debtor Affiliates* (the "*Plan*"), which has been filed with the United States Bankruptcy Court for the District of Delaware (the "*Bankruptcy Court*"). By Order dated [●], 2014, the Disclosure Statement was approved by the Bankruptcy Court as containing "adequate information" under section 1125 of the Bankruptcy Code.

The Debtors strongly urge you to read this Disclosure Statement because it contains a summary of the Plan and important information concerning the Debtors' history and operations. The Disclosure Statement also provides information as to alternatives to the Plan. A copy of the Plan accompanies this Disclosure Statement as a separate document.

PLEASE NOTE THAT MUCH OF THE INFORMATION CONTAINED HEREIN HAS BEEN TAKEN, IN WHOLE OR IN PART, FROM INFORMATION CONTAINED IN THE DEBTORS' BOOKS AND RECORDS AND FROM MOTIONS AND OTHER PAPERS FILED WITH THE BANKRUPTCY COURT BY THE DEBTORS AND OTHER PARTIES-IN-INTEREST. ALTHOUGH THE DEBTORS HAVE ATTEMPTED TO BE ACCURATE IN ALL MATERIAL RESPECTS, THEY ARE UNABLE TO WARRANT OR REPRESENT THAT ALL OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS WITHOUT ERROR.

Unless otherwise defined herein, capitalized terms contained in this Disclosure Statement shall have the same meanings as ascribed to them in the Plan. All capitalized terms used in this Disclosure Statement and not defined herein or in the Plan, but that are defined in the Bankruptcy Code, shall have the respective meanings ascribed to them in the Bankruptcy Code. All capitalized terms used in this Disclosure Statement and not defined herein, in the Plan or in the Bankruptcy Code, but that are defined in the Federal Rules of Bankruptcy Procedure (the "*Bankruptcy Rules*" or "*Bankruptcy Rule*"), shall have the respective meanings ascribed to them in the Bankruptcy Rules. Holders of Claims or Interests receiving this Disclosure Statement should carefully review the Plan in conjunction with their review of this Disclosure Statement.

PLEASE REVIEW THE PLAN IN ITS ENTIRETY IN DETAIL.

NO REPRESENTATION CONCERNING THE DEBTORS OR THE VALUE OF THEIR ASSETS HAS BEEN AUTHORIZED BY THE BANKRUPTCY COURT OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT OR ANY OTHER

DISCLOSURE STATEMENT APPROVED BY THE BANKRUPTCY COURT. THE DEBTORS ARE NOT RESPONSIBLE FOR ANY INFORMATION, REPRESENTATION OR INDUCEMENT MADE TO OBTAIN YOUR ACCEPTANCE, WHICH IS OTHER THAN, OR INCONSISTENT WITH, INFORMATION CONTAINED HEREIN AND IN THE PLAN.

The purpose of this Disclosure Statement is to provide Creditors and Interest Holders, to the extent they are entitled to vote, with information determined by the Bankruptcy Court to be adequate to enable them to make an informed decision to vote to accept or reject the Plan.

1.2 Brief Summary of the Plan

As described in more detail in this Disclosure Statement, during the course of the Debtors' bankruptcy cases, the Debtors sold substantially all of their assets. The net proceeds received by the Debtors upon the sale of substantially all of their assets were not sufficient to pay the Prepetition Senior Secured Lender or Secured Noteholder in full. Accordingly, absent the settlement embodied in the Plan, Holders of General Unsecured Claims would not have received any distribution from the sale proceeds. The Plan reflects an agreement among the Debtors, the Prepetition Senior Secured Lender, the Secured Noteholder, the Sponsor and the Creditors' Committee pursuant to which, among other things, a cash fund of \$300,000 will be provided for payment of Allowed General Unsecured Claims. In addition, Holders of General Unsecured Claims will receive their pro rata share of any recoveries from Third Party Claims not released under the Plan. The Prepetition Senior Secured Lender and the Secured Noteholder have also agreed to waive their right to receive a distribution on account of their Deficiency Claims, which totaled over \$43 million in the aggregate. This will further increase the recovery of other general unsecured creditors. The Debtors do not believe that there would be any distribution to Holders of General Unsecured Claims if the Plan is not confirmed, and the Debtors' Chapter 11 Cases are converted to cases under Chapter 7 of the Bankruptcy Code.

1.3 Confirmation of Plan.

1.3.1 ***Requirements.*** The requirements for Confirmation of the Plan are set forth in detail in section 1129 of the Bankruptcy Code. The following summarizes some of the pertinent requirements:

(a) **Acceptance by Impaired Classes.** Except to the extent that the cramdown provisions of section 1129(b) of the Bankruptcy Code may be invoked, each Class of Claims and each Class of Interests must either vote to accept the Plan or be deemed to accept the Plan because the Claims or Interests of such Class are not Impaired.

(b) **Feasibility.** The Bankruptcy Court is required to find that the Plan is likely to be implemented and that parties required to perform or pay monies under the Plan will be able to do so.

(c) **"Best Interest" Test.** The Bankruptcy Court must find that the Plan is in the "best interest" of all Creditors. To satisfy this requirement, the Bankruptcy Court must determine that each holder of a Claim against, or Interest in, the Debtors: (i) has accepted

the Plan; or (ii) will receive or retain under the Plan money or other property which, as of the Effective Date, has a value not less than the amount such holder would receive if the Debtors' property was liquidated under Chapter 7 of the Bankruptcy Code on such date.

(d) **“Cramdown” Provisions.** Under the circumstances which are set forth in detail in section 1129(b) of the Bankruptcy Code, the Bankruptcy Court may confirm the Plan even though a Class of Claims or Interests has not accepted the Plan, so long as one Impaired Class of Claims has accepted the Plan, excluding the votes of Insiders, if the Plan is fair and equitable and does not discriminate unfairly against such non-accepting Classes. The Debtors will invoke the “cramdown” provisions of section 1129(b) of the Bankruptcy Code as to holders of Interests since under the Plan, the Class in which Interests reside are deemed to have rejected the Plan. Should any voting Class fail to accept the Plan, the Debtors will also invoke the “cramdown” provision as to such Class.

1.3.2 **Procedure.** To confirm the Plan, the Bankruptcy Court must hold a hearing to determine whether the Plan meets the requirements of section 1129 of the Bankruptcy Code (the **“Confirmation Hearing”**). The Bankruptcy Court has set **November 13, 2014 at 11:00 a.m. Eastern Time**, for the Confirmation Hearing.

1.3.3 **Objection to Confirmation.** Any party-in-interest may object to the Confirmation of the Plan and appear at the Confirmation Hearing to pursue such objection. The Bankruptcy Court has set **November 6, 2014 at 4:00 p.m. Eastern Time**, as the deadline for filing and serving upon Debtors' counsel, the United States Trustee's Office, counsel to the Creditors' Committee, counsel to the Prepetition Senior Secured Lender, and counsel for the Secured Noteholder objections to Confirmation of the Plan. Objections to Confirmation must be filed with the Bankruptcy Court at the following address:

U.S. Bankruptcy Court for the District of Delaware
824 Market Street
Wilmington, Delaware 19801

with a copy served upon counsel to the Debtors:

Domenic E. Pacitti, Esquire
Michael Yurkewicz, Esquire
Klehr Harrison Harvey Branzburg LLP
919 N. Market Street, Suite 1000
Wilmington, DE 19801

and a copy served upon the Office of the United States Trustee:

United States Trustee
844 King Street, Room 2311
Lockbox 35
Wilmington, DE 19801

and a copy served upon counsel to the Official Committee of Unsecured Creditors:

Otterbourg P.C.
Attn: David M. Posner
230 Park Avenue
New York, NY 10169

- and -

Venable LLP
Attn: Jamie L. Edmonson
1201 North Market Street
Suite 1400
Wilmington, DE 19801

and a copy served upon counsel to the Prepetition Senior Secured Lender:

Winston & Strawn, LLP
Attn: Felton E. Parrish
100 N. Tryon Street, 29th Floor
Charlotte, North Carolina 28202

and a copy served upon counsel to the Secured Noteholder:

Kirkland & Ellis LLP
Attn: Joshua Sussberg
601 Lexington Avenue
New York, NY 10022

1.3.4 ***Effect of Confirmation.*** Except as otherwise provided in the Plan or in the Confirmation Order, upon Confirmation, title to all Assets and property of the Debtors shall not be released or waived. Rather, the Debtors' Assets shall remain property of the Estate of the Debtors. The Plan Administrator may affect the dissolution of one or more of the Debtors at any time after the Effective Date. Confirmation serves to make the Plan binding upon the Debtors, all Creditors, Interest Holders and other parties-in-interest, regardless of whether they cast a ballot ("***Ballot***") to accept or reject the Plan.

1.4 Voting on the Plan.

1.4.1 ***Impaired Claims or Interest.*** Pursuant to section 1126 of the Bankruptcy Code, only the holders of Claims or Interests in Classes "Impaired" by the Plan may vote on the Plan. Pursuant to section 1124 of the Bankruptcy Code, a Class of Claims or Interests may be "Impaired" if the Plan alters the legal, equitable or contractual rights of the holders of such Claims or Interests treated in such Class. The holders of Claims or Interests not Impaired by the Plan are deemed to accept the Plan and do not have the right to vote on the Plan. The holders of Claims or Interests in any Class that will not receive any payment or distribution or retain any property pursuant to the Plan are deemed to reject the Plan and do not have the right to vote.

1.4.2 **Eligibility.** In order to vote on the Plan, a Creditor must have timely filed or been assigned a timely filed proof of Claim, unless its Claim is scheduled by the Debtors and is not identified as disputed, unliquidated or contingent on the Debtors' Schedules of Assets and Liabilities (the "**Schedules**"). Creditors having a Claim in more than one Class may vote in each Class in which they hold a separate Claim by casting a Ballot in each Class.

1.4.3 **Binding Effect.** Whether a Creditor or Interest Holder votes on the Plan or not, such Person will be bound by the terms of the Plan if the Plan is confirmed by the Bankruptcy Court. Absent some affirmative act constituting a vote, a Creditor will not be included in the vote: (i) for purposes of accepting or rejecting the Plan; or (ii) for purposes of determining the number of Persons voting on the Plan.

1.4.4 **Procedure.** Members of Classes 1, 2, 3 and 5 may vote to accept or reject the Plan. Class 4 is not Impaired by the Plan and is deemed, therefore, to accept the Plan. Class 6 is Impaired by the Plan and is deemed to have rejected the Plan because the Interests in such Class will receive no distributions under the Plan. In order for your vote to count, you must complete, date, sign and properly mail the enclosed Ballot (please note that envelopes have been included with the Ballot) to:

Prime Clerk
830 Third Avenue, 9th Floor
New York, NY 10022

Pursuant to Bankruptcy Rule 3017, the Bankruptcy Court has ordered that original Ballots for the acceptance or rejection of the Plan must be received by mail or overnight delivery by Prime Clerk, LLC (the "**Balloting Agent**") at the address set forth above on or before **4:00 p.m. Eastern Time on November 6, 2014**. Once you have delivered your Ballot, you may not change your vote, except for cause shown to the Bankruptcy Court after notice and hearing.

Any Ballot received that is incomplete in any way shall be deemed to be cast as follows:

(i) Ballots received that do not evidence the amount or evidence an incorrect amount of such Creditor's Claim shall be completed or corrected, as the case may be, based upon the Schedules filed by the Debtors if no proof of Claim has been filed by such Creditor, or based upon timely filed proofs of Claim, and counted as a vote to accept or reject the Plan upon request to the Court by either the Debtors or such Creditor;

(ii) Ballots received that do not identify the Creditor, whether or not signed by the Creditor, shall not be counted as a vote to accept or reject the Plan;

(iii) Ballots received that do not reflect in which Class such Ballot is cast or incorrectly classify such Creditor's Claim and that are otherwise properly completed may be completed or corrected, as the case may be, and counted as a vote to accept or reject the Plan upon request to the Court by either the Debtors or such Creditor; and

(iv) Ballots that are completed, except that such Creditor failed to vote to accept or reject the Plan, shall not be counted as a vote to accept the Plan.

1.5 Acceptance of the Plan.

1.5.1 Creditor and Interest Holder Acceptance. As a Creditor, your acceptance of the Plan is important. In order for the Plan to be accepted by an Impaired Class of Claims, a majority in number and two-thirds in dollar amount of the Claims voting (of each Impaired Class of Claims) must vote to accept the Plan, or the Plan must qualify for “cramdown” of any non-accepting Class pursuant to section 1129(b) of the Bankruptcy Code. At least one impaired Class of Creditors, excluding the votes of Insiders, must actually vote to accept the Plan. You are urged to complete, date, sign and promptly mail the enclosed Ballot. Please be sure to complete the Ballot properly and legibly identify the exact amount of your Claim and the name of the Creditor.

1.5.2 Cramdown Election. If all Classes do not accept the Plan, but at least one Impaired Class votes to accept the Plan, excluding the votes of Insiders, the Debtors may attempt to invoke the “cramdown” provisions. Cramdown may be an available remedy, because the Debtors believe that, with respect to each Impaired Class, the Plan is fair and equitable within the meaning of section 1129(b)(2) of the Bankruptcy Code and does not discriminate unfairly.

1.6 Sources of Information.

The information contained in this Disclosure Statement has been obtained from the Debtors’ books and records and from motions and other papers filed with the Bankruptcy Court by the Debtors and other parties-in-interest. Every reasonable effort has been made to present accurate information and such information is believed to be correct as of the date hereof. Any value given as to the Assets of the Debtors is based upon an estimation of such value. You are strongly urged to consult with your financial and legal advisors to understand fully the Plan and Disclosure Statement.

The financial information contained in this Disclosure Statement is given as of the date hereof, unless otherwise specified. The delivery of this Disclosure Statement does not, under any circumstance, imply that there has been no change in the facts set forth herein since such date. This Disclosure Statement is intended, among other things, to summarize the Plan and must be read in conjunction with the Plan and its exhibits. If any conflicts exist between the Plan and Disclosure Statement, the terms of the Plan shall control.

1.7 Additional Information.

Should you have any questions regarding the Plan or this Disclosure Statement, or require clarification of any information presented herein, please contact:

Domenic E. Pacitti, Esquire
Michael Yurkewicz, Esquire
Klehr Harrison Harvey Branzburg LLP
919 Market Street, Suite 1000
Wilmington, DE 19801
Telephone: (302) 426-1189

2. THE DEBTORS

2.1 *Description of the Debtors.*

On July 8, 2014 (the "**Petition Date**"), each of the Debtors filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. Each Debtor is authorized to operate its business and manage its properties as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On July 9, 2014, the Bankruptcy Court entered an order providing for the joint administration of the Debtors' Chapter 11 cases.

The Debtors' business included two major business lines – a footwear line ("**Footwear**") and an apparel line, including flame resistant material ("**Massif**"). Footwear is comprised of the Altama group ("**Altama**") and the Wellco Group ("**Wellco**"). These entities are managed and overseen by the management team at Tactical Holdings Operations, Inc. ("**THO**").

Wellco was founded in 1941 and, prior to the sale of its assets, manufactured and sold combat boots, primarily for the United States Military as well as commercial uniform and work boots for a variety of customers. Altama was founded in 1969 and, prior to the sale of its assets, manufactured and sold boots for the United States and international militaries as well as for federal, state and local agencies, military schools, police, uniform shops and Army/Navy retailers. Combined, Altama and Wellco were the largest domestic supplier of boots to the United States Military.

Headquartered in Ashland, Oregon, Massif was founded in 1999 by a group of veteran search and rescue team members and alpine climbers who believed that the options for sanctioned fire resistant protective gear at the time were too limited. Massif was a world leader in supplying flame resistant and high performance outdoor apparel to the military, law enforcement, search and rescue professionals, and the wildland firefighting community. Massif was also the primary supplier of the United States Department of Defense's flame resistant clothing programs. In addition, Massif had success in the international market and had an international sales network in place.

Tactical Holdings was incorporated in 2008 and owns the Altama, Wellco, and Massif businesses. The Debtors owned their facility in Morristown, TN, which included administrative offices, a production facility, and a finished goods warehouse. The Debtors also leased a warehouse in Morristown, TN. The Debtors owned their production facility in Lexington, TN, and leased a warehouse at the same location for finished goods and raw materials. The Debtors leased their facility in Salinas, Puerto Rico. The Debtors leased the Massif facility in Ashland, OR.

2.2 *The Debtors' Operations and Financial Difficulties.*

2.2.1 *Corporate Structure.*

Tactical Intermediate Holdings, Inc., ("**TIHF**") is the direct or indirect parent of all of the other Debtor entities. TIHF holds 100% of the stock of Tactical Holdings Operations, Inc. ("**THO**"). THO has three first tier subsidiaries: Wellco Enterprises, Inc. ("**Wellco**"), Altama

Delta Corporation (“*Altama*”), and Massif Holdings LLC (“*Massif Holdings*”). THO holds 100% of the stock of Wellco and Altama and 75% of Massif Holdings. Wellco holds 100% of the stock of each of Ro-Search Incorporated and Mo-Ka Shoe Corporation. Altama holds 100% of the stock of Altama Delta (Puerto Rico) Corporation. Massif Holdings holds 100% of the stock of Massif Mountain Gear Company L.L.C. (“*Massif*”). The remaining 25% of the stock of Massif Holdings is held by Class B Shareholders, which were prior majority owners of Massif.

2.2.2 *The Debtors’ Debt Structure.*

THO and all of the Debtor entities below THO (collectively, the “*Borrowers*”) were borrowers under that certain Loan and Security Agreement dated April 2, 2010 (as amended, the “*Prepetition Credit Agreement*”) with Wells Fargo Bank, N.A., successor by merger to Wachovia Bank, National Association (“*Wells Fargo*”). The Prepetition Credit Agreement consisted of a revolver, a term loan, and bond debt relating to the acquisition of the Morristown, TN facility (the “*Prepetition First Lien Debt*”). As of the filing date, the Prepetition First Lien Debt was approximately \$48 million. The Prepetition First Lien Debt is secured by a lien on substantially all of the Debtors’ property.

Pursuant to the Fifth Amendment to the Prepetition Credit Agreement, dated as of May 16, 2013, the Prepetition Credit Agreement was amended to include a bridge loan in the maximum amount of \$1,500,000.00 (the “*DIP Bridge Loan*”). The purpose of the DIP Bridge Loan was to provide the Debtors with additional liquidity so that the Debtors would have sufficient time to finalize negotiations with a stalking horse purchaser for the Massif business and to prepare an orderly commencement of these chapter 11 cases. As of July 7, 2014, the principal amount outstanding under the DIP Bridge Loan was \$1,050,000.

In 2012, the Debtors were facing significant liquidity constraints as a result of poor operating performance at both Footwear and Massif, a series of reductions to the borrowing base, and unsustainable earn-out payments to certain minority owners in Massif Holdings (the “*Class B Shareholders*”). After many months of arms’ length negotiations, the Debtors were able to resolve these disputes through a global out-of-court restructuring agreement with their key constituents, including Wells Fargo.

As a result of that restructuring agreement, the ultimate equity holders, affiliates of Golden Gate Capital (the “*Sponsor*”), through an affiliated entity, GGC Tactical Debt Holdings, LLC (the “*Secured Noteholder*”), provided the Debtors with \$7 million in proceeds through the issuance of a promissory note (as amended, the “*Secured Note*”), Wells Fargo provided additional borrowing capacity and the Massif LLC agreement was modified. In addition, the agreement eliminated approximately \$18 million in an earn-out liability of the Class B Shareholder, of which approximately \$9 million was past due at the time.

The Secured Note is a 12% note dated October 5, 2012 in the original principal amount of \$7 million. The Secured Noteholder was granted a second lien on the collateral held by Wells Fargo. The interest under the Secured Note was capitalized. As of the commencement of the case, the amount due under the Secured Note was approximately \$8.66 million.

2.2.3 *Events Leading to the Filings.*

While the Debtors experienced financial difficulties in the past, in October 2012 the Debtors effectuated a comprehensive out of court restructuring that was supported by the Debtors' senior secured lender, Wells Fargo, the Secured Noteholder, the Sponsor, and the Class B Shareholders. The out of court restructuring provided the Debtors with necessary liquidity through a new second lien loan from the affiliates of the Sponsor, a modification of the Debtors' first lien facility with Wells Fargo to ensure operating breathing room through borrowing base enhancements and covenant relief, and the elimination of approximately \$18 million in an earn-out liability of the Class B Shareholder, of which approximately \$9 million was past due at the time. The 2012 Restructuring, which was negotiated over many months, came at a critical juncture; absent the infusion of liquidity and relief under the Wells Fargo credit facility, the Debtors business would have deteriorated massively and it would have been impossible to win future business and ultimately survive. In tandem with the restructuring, and in an effort to help turnaround the operations, the Debtors replaced the management team, won two significant government contracts in the Footwear division and undertook significant efforts to reduce costs and drive improved performance.

In the midst and on the heels of these necessary restructuring efforts, the Debtors received three subpoenas related to two different governmental investigations (as more fully described below) in July and September of 2012 and May of 2013. These investigations ultimately created downward pressure on the Debtors' liquidity and created additional challenges to operations. The Debtors cooperated and continue to cooperate fully with government investigators in an ongoing effort to resolve these investigations. Additionally, the Plan specifically preserves any causes of action the Debtors or its creditors may have, if any, against certain individuals who are the targets of the investigations.

As a result of the liquidity pressure caused, in part, by the investigations, in 2013 the Debtors obtained modifications to their loans in an effort to continue improving performance but the government investigations and their effect on the availability of certain inventory, a significant reduction in government apparel sales, and a challenging operating environment provided headwind in the face of developing a clear path to a solution.

The government investigations and collateral impact that such investigations had on liquidity and operations directly impaired the Debtors' turnaround efforts and, at various intervals over the last six months, threatened the Debtors' viability. But through the persistence and support of their key stakeholders, including Wells Fargo, the Secured Noteholders and the Sponsor, the Debtors developed a path to ensure that value is maximized for the benefit of all creditors. This path, however, required the Debtors to act with great speed. More specifically, the Debtors sold their two business lines separately to realize the most value available under the circumstances. The Debtors worked with the government agents with respect to transitioning their contracts to the buyers and the Debtors.

In furtherance of the Debtors' Chapter 11 Cases, the Debtors' key stakeholders, including Wells Fargo, the Secured Noteholder and the Sponsor agreed to a form of proposed plan and

executed a Plan Support Agreement, a copy of which is attached hereto as **Exhibit A**. Without the support of these constituents, the Chapter 11 Cases could not be successful.

2.2.4 *The Debtors' Solicitation and Marketing Efforts.*

Massif. Wells Fargo continued to fund the Debtors while the Debtors attempted to find a potential buyer and/or investor for Massif. In February of 2012, Carlin Adrianopoli of FTI Consulting, Inc. was retained as Chief Restructuring Officer to assist the Debtors in stabilizing cash flows and identifying opportunities to maximize the Debtors' value. In December 2013, the Debtors retained Houlihan Lokey Capital, Inc. ("**HL**") as their investment banker to assist in this process.

HL prepared marketing materials intended for distribution to prospective buyers of the Massif's assets including a teaser, confidential investment memorandum and the aggregation of key company documents and further analysis for an online dataroom. HL worked with the Debtors to develop a list of suitable potential buyers to be contacted on a discreet and confidential basis, after approval by the Debtors.

As of the Petition Date, HL and/or the Debtors contacted approximately 46 potential strategic buyers and 124 financial buyers that were targeted potential purchasers of Massif, out of which 94 executed confidentiality agreements and requested additional information, 8 submitted initial indications of interest, 7 met with management and conducted due diligence, and 2 visited the Debtors' headquarters.

Through that process, the Debtors marketed a potential going-concern acquisition of substantially all of Massif's business assets, and received several letters of intent for substantially all of the Massif business. After consultation with their advisors and their Secured Lenders, Massif selected the proposal of Massif Apparel Enterprises LLC (the "**Stalking Horse Purchaser**") identified below to be used as a stalking horse.

On July 3, 2014 Massif executed an Asset Purchase Agreement (the "**Stalking Horse Purchase Agreement**") providing for the sale of the Massif Assets to Stalking Horse Purchaser, the assumption by the Stalking Horse Purchaser of certain liabilities of Massif, and Massif's assumption and assignment to the Stalking Horse Purchaser of certain executory contracts and unexpired leases (the "**Stalking Horse Sale Transaction**").

On July 30, 2014, the Court entered an order approving the Bidding Procedures and Bidding Protections with respect to the Stalking Horse Sale Transaction (the "**Massif Bidding Order**") and scheduled an Auction to be conducted on August 20, 2014, should qualified bids be received by the bid deadline of noon on August 19, 2014.

After entry of the Massif Bidding Order, HL and the Debtors continued to market the Massif Assets and, in fact, received a timely, third party qualified bid from Samtech, LLC. As a result of the receipt of the Samtech, LLC bid, an Auction was conducted on August 20, 2014. After spirited bidding between the Stalking Horse Purchaser and Samtech, LLC, the Auction concluded with Samtech, LLC as the highest and best bid for the Massif Assets and on August 20, 2014, Massif and Samtech, LLC entered into an Asset Purchase Agreement (the "**Massif**

Purchase Agreement”). The closing of the sale of the Massif Assets to Samtech, LLC occurred on August 29, 2014.

Footwear. The Debtors, in consultation with their advisors and lenders, instructed HL to pursue a sale of the Footwear assets. HL aggressively marketed these assets and engaged multiple parties in negotiations, but the headwinds described above frustrated those efforts. As of the Petition Date, HL and/or the Debtors contacted approximately 22 potential strategic buyers and 33 financial buyers, out of which 38 executed confidentiality agreements and requested additional information, 14 conducted due diligence, and 2 visited the Debtor’s headquarters and met with management. Although the Debtors were able to negotiate a stalking horse purchase agreement for the Massif business, as of the Petition Date, the Debtors were not able to enter into a stalking horse purchase agreement for Footwear.

The Footwear business was particularly challenging in that the Debtors’ liquidity constraints forced the Debtors to cease continued operations. The Debtors completed their manufacturing operations in order to finalize remaining work in progress and fulfill certain obligations to customers. The governmental entities with which the Debtors transacted business imposed upon the Debtors a deadline of July 31, 2014 by which the Debtors needed to have transitioned their operations or certain of the governmental contracts would be re-sourced to the Debtors’ competitors. Accordingly, it was crucial to the value of the Footwear business that it be sold very quickly, so as to preserve the potential for a going concern sale.

Subsequent to the Petition Date, the Debtor did in fact complete negotiations regarding the sale of the Footwear assets and on July 21, 2014 entered into an Asset Purchase Agreement (the “**Original Purchase Agreement**”) with Original Footwear Holding, Inc. (“**Original**”) and the Debtors requested a timeline for the sale of the Footwear basis on an expedited basis..

On July 21, 2014, the Court entered an order approving, on an expedited basis, the Bidding Procedures and Bidding Protections with respect to the Original Purchase Agreement (the “**Footwear Bidding Order**”) and scheduled an Auction to be conducted on July 29, 2014, should qualified bids be received by the bid deadline of July 28, 2014.

After entry of the Footwear Bidding Order, HL and the Debtors continued to market the Footwear assets. Despite some interest, no other bids were received Original was the highest and best bid for the Footwear Assets. The closing of the sale of the Footwear Assets to Original LLC occurred on August 15, 2014

2.3 The Debtors’ Bankruptcy Proceedings.

2.3.1 Employment of Professionals. The Debtors requested and obtained authority to employ the following professionals: (i) Klehr Harrison Harvey Branzburg LLP as counsel for the debtors and debtors-in-possession; (ii) Carlin Adrianopoli of FTI Consulting, Inc. as their Chief Restructuring Officer; and (iii) Houlihan Lokey Capital, Inc. as their investment banker.

2.3.2 DIP Financing/Debtors’ Use of Cash Collateral. Wells Fargo in its capacity as DIP Lender agreed to allow the Debtors to use Cash Collateral and to provide the

Debtors with a \$3.5 million senior-secured debtor in possession credit facility. Although the Debtors, through their advisors, searched for alternative financing arrangements, the Debtors were unable to find any alternatives. The Bankruptcy Court approved the DIP Facility by final order entered on July 30, 2014. Among other things, the DIP Order established deadlines for parties in interest to file challenges to the claims and liens of the Prepetition Senior Secured Lender and the Secured Noteholder. No objections were filed prior to expiration of the applicable deadlines.

To implement its proposed sale processes and continue to retain and inspire confidence in its business partners, access to liquidity was critical. The authorization to use Cash Collateral and the DIP Facility provided liquidity that the Debtors believed was necessary to operations and to conclude the sale processes on an expedited basis.

Since the closings on the sales of the Debtors' assets, the DIP Lender has agreed to amendments to the DIP Facility and DIP Budget, whereby sufficient financing and use of cash collateral was made available to allow the Debtors to proceed to confirmation of the Plan. Pursuant to the amendments, the DIP Facility is available until the earlier to occur of the Confirmation Date and November 15, 2014. Additionally, the DIP Lender has also agreed to a Final DIP Advance on the DIP Facility to be made on the Effective Date to fund (a) the DIP Budget Account to pay DIP Budget Items (which are items included in the DIP Budget that remain unpaid on the Confirmation Date, excluding Professional Claims), and (b) a contribution in the amount of \$92,000 to the Holdback Escrow Account.

2.3.3 *The Creditors' Committee.* On July 18, 2014, the Office of the United States Trustee appointed an official committee of the Debtors' unsecured creditors (the "*Creditors' Committee*") pursuant to section 1102(a) of the Bankruptcy Code. The Creditors' Committee initially consisted of three of the Debtors' thirty largest unsecured creditors: W.L. Gore and Associates, Inc., Tasman Leather Group, LLC c/o Tasman Industries, Inc. and CaridEx Worldwide. The Creditors' Committee retained Otterbourg P.C. and Venable LLP, as lead and local co-counsel respectively. On or about September 12, 2014, Tasman Leather Group, LLC c/o Tasman Industries, Inc. resigned from the Creditors' Committee.

2.3.4 *The Sale of Substantially All of the Debtors' Assets.* The Debtors determined that the best method to realize value is to pursue such section 363 sales on an expedited basis for Footwear and on regular notice for Massif.

On July 30, 2014 the Court entered the *Order (I) Authorizing and Approving the Sale of the Debtors' Footwear Assets Free and Clear of Liens, Claims, Encumbrances and Interests (II) Approving the Assumption and Assignment of Potential Designated Executory Contracts and Unexpired Leases and (III) Granting Related Relief* [Docket No. 150] (the "*Footwear Sale Order*") approving the sale of the Footwear assets to Original. The Debtors closed the sale of the Footwear assets under the Footwear Sale Order on August 15, 2014.

The Debtors' estates received approximately \$6,908,659 cash purchase price together with adjustments set forth in the Footwear Purchase Agreement. Additionally, the Debtors assumed and assigned to Original the Assumed Contracts as set forth in the Original Purchase Agreement. As a result of such assumption, a significant amount of Debtors' unsecured creditors

were satisfied in full. Pursuant to the Footwear Sale Order, all net proceeds received by the Debtors were paid to the Prepetition Senior Secured Lender for application to the amounts owed under the Prepetition Senior Secured Credit Facility.

On August 22, 2014 the Court entered the *Order (A) Approving Asset Purchase Agreement with Samtech, LLC (B) Approving Subject to Higher or Better Offers Sale of Substantially All of the Assets of Debtor Massif Mountain Gear Company LLC Free and Clear of All Liens, Claims, Interests and Encumbrances, (C) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases (D) Authorizing the Debtors to Consummate Transactions Related to the Above and (E) Granting Other Relief* [Docket No. 225] (the “**Massif Sale Order**”) approving the sale of the Massif Assets to Samtech LLC. The Debtors closed the sale of the Massif Assets under the Massif Sale Order on August 29, 2014.

The Debtors’ estates received \$10.2 million of the approximately \$15.2 million purchase price, comprised of an \$10.2 million cash purchase price together with adjustments set forth in the Massif Purchase Agreement plus up to a \$5 million Contingency Payment for Massif’s Assets. Additionally, Massif assumed and assigned to Samtech, LLC the Assumed Contracts as set forth in the Massif Purchase Agreement. As a result of such assumption, a significant amount of Massif’s unsecured creditors were satisfied in full or assumed and paid in the ordinary course of business by Samtech, LLC. Pursuant to the Massif Sale Order, all net proceeds received by the Debtors were paid to the Prepetition Senior Secured Lender for application to the amounts owed under the Prepetition Senior Secured Credit Facility.

2.4 Secured Claims Encumbering the Debtors’ Property.

2.4.1 The Prepetition First Lien Debt with Wells Fargo consisted of a revolver, a term loan, and bond debt relating to the acquisition of the Morristown, TN facility. As of the Petition Date, the Prepetition First Lien Debt was approximately \$48 million and is deemed an Allowed Claim under the DIP Order. The Prepetition First Lien Debt is secured by a lien on all of the Debtors’ property.

Pursuant to the Fifth Amendment to the Prepetition Credit Agreement, dated as of May 16, 2013, the Prepetition Credit Agreement was amended to include a bridge loan in the maximum amount of \$1,500,000.00 (the “**DIP Bridge Loan**”). The purpose of the DIP Bridge Loan was to provide the Debtors with additional liquidity so that the Debtors would have sufficient time to finalize negotiations with the Stalking Horse Purchaser for the Massif business and to prepare an orderly commencement of these chapter 11 cases. As of July 7, 2014, the principal amount outstanding under the DIP Bridge Loan was \$1,050,000. The DIP Bridge Loan was repaid in full with proceeds of the DIP Facility.

As of the Petition Date, approximately \$8.66 million remains outstanding on account of the Secured Note.

2.5 Claims Against the Debtors.

2.5.1 **Administrative Claims – Ordinary Course Claims.** The amount of Administrative Claims – Ordinary Course Claims (other than Professional Claims) filed against

the Debtors to date are in the approximate amount of \$2,199.00. The Debtors estimate that a maximum of approximately \$0.00 in Administrative Ordinary Course Claims will be allowed and remain unpaid as of the Effective Date of the Plan.

2.5.2 Administrative Claims – Substantial Contribution Claims. The amount of Administrative Claims - Substantial Contribution Claims filed against the Debtors to date are in the approximate amount of \$0.00. The Debtors estimate that a maximum of approximately \$0.00 in Administrative Substantial Contribution Claims will be allowed and remain unpaid as of the Effective Date of the Plan.

2.5.3 Administrative Claims - 503(b)(9) Claims. The amount of Administrative Claims – 503(b)(9) Claims filed against the Debtors to date are in the approximate amount of \$454,397.35. The Debtors estimate that a maximum of approximately \$0.00 in Administrative 503(b)(9) Claims will be allowed and remain unpaid as of the Effective Date of the Plan.

2.5.4 Administrative Claims – Tax Claims. The amount of Administrative Claims – Tax Claims filed against the Debtors to date are in the approximate amount of \$401,761.35. The Debtors estimate that a maximum of approximately \$0.00 in Administrative Tax Claims will be allowed and remain unpaid as of the Effective Date of the Plan.

2.5.5 Priority Non-Tax Claims. The amount of Priority Non-Tax Claims filed against the Debtors to date are in the approximate amount of \$25,873.13. The Debtors estimate that a maximum of approximately \$0.00 in Priority Non-Tax Claims will be allowed and remain unpaid as of the Effective Date of the Plan.

2.5.6 Priority Tax Claims. The Debtors have scheduled \$0.00 for Priority Tax Claims and the amount of Priority Tax Claims filed against the Debtors to date are in the approximate amount of \$1,321,620.56. The Debtors estimate that a maximum of approximately \$0.00 in Priority Tax Claims will be allowed and remain unpaid as of the Effective Date of the Plan.

2.5.7 Unsecured Other Priority Claims. The Debtors have scheduled \$0.00 for Other Priority Claims (such as wage and benefit Claims) and the amount of Other Priority Claims filed against the Debtors to date are in the approximate amount of \$126,682.51. The Debtors estimate that a maximum of approximately \$3,428.00 in Other Priority Claims will be allowed and remain unpaid as of the Effective Date of the Plan

2.5.8 Miscellaneous Other Secured Claims. The Debtors have scheduled \$0.00 for Miscellaneous Other Secured Claims and the amount of Miscellaneous Other Secured Claims filed against the Debtors to date are in the approximate amount of \$72,319. The Debtors estimate that a maximum of approximately \$0.00 in Miscellaneous Other Secured Claims will be allowed and remain unpaid as of the Effective Date of the Plan.

2.5.9 General Unsecured Claims. The Debtors' Schedules reflect General Unsecured Claims against the Debtors in the approximate aggregate amount of approximately \$9,790,003. The amount of General Unsecured Claims filed against the Debtors are in the approximate amount of \$23,464,436. Many claims filed against the Debtors are duplicative,

erroneously classified, unsupported and/or for contingent/unliquidated amounts and will be the subject of claims objections filed by the Debtors. The Debtors estimate that a maximum of approximately \$9,008,762 in General Unsecured Claims could be allowed.

3. SUMMARY OF THE PLAN OF REORGANIZATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE AND MEANS FOR IMPLEMENTATION OF THE PLAN AND OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EQUITY INTERESTS UNDER THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH ACCOMPANIES THIS DISCLOSURE STATEMENT AND TO THE EXHIBITS ATTACHED THERETO.

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 CONTROL THE ACTUAL TREATMENT OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST AND EQUITY INTERESTS IN THE DEBTORS AND OTHER PARTIES IN INTEREST.

3.1 In General.

The Plan, which has the support of the Prepetition Senior Secured Creditor, the Secured Noteholder, the Sponsor, and the Creditors' Committee is proposed by the Debtors as consolidated entities. Upon the closing of the Massif Sale Transaction, all or substantially all of Massif's creditors were paid in full or their claims were assumed by Samtech, LLC and paid in the ordinary course of business. The remaining creditors of the Debtors will be paid in accordance with priorities set forth in the Bankruptcy Code, a structure that the Debtors believe will produce a fundamentally equitable outcome for all creditors. After significant arms-length negotiations, the plan as filed on the Petition Date has been amended to reflect an agreement among the Debtors, the Prepetition Senior Secured Lender, the Secured Noteholder, the Sponsor and the Creditors' Committee, pursuant to which: (a) the Prepetition Senior Secured Lender agreed and, in fact, funded the Administrative Reserve; (b) the Prepetition Senior Secured Lender agreed to provide the DIP Facility; (c) the Prepetition Senior Secured Lender agreed to fund \$150,000 of the Class 5 Distribution Amount; (d) the Secured Noteholder or the Sponsor agreed to fund \$150,000 of the Class 5 Distribution Amount; (e) the DIP Lender agreed to fund a Final DIP Advance on the DIP Facility to be made on the Effective Date to fund (i) the DIP Budget Account to pay DIP Budget Items (which are items included in the DIP Budget that remain unpaid on the Confirmation Date, excluding Professional Claims), and (ii) a contribution in the amount of \$92,000 to the Holdback Escrow Account; (f) the waiver of Deficiency Claims

by the Prepetition Senior Secured Lender and the Secured Noteholder, and (g) the Creditors' Committee agreed to release any and all claims against the Released Parties defined in the Plan and the release provisions in the Plan.

3.1.1 **Assets.** On the Effective Date, the Debtors' Assets not sold pursuant to the section 363 sale processes and not distributed pursuant to other provisions of the Plan shall remain property of the Estate of the Debtors and shall be administered by the Plan Administrator pursuant to the Plan.

3.1.2 **Plan Administrator.** As of the Effective Date, the Plan Administrator shall be vested with full legal power, capacity and authority, and shall be directed to administer, collect and liquidate the Debtors' remaining Assets and to implement the Plan. The Plan Administrator shall be Paul Collins, unless otherwise ordered by the Bankruptcy Court.

3.1.3 **Avoidance Actions.** Subject to the provisions of the Plan, the Plan Administrator may, but is not required to, pursue any Third Party Claim or Avoidance Action not otherwise released under the Plan, DIP Order or other Order of the Bankruptcy Court by informal demand and/or by commencing litigation. For the avoidance of doubt, neither the Debtors nor the Plan Administrator shall commence, litigate, prosecute and/or settle any Causes of Action against general unsecured creditors arising from or related to section 547 of the Bankruptcy Code.

3.2 **Classification of Claims and Interests.**

3.2.1 **Class 1.** Class 1 consists of the Prepetition Senior Secured Claim. Class 1 is impaired by the Plan.

3.2.2 **Class 2.** Class 2 consists of the Secured Noteholder Claim. Class 2 is impaired by the Plan.

3.2.3 **Class 3.** Class 3 consists of all Miscellaneous Secured Claims. Class 3 is impaired by the Plan.

3.2.4 **Class 4.** Class 4 consists of all Priority Non-Tax Claims. Class 4 is not impaired by the Plan.

3.2.5 **Class 5.** Class 5 consists of all General Unsecured Claims, including all Deficiency Claims. Class 5 is impaired by the Plan.

3.2.6 **Class 6.** Class 6 consists of all Interests. Class 6 is impaired by the Plan.

3.3 **Treatment of Claims and Interests.**

3.3.1 **Class 1 (Prepetition Senior Secured Claim).** The Holder of the Prepetition Senior Secured Claim shall, after payment in full of the DIP Facility Claim, (i) retain without provision or condition all Cash Sale Proceeds from the sale of the Massif Assets distributed to the Prepetition Senior Secured Lender at the closing of such sale, and all Cash Sale

Proceeds from the sale of the Footwear Assets distributed to the Prepetition Senior Secured Lender at the closing of such sale; (ii) to the extent not previously paid, receive payment of (A) the balance of all funds held in the Quarantined Inventory Escrow Account (as defined in the DIP Order) upon the payment to the DoD (as defined in the DIP Order) of proceeds from the sale of Quarantined Inventory (as defined in the DIP Order) of an amount equal to at least \$290,000, (B) the balance of the \$100,000 escrow fund established pursuant to paragraph 38 of the DIP Order upon the earlier of the completion of the sale of all Quarantined Inventory or the date that is six months after the closing of the sale of the Footwear Assets, and (C) the balance of any funds held in the IBM Escrow Account and the Capps Bailee Equipment Escrow Account (in each case as defined in the Footwear Sale Order) after payment of amounts required to be made therefrom; (iii) be assigned all rights of the seller to receive any future payment or other consideration owed to the seller under the Massif Asset Purchase Agreement, including, without limitation the seller's right to payment of the Earn-Out Amount pursuant to Section 3.6 of the Massif Asset Purchase Agreement; (iv) receive payment of all funds remaining in the Professional Fee Escrow Account and Holdback Escrow Account after payment of all Professional Claims; (v) the balance of any funds in the DIP Budget Account after payment of all DIP Budget Items; (vi) fifty per cent (50%) of any Net Recoveries from the sale of Quarantined Inventory (as defined in the DIP Order) in excess of \$800,000; (vii) any other Plan Assets remaining after payment of all Claims payable under Article II of the Plan; and (viii) receive relief from the automatic stay or other appropriate authority to pursue state law enforcement remedies against collateral for the Prepetition Senior Secured Credit Facility that has not been liquidated or collected as of the Effective Date. However, for purposes of voting, the Prepetition Senior Secured Claim shall be considered an Allowed Claim with the value of \$13,000,000 for voting under Class 1 of this Plan and \$35,208,493.86 for voting its Deficiency Claim in Class 5 of this Plan. To the extent the Class 1 Claim is not paid in full, the Deficiency Claim of the Prepetition Senior Secured Lender shall be treated as an Allowed Class 5 General Unsecured Claim for voting purposes only and shall not be entitled to any distribution from the Class 5 Distribution Amount. Nothing in the Plan shall be construed to reduce, diminish or offset the distribution to which the Prepetition Senior Secured Lender is entitled to receive under the Plan, and no portion of the distribution to which Prepetition Senior Secured Lender is entitled under the Plan may be used for payment or satisfaction of any other Claim with a priority junior to the Prepetition Senior Secured Claim. For avoidance of doubt, the Prepetition Senior Secured Lender is only entitled to payment on account of its Prepetition Senior Secured Claim up to the amount of its Allowed Prepetition Senior Secured Claim.

3.3.2 Class 2 (Secured Noteholder Claim). Only in the event that all obligations owed under the Prepetition Senior Secured Credit Facility are indefeasibly paid in full, the Holder of the Secured Noteholder Claim shall, receive payment in cash, after payment of the DIP Facility Claim, the Professional Claims, all Administrative Claims, all Priority Claims (including but not limited to Class 4 Priority Non-Tax Claims), the Distribution Reserves and the Class 1 Prepetition Senior Secured Claim, the remaining Plan Assets on the First Distribution Date. If such Plan Assets are insufficient to satisfy the Secured Noteholder in full, the Holder of the Secured Noteholder Claim shall receive the Plan Assets distributed by the Plan Administrator upon each Subsequent Distribution Date and the Final Distribution Date until the Secured Noteholder is satisfied in full. However, for purposes of voting, the Secured Noteholder Claim shall be considered an Allowed Claim with the value of \$1 for voting under Class 2 of this Plan

and \$8,660,000 for voting its Deficiency Claim in Class 5 of this Plan. To the extent the Class 2 Claim is not paid in full, the Deficiency Claim of the Secured Noteholder shall be treated as an Allowed Class 5 General Unsecured Claim for voting purposes only and shall not be entitled to any distribution from the Class 5 Distribution Amount.

3.3.3 ***Class 3 (Miscellaneous Secured Claims)***. Except to the extent that a Holder of an Allowed Class 3 Claim agrees to a less favorable treatment, the holder of each Allowed Class 3 Claim shall receive at the discretion of the Plan Administrator from the Plan Assets: (i) Cash in an amount equal to the lesser of (a) the amount of Allowed Secured Claim and (b) the value of the Debtors' property securing such Allowed Secured Claim currently in the possession of the Debtors minus the amount of claims secured by such property with legal priority senior to the lien priority of the holder of such Allowed Class 3 Claim; (ii) delivery of the property securing such Allowed Class 3 Claim; or (iii) other treatment such that the Allowed Class 3 Claim shall be rendered Unimpaired. Any Allowed Deficiency Claim of a Holder of an Allowed Class 3 Claim shall be treated as a Class 5 General Unsecured Claim.

3.3.4 ***Class 4 (Priority Non-Tax Claims)***. Except to the extent that a Holder of an Allowed Priority Non-Tax Claim agrees to a less favorable treatment, each Holder of such Allowed Priority Non-Tax Claim shall be paid in full in Cash on or as soon as practicable after the Effective Date. Allowed Priority Non-Tax Claims shall be paid as soon as reasonably practicable after the reconciliation of all Disputed Priority Non-Tax Claims.

3.3.5 ***Class 5 (General Unsecured Claims)***. Except to the extent that a Holder of an Allowed Class 5 General Unsecured Claim agrees to a less favorable treatment, the holders of each Allowed Class 5 General Unsecured Claim shall receive its Pro Rata share of the Class 5 Distribution Amount. As part of the settlement embodied in the Plan, in no event shall Kirkland & Ellis LLP, the Holders of Class 1 Claims or the Holders of Class 2 Claims be deemed to hold an Allowed Class 5 General Unsecured Claim for distribution purposes.

3.3.6 ***Class 6 (Interests)***. The holders of the Allowed Interests and Claims in Class 5 shall have their Interests against the Debtors extinguished as of the Effective Date and shall receive no distributions under this Plan.

3.4 Treatment of Unclassified Claims.

3.4.1 Administrative Claims - Professional Claims.

(a) **Final Fee Applications**. All final requests for payment of Professional Claims must be filed no later than fifteen (15) days after the Effective Date (the "***Professional Claim Bar Date***"). After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules, and prior orders of the Bankruptcy Court, the allowed amounts of such Professional Claims shall be determined by the Bankruptcy Court, and the balance due thereon shall thereafter be immediately paid in full in Cash by the Debtors from the Holdback Escrow Account to the extent such Professional Claims are entitled to be paid from the Professional Fee Escrow Account.

(b) **Holdback Escrow Account.** The Debtors' counsel shall maintain the Holdback Escrow Account. On the Effective Date, the Debtors shall fund the Holdback Escrow Account with the Holdback Amount, and the Prepetition Senior Secured Lender shall make an additional payment of \$232,000 to the Holdback Escrow Account. The unpaid balance of Allowed Professional Claims shall be paid by the Debtors from the Holdback Escrow Account. All amounts remaining in the Holdback Escrow Account after payment of such Professional Claims, if any, shall be distributed to Prepetition Senior Secured Lender.

(c) **Payment of Interim Amounts.** The provisions of the Professional Fee Order shall remain in effect as to amounts owing to professionals prior to the Effective Date.

(d) **Post-Effective Date Services.** After the Effective Date, any requirement that Professionals comply with the Professional Fee Order or sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date shall terminate. The Plan Administrator shall pay any Professionals for Post-Effective Date services from the Administrative Reserve.

3.4.2 *Administrative Claims - Substantial Contribution Compensation and Expenses Bar Date.* Any person or entity who requests compensation or expense reimbursement for making a substantial contribution ("***Substantial Contribution Claim***") in the Chapter 11 Cases pursuant to sections 503(b)(3), (4) and (5) of the Bankruptcy Code must file an application with the clerk of the Bankruptcy Court on or before a date that is thirty (30) days subsequent to the Effective Date (the "***Section 503 Deadline***") and serve such application on counsel for the Debtors, counsel for the Prepetition Senior Secured Lender, counsel for the Secured Noteholder, counsel for the Creditors' Committee and on all other parties as otherwise required by the Bankruptcy Court and the Bankruptcy Code on or before the Section 503 Deadline, or be forever barred from seeking such compensation or expense reimbursement. All Allowed Substantial Contribution Claims shall be paid by the Plan Administrator from the Administrative Reserve within thirty (30) days of allowance by the Bankruptcy Court.

3.4.3 *Administrative Claims – Allowed Claims under section 503(b)(9) of the Bankruptcy Code.* Allowed Administrative Claims under section 503(b)(9) of the Bankruptcy Code shall be paid by the Plan Administrator from the Administrative Reserve, the DIP Budget Account (it being understood that funds in the DIP Budget Account shall be used solely to pay DIP Budget Items up to the amount provided for such DIP Budget Item in the DIP Budget Item List), or other Plan Assets within thirty (30) days of allowance by the Bankruptcy Court.

3.4.4 *Administrative Claims - Ordinary Course Expenses.* Allowed Administrative Claims under section 503(b)(1)(B) and (C) of the Bankruptcy Code shall be paid by the Plan Administrator from the Administrative Reserve, the DIP Budget Account (it being understood that funds in the DIP Budget Account shall be used solely to pay DIP Budget Items up to the amount provided for such DIP Budget Item in the DIP Budget Item List), or other Plan Assets as soon as practicable after the Effective Date.

3.4.5 *Other Administrative Claims Bar Date.* All requests for payment of an Administrative Claim other than Professional Claims, DIP Facility Claims, Administrative Tax Claims under sections 503(b)(1)(B) and (c), and amounts owed to the Office of the United States

Trustee, and as set forth in Sections 2.3, 2.4, and 2.6 of the Plan incurred on or after August 29, 2014 must be filed with the Bankruptcy Court and served on counsel to the Debtors and counsel to the Plan Administrator no later than thirty (30) days after the Effective Date. Unless the Plan Administrator objects to an Administrative Claim within ninety (90) days after the Effective Date, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Plan Administrator objects to an Administrative Claim, the Bankruptcy Court shall determine the allowed amount of such Administrative Claim. All such Allowed Administrative Claims shall be paid by the Plan Administrator from the Administrative Reserve, the DIP Budget Account (it being understood that funds in the DIP Budget Account shall be used solely to pay DIP Budget Items up to the amount provided for such DIP Budget Item in the DIP Budget Item List), or other Plan Assets within thirty (30) days of allowance by the Bankruptcy Court.

3.4.6 **Remaining Cash.** After the payment in full of all Allowed Administrative Claims, any Cash remaining in the Administrative Reserve after the final payment of such Administrative Claims shall be held by the Plan Administrator as Plan Assets to fund other payments under the Plan.

3.4.7 **Priority Tax Claims.** On the Effective Date, or as soon as practicable after a Priority Tax Claim becomes an Allowed Claim if the date of allowance is later than the Effective Date, each holder of an Allowed Priority Tax Claim against any of the Debtors shall be paid by the Plan Administrator in full in cash from the Administrative Reserve, the DIP Budget Account (it being understood that funds in the DIP Budget Account shall be used solely to pay DIP Budget Items up to the amount provided for such DIP Budget Item in the DIP Budget Item List), or other Plan Assets.

3.4.8 **DIP Facility Claim.** To the extent not earlier paid, any amounts outstanding under the DIP Facility shall be paid in full in cash on the Effective Date, and as of the Effective Date, the DIP Lender shall have no further obligation to make any advances under the DIP Facility. Except for the payments expressly referenced in the proviso at the conclusion of this sentence, under no circumstances shall the DIP Lender or the Prepetition Senior Secured Lender be required to pay, nor shall any Sale Proceeds be used to pay, any Administrative Claim, Administrative Reserve, Administrative Tax Claim, Cure, Distribution Reserve, Priority Non-Tax Claim, Priority Tax Claim, Professional Claim or any other Claim with a priority junior to the DIP Facility Claim and the Prepetition Senior Secured Claim; provided, however, (i) the DIP Lender shall make advances by and through the DIP Facility and in amounts not to exceed the amounts specified in the DIP Budget subject to the terms and conditions of the DIP Facility, (ii) on the Effective Date, the Prepetition Secured Lender shall pay \$150,000 to fund the Class 5 Distribution Amount and \$232,000 to fund the Holdback Escrow Account. In addition, nothing in the Plan shall be construed to reduce, diminish or offset the distribution to which the DIP Lender is entitled to receive under the Plan, and no portion of the distribution to which DIP Lender is entitled under the Plan may be used for payment or satisfaction of any other Claim with a priority junior to the DIP Facility Claim and the Prepetition Senior Secured Claim.

3.5 *Implementation of the Plan.*

3.5.1 *In General.* The Plan is a liquidating plan and provides for the liquidation of the Debtors' Assets and the payment of the proceeds generated therefrom to Creditors in accordance with the priorities set forth in the Bankruptcy Code. The Plan Administrator may pursue any Third Party Claims by informal demand and/or by the commencement of litigation in any court of competent jurisdiction, with the Net Recoveries of such Third Party Claims to be distributed in accordance with the Plan. For the avoidance of doubt, neither the Debtors nor the Plan Administrator shall commence, litigate, prosecute and/or settle any Causes of Action against general unsecured creditors arising from or related to section 547 of the Bankruptcy Code.

3.5.2 *Means of Implementing the Plan.* The primary means by which the Debtors will implement the Plan is through the Plan Administrator. The Plan Administrator may affect the dissolution of any one or more of the Debtors at any time after the Effective Date, regardless of whether Final Distributions have been made.

3.5.3 *Transfer Taxes.* Any transfer of the Debtors' Assets prior to or on the Effective Date and pursuant to the Plan will constitute a "transfer under a plan" within the purview of section 1146(c) of the Bankruptcy Code and will not be subject to transfer, stamp or similar taxes.

3.5.4 *Estimated Plan Distribution.* The Allowed Administrative Claims, including Professional Claims, Substantial Contribution Claims, Ordinary Course Expenses, Allowed Priority Non Tax Claims and the Allowed Priority Tax Claims will be paid pursuant to priorities set forth in the Bankruptcy Code from the Administrative Reserve, the DIP Budget Account, the Holdback Escrow Account, or other Plan Assets. The amount of the Plan distribution on account of Class 1 Claim cannot be determined with certainty. The following table provides a summary of the classification and treatment of Claims and Interests and the potential distributions to Holders of Allowed Claims and Interests under the Plan.

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

SUMMARY OF EXPECTED RECOVERIES²

Class	Claim/Equity Interest	Treatment of Claim/Interest	Estimated Amount of Allowed Claims	Projected Recovery Under the Plan
N/A	Administrative Claims – Professional Claims	After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules, and prior orders of the Bankruptcy Court, the allowed amounts of such Professional Claims shall be determined by the Bankruptcy Court, and the balance due thereon shall thereafter be immediately paid in full in Cash by the Debtors from the Holdback Escrow Account.	Approximately \$1,824,000	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
N/A	Administrative Claims – Substantial Contribution Claims	All Substantial Contribution Claims filed on or before the Section 503 Deadline that are subsequently Allowed shall be paid by the Plan Administrator from the Administrative Reserve.	\$0.00	No payments necessary
N/A	Administrative Claims – 503(b)(9) Claims	All 503(b)(9) Claims timely filed that are subsequently Allowed and remain unpaid shall be paid by the Plan Administrator from the Administrative Reserve, the DIP Budget Account (it being understood that funds in the DIP Budget Account shall be used solely to pay DIP Budget Items up to the amount provided for such DIP Budget Item in the DIP Budget Item List), or other Plan Assets within thirty (30) days of allowance by the Bankruptcy Court.	Approximately \$0.00	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
N/A	Administrative Claims – Administrative Tax Claims	All Administrative Tax Claims shall be paid by the Plan Administrator first from the Administrative Reserve then from the Plan Assets.	Approximately \$0.00	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
N/A	Administrative Claims – Ordinary Course Claims	Shall be paid by the Plan Administrator the Administrative Reserve, the DIP Budget Account (it being understood that funds in the DIP Budget Account shall be used solely to pay DIP Budget Items up to the amount provided for such DIP Budget Item in the DIP Budget Item List), or other Plan Assets in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.	Approximately \$0.00	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
N/A	Administrative Claims – Other Claims	All such Allowed Administrative Claims shall be paid by the Plan Administrator the Administrative Reserve, the DIP Budget Account (it being understood that funds in the DIP Budget Account shall be used solely to pay DIP Budget Items up to the amount provided for such DIP Budget Item in the DIP Budget Item List), or other Plan Assets within thirty (30) days of allowance by the Bankruptcy Court.	Approximately \$0.00	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
N/A	Priority Tax Claims	On the Effective Date, or as soon as practicable after a Priority Tax Claim becomes an Allowed Claim if the date of allowance is later than the Effective Date, each holder of an Allowed Priority Tax Claim against any of the Debtors shall be paid by the Plan Administrator in full in cash from the Administrative Reserve, the DIP Budget Account (it being understood that funds in the DIP Budget Account shall be used solely to pay DIP Budget Items up to the amount provided for such DIP Budget Item in the DIP Budget Item List), or other Plan Assets.	Approximately \$0.00	Paid in full pursuant to Plan unless otherwise paid pursuant to sale or other Bankruptcy Court Order
1	Prepetition Senior Secured Claim	The Holder of the Prepetition Senior Secured Claim shall, after payment in full of the DIP Facility Claim, (i) retain without provision or condition all Cash Sale Proceeds from the sale of the Massif Assets distributed to the Prepetition Senior Secured Lender at the closing of such sale, and all Cash Sale Proceeds from the sale of the Footwear Assets	Approximately \$48,000,000	Approx. 27.0%

² The recoveries set forth in this table may change based upon changes in the amount of Claims that are “Allowed” as well as other factors related to the Debtors’ business operations and general economic conditions. “Allowed” means with respect to any Claim, except as otherwise provided herein: (a) a Claim that is scheduled by the Debtors as neither disputed, contingent nor unliquidated and not disputed; (b) a Claim that either is not a Disputed Claim or has been allowed by a Final Order; (c) a Claim that is allowed (i) pursuant to the terms of the Plan, (ii) in any stipulation that is approved by the Bankruptcy Court or (iii) pursuant to any contract, instrument, indenture or other agreement entered into or assumed in connection herewith; (d) a Claim relating to a rejected Executory Contract or Unexpired Lease that either (i) is not a Disputed Claim or (ii) has been allowed by a Final Order; or (e) a Claim as to which a Proof of Claim has been timely Filed and as to which no objection has been Filed. Except for any Claim that is expressly Allowed herein, any Claim that has been or is hereafter listed in the Schedules as contingent, unliquidated or disputed, and for which no Proof of Claim has been Filed, is not considered Allowed and shall be deemed expunged upon entry of the Confirmation Order.

SUMMARY OF EXPECTED RECOVERIES²

		distributed to the Prepetition Senior Secured Lender at the closing of such sale; (ii) to the extent not previously paid, receive payment of (A) the balance of all funds held in the Quarantined Inventory Escrow Account (as defined in the DIP Order) upon the payment to the DoD (as defined in the DIP Order) of proceeds from the sale of Quarantined Inventory (as defined in the DIP Order) of an amount equal to at least \$290,000, (B) the balance of the \$100,000 escrow fund established pursuant to paragraph 38 of the DIP Order upon the earlier of the completion of the sale of all Quarantined Inventory or the date that is six months after the closing of the sale of the Footwear Assets, and (C) the balance of any funds held in the IBM Escrow Account and the Capps Bailee Equipment Escrow Account (in each case as defined in the Footwear Sale Order) after payment of amounts required to be made therefrom; (iii) be assigned all rights of the seller to receive any future payment or other consideration owed to the seller under the Massif Asset Purchase Agreement, including, without limitation the seller's right to payment of the Earn-Out Amount pursuant to Section 3.6 of the Massif Asset Purchase Agreement; (iv) receive payment of all funds remaining in the Professional Fee Escrow Account and Holdback Escrow Account after payment of all Professional Claims; (v) the balance of any funds in the DIP Budget Account after payment of all DIP Budget Items; (vi) fifty per cent (50%) of any Net Recoveries from the sale of Quarantined Inventory (as defined in the DIP Order) in excess of \$800,000; (vii) any other Plan Assets remaining after payment of all Claims payable under Article II of the Plan; and (viii) receive relief from the automatic stay or other appropriate authority to pursue state law enforcement remedies against collateral for the Prepetition Senior Secured Credit Facility that has not been liquidated or collected as of the Effective Date.		
2	Secured Noteholder Claims	Only in the event that all obligations owed under the Prepetition Senior Secured Credit Facility are indefeasibly paid in full, the Holder of each Secured Noteholder Claim shall, receive payment in cash, after payment of the DIP Facility Claim, the Professional Claims, all Administrative Claims, all Priority Claims (including but not limited to Class 4 Priority Non-Tax Claims), the Distribution Reserves and the Class 1 Prepetition Senior Secured Claim, the remaining Plan Assets on the First Distribution Date.	Approximately \$8,660,000	0%
3	Miscellaneous Secured Claims	The holder of each Allowed Class 3 Claim shall receive at the discretion of the Plan Administrator from the Plan Assets (i) Cash in an amount equal to the lesser of (a) the amount of Allowed Secured Claim and (b) the value of the Debtors' property securing such Allowed Secured Claim currently in the possession of the Debtors minus the amount of claims secured by such property with legal priority senior to the lien priority of the holder of such Allowed Class 2 Claim or (ii) the property securing such Allowed Class 2 Claim. Any Allowed Deficiency Claim of a Holder of an Allowed Class 2 Claim shall be treated as a Class 5 General Unsecured Claim.	Approximately \$0.00	Return of collateral or treatment as set forth in Plan
4	Priority Non-Tax Claims	The holder of each Allowed Class 4 Priority Non-Tax Claim shall receive its Pro Rata share of all Plan Assets remaining after payment in full of Post-Effective Date Claims incurred by the Plan Administrator as of the date(s) of distribution(s), Allowed Professional Claims and Allowed Claims in Class 2 until Allowed Class 3 Claims are paid in full.	Approximately \$0.00	100%

SUMMARY OF EXPECTED RECOVERIES²

5	General Unsecured Claims	Except to the extent that a Holder of an Allowed Class 5 General Unsecured Claim agrees to a less favorable treatment, the holders of each Allowed Class 5 General Unsecured Claim shall receive its Pro Rata share of the Class 5 Distribution Amount. The Deficiency Claims of the Prepetition Senior Secured Lender and the Secured Noteholder and the Claim of Kirkland & Ellis LLP shall not share in the distribution to Class 5.	Approximately \$9,000,000 ³	Approx. 3.3%
6	Interests	The holders of the Allowed Interests and Claims in Class 6 shall have their Interests and Claims against the Debtors extinguished as of the Effective Date and shall receive no distributions under the Plan.	N/A	0%

3.5.5 Time of Distributions. Except as otherwise provided for herein, ordered by the Bankruptcy Court, or otherwise, distributions under the Plan shall be made as soon as is practicable on the later to occur of (a) the Effective Date, (b) when a Claim becomes an Allowed Claim, or (c) when Cash is available for distribution to a particular Class pursuant to the treatment of such Class under the Plan. The Plan Administrator shall provide for a holdback of a sufficient amount of Cash, which is estimated to be sufficient to satisfy incurred and anticipated Post-Effective Date Claims incurred by the Plan Administrator and to provide for a hold-back with respect to Disputed Claims before making distributions under the Plan. The Plan Administrator may make additional distributions of Cash and property received after the initial distributions. Such additional distributions may be made at such times and in such amounts as determined by the Plan Administrator.

3.6 Funding and No Disbursing Agent.

3.6.1 Plan Predicated Upon Liquidation of the Debtors' Assets and Net Recoveries from Third Party Claims. The funding and treatment of Creditors as contemplated in the Plan is predicated upon: (a) entry of the Confirmation Order and such Confirmation Order becoming a Final Order, (b) execution of the Plan Administrator Agreement, and (c) Debtors' compliance with the DIP Budget.

3.6.2 No Separate Disbursing Agent. The Plan Administrator shall serve as the Disbursing Agent under the Plan.

3.7 Executory Contracts and Unexpired Leases.

3.7.1 Assumption/Rejection. On the Effective Date, all Pre-Petition Date executory contracts, employment agreements and unexpired leases other than those leases that were previously assumed or rejected, except as set forth in the Plan, shall be deemed automatically rejected as of that date or such earlier date as the Debtors may have unequivocally terminated such lease or contract. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections, pursuant to section 365 of the Bankruptcy Code.

³ This estimate reflects the exclusion of (a) the Deficiency Claims of the Prepetition Senior Secured Lender and the Secured Noteholder, and (b) the unsecured claim of Kirkland & Ellis LLP. The estimate may change after the claims reconciliation process.

3.7.2 Rejection Damages Bar Date. If the rejection by the Debtors, pursuant to the Plan or otherwise, of an executory contract or unexpired lease results in a Claim, then such Claim shall be forever barred and shall not be enforceable against the Debtors, the Plan Administrator or the properties of any of them unless a proof of claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Debtors and the Plan Administrator within thirty (30) days after entry of an Order authorizing the Debtors to reject an executory contract or unexpired lease; provided, however, that notwithstanding the foregoing, in the case of an executory contract or unexpired lease “deemed rejected” pursuant to Section 7.1 of the Plan which results in a Claim, such Claim shall be forever barred and shall not be enforceable against the Debtors, the Plan Administrator or the properties of any of them unless a proof of claim is filed with the clerk of the Bankruptcy Court and served upon counsel to the Debtors and the Plan Administrator within thirty (30) days after the Effective Date.

3.8 Modification of the Plan.

3.8.1 Plan May Be Modified. The Plan may be modified at any time before the Confirmation Date with consent of the Prepetition Senior Secured Lender and Subordinated Lender, in consultation with the Creditors’ Committee, in accordance with section 1127 of the Bankruptcy Code and after the Confirmation Date and prior to substantial consummation of the Plan as defined in section 1101(2) of the Bankruptcy Code. The Plan Administrator may, under section 1127(b) of the Bankruptcy Code, institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in the Plan, the Disclosure Statement or the Confirmation Order, as such proceedings may be necessary to carry out the purposes and effects of the Plan, so long as such proceedings do not materially adversely affect the treatment of Claimholders or Interestholders under the Plan.

3.9 Plan Controls.

3.9.1 Plan Provisions Control. In the event and to the extent that any provision of the Plan is inconsistent with the provisions of this Disclosure Statement or any other agreement or instrument required or contemplated to be executed by the Debtors or the Plan Administrator, the provisions of the Plan will control.

3.10 Binding Effect.

3.10.1 Provisions of Plan are Binding. The provisions of the Plan and the Confirmation Order are binding and will inure to the benefit of the holders of Claims against, and Interests in, the Debtors and their respective successors, assigns, heirs and personal representatives, whether or not such persons voted to accept or reject the Plan.

3.11 Procedures For Resolving Disputed Claims and Interests.

3.11.1 Objections to Claims. Prior to Confirmation, any party-in-interest will have the right to object to the allowance of any Claim. Subsequent to Confirmation, the Plan Administrator will have the exclusive right to object to the allowance of any Claim. Such Objections, if any, will be filed with the Bankruptcy Court no later than one hundred and twenty (120) days after the Effective Date, unless extended by Order of the Bankruptcy Court.

3.11.2 ***No Distributions Pending Allowance.*** Except as otherwise set forth in the Plan, no payments or distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim.

3.11.3 ***Compromises and Settlements.*** Pursuant to Bankruptcy Rule 9019(a), the Debtors may compromise and settle various (a) Claims against them, and (b) claims that they have against other Persons. The Debtors expressly reserve the right (with Bankruptcy Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle, up to and including the Effective Date, Claims against them and claims that they may have against other Persons. After the Effective Date, such right will pass exclusively to the Plan Administrator to which such claims will be conveyed pursuant to the Plan.

3.11.4 ***Procedures for Treating and Resolving Disputed Claims.*** Except as set forth in Section 8.1, 8.2 and 8.6 of the Plan, no payments or distributions will be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by a Final Order, and the Disputed Claim has become an Allowed Claim. All objections to Claims must be filed by the Plan Administrator on or before the Business Day which is one hundred twenty (120) days after the Effective Date, unless such time period is extended by the Bankruptcy Court.

3.11.5 ***Distribution Reserve.*** The Plan Administrator will withhold the Distribution Reserve from the property to be distributed under the Plan to Claimholders. The Plan Administrator may request estimation for any Disputed Claim that is contingent or unliquidated, and the Plan Administrator will withhold the Distribution Reserve based upon the estimated amount of each such Claim as determined by the Bankruptcy Court. If the Plan Administrator elects not to request such an estimation from the Bankruptcy Court with respect to a Disputed Claim that is contingent or unliquidated, the Plan Administrator will withhold the Distribution Reserve based upon the appropriate pro rata percentage distribution of the Face Amount of such Claim.

3.11.6 ***Distributions After Allowance.*** Payments and distributions from the Distribution Reserve on account of a Disputed Claim, to the extent that such Disputed Claim ultimately becomes an Allowed Claim, will be made in accordance with provisions of the Plan that govern the Class in which such Claim is classified. Promptly after the date when the order or judgment of the Bankruptcy Court allowing all or part of such Claim becomes a Final Order, the Plan Administrator shall distribute to the holder of such Claim any Cash allocated to such Claim in the Distribution Reserve that would have been distributed on the dates distributions were previously made on account of Allowed Claims had such Claim been an Allowed Claim on such dates. All distributions made under this Section of the Plan on account of an Allowed Claim shall be made as if such Claim had been an Allowed Claim on the dates distributions were previously made to Allowed Claims.

3.11.7 ***Partial Distributions.*** Notwithstanding any other provision of the Plan or the documents referred to by the Plan, the Plan Administrator may make one or more distributions to the holders of Disputed Claims, based on the distributions which such holders

would otherwise be entitled to receive based on the undisputed portions of such Disputed Claims if same had not been objected to, if any. This power of direction may not be used to select individual Disputed Claims for payment. The Plan Administrator may make distributions on the undisputed portions of all Disputed Claims, or none at all. Notwithstanding the foregoing, the Plan Administrator may not authorize or pay any distribution to entities who may be liable to the Plan Administrator with respect to a Third Party Claim or otherwise, which Disputed Claim may be paid, if at all, only after the holder of such Disputed Claim has discharged its liability to the Plan Administrator on account of the Third Party Claim or otherwise.

3.11.8 *Claims Allowable Against Multiple Debtors.* Notwithstanding anything in the Plan or in the Schedules to the contrary, to the extent a Claimholder has a Claim that is an Allowed Claim against more than one of the Debtors based upon the same ground or theory of liability, such Claim shall only be counted once for determination of distributions under the Plan.

3.12 *Retention of Claims Belonging to the Debtors.*

3.12.1 *Avoidance and Other Third Party Claims.* Except as previously waived or released, all Avoidance Actions and other Third Party Claims are preserved and retained for enforcement exclusively by the Plan Administrator subsequent to the Effective Date.

3.13 *Tax Consequences.*

3.13.1 *In General.* The Federal income tax consequences of the Plan to a Creditor or Interest Holder will depend upon a number of factors and can be complex. In general, a Creditor that receives cash in satisfaction of its Allowed Claim will generally receive a gain or loss with respect to the principal amount of the Allowed Claim equal to the difference between: (i) the Creditor's basis in the Claim (other than any Claim in respect to accrued interest); and (ii) the balance of the cash received after any allocation to the accrued interest. The Debtors have not determined the character of any gain or loss to be recognized by an Interest Holder with respect to any distribution, if any, such Interest Holder may receive under the Plan. **FOR THE FOREGOING REASONS, HOLDERS OF CLAIMS AND HOLDERS OF EQUITY INTERESTS ARE ADVISED TO CONSULT WITH THEIR OWN TAX ADVISORS AS TO THE SPECIFIC TAX CONSEQUENCES (FOREIGN, FEDERAL, STATE AND LOCAL) OF THE PLAN. THE DEBTORS ARE NOT MAKING ANY REPRESENTATION REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CREDITOR OR INTEREST HOLDER, NOR ARE THE DEBTORS RENDERING ANY FORM OF LEGAL OPINION AS TO SUCH TAX CONSEQUENCES. CREDITORS AND INTEREST HOLDERS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS WITH RESPECT TO THE TREATMENT OF DISTRIBUTIONS MADE UNDER THE PLAN.**

4. POST-CONFIRMATION ISSUES

4.1 *Role of Creditors' Committee.* From and after the Effective Date, the Creditors' Committee shall not exist, except in accordance with Section 13.4 of the Plan.

4.2 *Employment of Counsel and Fees.*

4.2.1 *Employment of Professionals After Confirmation.* All professionals employed by the Debtors and the Creditors' Committee during the pendency of the Chapter 11 Cases shall continue to be employed, and will be entitled to compensation as holders of Administrative Claims from the Holdback Escrow Account for their services prior to the Effective Date. Upon the occurrence of the Effective Date, the Plan Administrator shall be deemed a judicial substitute for each of the Debtors and shall be empowered to retain and/or employ professionals. Compensation for professional services rendered after the Effective Date by the Plan Administrator's professionals will be payable from the Administrative Reserve.

4.3 *Exculpation and Limitation of Liability; Releases; and Injunction*

4.3.1 *Compromise and Settlement of Claims, Interests and Controversies.* Pursuant to sections 363 and 1123 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration for the distributions and other benefits provided pursuant to the Plan, the provisions of the Plan shall constitute (a) a good faith compromise of all Claims, Interests and controversies relating to the contractual, legal and subordination rights that a holder of a Claim may have with respect to any Allowed Claim or Interest or any distribution to be made on account of such Allowed Claim or Interest and (b) a good faith compromise of all Claims and Causes of Action the Debtors, Creditors Committee or any Person that could bring such Cause of Action on their behalf against the Released Parties, as agreed upon by the Debtors, Creditors Committee, Prepetition Senior Secured Lender, DIP Lender, Secured Noteholder and the Sponsor. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such Claims, Interests and controversies, as well as a finding by the Bankruptcy Court that such compromise or settlement is in the best interests of the Debtors, their Estates and holders, and is fair, equitable and reasonable. In accordance with the provisions of the Plan, pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019(a), without any further notice to or action, order or approval of the Bankruptcy Court, after the Effective Date, the Plan Administrator may compromise and settle Claims against the Debtors and Causes of Action against other Entities.

4.3.2 *Release of Liens.* Except as otherwise provided in the Plan or in any contract, instrument, release or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to the Plan and, in the case of a Secured Claim, satisfaction in full of the portion of the Secured Claim that is Allowed as of the Effective Date, all mortgages, deeds of trust, Liens, pledges or other security interests against any property of the Estates shall be fully released and discharged, and all of the right, title and interest of any holder of such mortgages, deeds of trust, Liens, pledges or other security interests shall revert to the Estate and its successors and assigns.

4.3.3 *Releases by the Debtors.* **ON THE EFFECTIVE DATE OF THE PLAN, THE RELEASED PARTIES WILL BE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY RELEASED, ACQUITTED AND DISCHARGED BY THE DEBTORS AND THEIR ESTATES FROM ANY AND ALL ACTIONS, CLAIMS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF**

ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED ON BEHALF OF THE DEBTORS OR NON-DEBTOR PARENT, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREINAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, BY STATUTE OR OTHERWISE, THAT THE DEBTORS, THE PLAN ADMINISTRATOR, THE DEBTORS' ESTATES OR THEIR AFFILIATES (WHETHER INDIVIDUALLY OR COLLECTIVELY) OR ON BEHALF OF THE HOLDER OF ANY CLAIM OR INTEREST OR OTHER ENTITY, EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' LIQUIDATION, THE CHAPTER 11 CASES, THE PURCHASE, SALE OR RESCISSION OF THE PURCHASE OR SALE OF ANY SECURITY OF THE DEBTORS, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS BEFORE OR DURING THE CHAPTER 11 CASES, THE NEGOTIATION, FORMULATION, PREPARATION, OR PERFORMANCE OF THE DIP LOAN FACILITY, THE PLAN SUPPORT AGREEMENT, THE PLAN, THE DISCLOSURE STATEMENT OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE RELATING TO THE DEBTORS TAKING PLACE ON OR BEFORE THE CONFIRMATION DATE OF THE PLAN, EXCEPT FOR ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD.

4.3.4 *Releases by Holders.* SUBJECT TO THE RIGHT OF EACH HOLDER OF A CLAIM AGAINST THE DEBTOR TO AFFIRMATIVELY 'OPT OUT' OF THE RELEASE SET FORTH BELOW BY NOTING SUCH "OPT OUT" ELECTION ON THE BALLOT TO VOTE ON THE PLAN, ON THE EFFECTIVE DATE OF THE PLAN, EACH HOLDER OF A CLAIM AGAINST OR INTEREST IN THE DEBTORS SHALL BE DEEMED TO HAVE EXPRESSLY, UNCONDITIONALLY, GENERALLY AND INDIVIDUALLY AND COLLECTIVELY, RELEASED, ACQUITTED AND DISCHARGED THE RELEASED PARTIES (INCLUDING THE RELEASED PARTIES' PREDECESSORS, SUCCESSORS AND ASSIGNS, SUBSIDIARIES, AFFILIATES, MANAGED ACCOUNTS OR FUNDS, CURRENT AND FORMER OFFICERS (SPECIFICALLY EXCLUDING VINCENT FERGUSON, MATTHEW FERGUSON, KERRY FERGUSON AND NEIL STREETER), DIRECTORS, PRINCIPALS, SHAREHOLDERS, DIRECT AND INDIRECT EQUITY HOLDERS, MEMBERS, PARTNERS (GENERAL AND LIMITED), EMPLOYEES, AGENTS, ADVISORY BOARD MEMBERS, FINANCIAL ADVISORS, ATTORNEYS, ACCOUNTS, INVESTMENT BANKERS, CONSULTANTS, REPRESENTATIVES, MANAGEMENT COMPANIES, FUND ADVISORS AND OTHER PROFESSIONALS) AND THE RELEASED PARTIES FROM ANY AND ALL ACTIONS, CLAIMS, INTERESTS, OBLIGATIONS, RIGHTS, SUITS, DAMAGES, CAUSES OF ACTION, REMEDIES AND LIABILITIES WHATSOEVER, INCLUDING ANY DERIVATIVE CLAIMS ASSERTED

ON BEHALF OF THE DEBTORS OR NON-DEBTOR PARENT, WHETHER KNOWN OR UNKNOWN, FORESEEN OR UNFORESEEN, MATURED OR UNMATURED, EXISTING OR HEREAFTER ARISING, IN LAW, EQUITY, CONTRACT, TORT OR OTHERWISE, THAT SUCH HOLDER (WHETHER INDIVIDUALLY OR COLLECTIVELY) EVER HAD, NOW HAS OR HEREAFTER CAN, SHALL OR MAY HAVE, BASED ON OR RELATING TO, OR IN ANY MANNER ARISING FROM, IN WHOLE OR IN PART, THE DEBTORS, THE DEBTORS' LIQUIDATION, THE CHAPTER 11 CASES, THE PURCHASE, SALE OR RESCISSION OF THE PURCHASE OR SALE OF ANY SECURITY OF THE DEBTORS, THE SUBJECT MATTER OF, OR THE TRANSACTIONS OR EVENTS GIVING RISE TO, ANY CLAIM OR INTEREST THAT IS TREATED IN THE PLAN, THE BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN THE DEBTORS AND ANY RELEASED PARTY, THE RESTRUCTURING OF CLAIMS AND INTERESTS BEFORE OR DURING THE CHAPTER 11 CASES, INCLUDING THE NEGOTIATION, FORMULATION, PREPARATION OR PERFORMANCE OF THE DIP LOAN FACILITY, THE PLAN SUPPORT AGREEMENT, THE PLAN, THE DISCLOSURE STATEMENT, OR RELATED AGREEMENTS, INSTRUMENTS OR OTHER DOCUMENTS OR ANY OTHER ACT OR OMISSION, TRANSACTION, AGREEMENT, EVENT OR OTHER OCCURRENCE RELATING TO THE DEBTORS TAKING PLACE ON OR BEFORE THE CONFIRMATION DATE OF THE PLAN, EXCEPT FOR ANY CLAIMS AND CAUSES OF ACTION FOR ACTUAL FRAUD.

4.3.5 *Liabilities to, and Rights of, Governmental Units.* Nothing in the Plan or Confirmation Order shall discharge, release, or preclude: (1) any liability to a Governmental Unit that is not a Claim; (2) any Claim of a Governmental Unit arising on or after the Confirmation Date; (3) any liability to a Governmental Unit on the part of any Person or Entity other than the Debtors or Plan Administrator; (4) any valid right of setoff or recoupment by a Governmental Unit; or (5) any criminal liability. Nothing in the Plan or Confirmation Order shall enjoin or otherwise bar any Governmental Unit from asserting or enforcing, outside the Bankruptcy Court, any liability described in the preceding sentence. The discharge and injunction provisions contained in the Plan and Confirmation Order are not intended and shall not be construed to bar any Governmental Unit from, after the Confirmation Date, pursuing any police or regulatory action.

4.3.6 *Exculpation.* EXCEPT AS OTHERWISE SPECIFICALLY PROVIDED IN THE PLAN, NO EXCULPATED PARTY SHALL HAVE OR INCUR, AND EACH EXCULPATED PARTY IS HEREBY RELEASED AND EXCULPATED FROM ANY EXCULPATED CLAIM, OBLIGATION, CAUSE OF ACTION OR LIABILITY FOR ANY EXCULPATED CLAIM, EXCEPT FOR GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, BUT IN ALL RESPECTS SUCH ENTITIES SHALL BE ENTITLED TO REASONABLY RELY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES PURSUANT TO THE PLAN. THE DEBTORS AND THE PLAN ADMINISTRATOR (AND EACH OF THEIR RESPECTIVE AFFILIATES, AGENTS, DIRECTORS, OFFICERS, EMPLOYEES, ADVISORS AND ATTORNEYS) HAVE PARTICIPATED IN COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE BANKRUPTCY CODE WITH REGARD TO THE

SOLICITATION AND DISTRIBUTION OF THE SECURITIES PURSUANT TO THE PLAN AND, THEREFORE, ARE NOT, AND ON ACCOUNT OF SUCH DISTRIBUTIONS SHALL NOT BE, LIABLE AT ANY TIME FOR THE VIOLATION OF ANY APPLICABLE LAW, RULE OR REGULATION GOVERNING THE SOLICITATION OF ACCEPTANCES OR REJECTIONS OF THE PLAN OR SUCH DISTRIBUTIONS MADE PURSUANT TO THE PLAN.

4.3.7 *Injunction.* FROM AND AFTER THE EFFECTIVE DATE, EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR RELATED DOCUMENTS, ALL ENTITIES ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER, ANY CAUSE OF ACTION RELEASED OR TO BE RELEASED PURSUANT TO THE PLAN OR THE CONFIRMATION ORDER.

4.3.8 FROM AND AFTER THE EFFECTIVE DATE, TO THE EXTENT OF THE RELEASES AND EXCULPATION GRANTED IN ARTICLE IX, THE DEBTORS AND HOLDERS OF CLAIMS OR INTERESTS SHALL BE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER AGAINST THE RELEASED PARTIES AND THE EXCULPATED PARTIES AND THEIR ASSETS AND PROPERTIES, AS THE CASE MAY BE, ANY SUIT, ACTION OR OTHER PROCEEDING, ON ACCOUNT OF OR RESPECTING ANY CLAIM, DEMAND, LIABILITY, OBLIGATION, DEBT, RIGHT, CAUSE OF ACTION, INTEREST OR REMEDY RELEASED OR TO BE RELEASED PURSUANT TO ARTICLE VIII.

4.3.9 EXCEPT AS OTHERWISE EXPRESSLY PROVIDED IN THE PLAN OR RELATED DOCUMENTS, OR IN OBLIGATIONS ISSUED PURSUANT TO THE PLAN, ALL ENTITIES WHO HAVE HELD, HOLD OR MAY HOLD CLAIMS OR INTERESTS THAT HAVE BEEN RELEASED OR DISCHARGED PURSUANT TO ARTICLE 9.3 OR ARTICLE 9.4, OR ARE SUBJECT TO EXCULPATION PURSUANT TO ARTICLE 9.6 ARE PERMANENTLY ENJOINED, FROM AND AFTER THE EFFECTIVE DATE, FROM TAKING ANY OF THE FOLLOWING ACTIONS: (1) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (2) ENFORCING, ATTACHING, COLLECTING OR RECOVERING BY ANY MANNER OR MEANS ANY JUDGMENT, AWARD, DECREE OR ORDER AGAINST SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; (3) CREATING, PERFECTING OR ENFORCING ANY ENCUMBRANCE OF ANY KIND AGAINST SUCH ENTITIES OR THE PROPERTY OR ESTATE OF SUCH ENTITIES ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS; AND (4) COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR OTHER PROCEEDING OF ANY KIND ON ACCOUNT OF OR IN CONNECTION WITH OR WITH RESPECT TO ANY SUCH CLAIMS OR INTERESTS RELEASED OR SETTLED PURSUANT TO THE PLAN.

4.3.10 THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE FOR AND IN COMPLETE SATISFACTION OF CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTORS OR ANY OF THEIR ASSETS, PROPERTY OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTORS SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED.

4.3.11 EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR HEREIN OR IN OBLIGATIONS ISSUED PURSUANT HERETO FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS SHALL BE FULLY RELEASED, AND THE INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER SECTION 502(G) OF THE BANKRUPTCY CODE.

4.3.12 ALL ENTITIES SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTORS, THE DEBTORS' ESTATES, THE PLAN ADMINISTRATOR, EACH OF THEIR RESPECTIVE SUCCESSORS AND ASSIGNS AND EACH OF THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS OR ANY ACT OR OMISSION, TRANSACTION OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

4.3.13 *Term of Injunctions or Stays.* Unless otherwise provided in the Plan or in the Confirmation Order, all injunctions or stays in effect in the Chapter 11 Cases pursuant to sections 105 or 362 of the Bankruptcy Code or any order of the Bankruptcy Court, and extant on the Confirmation Date (excluding any injunctions or stays contained in the Plan or the Confirmation Order), shall remain in full force and effect until the Effective Date. All injunctions or stays contained in the Plan or the Confirmation Order shall remain in full force and effect in accordance with their terms.

4.3.14 *No Liability for Solicitation or Participation.* As specified in section 1125(e) of the Bankruptcy Code, Persons that solicit acceptances or rejections of this Plan, in good faith and in compliance with the applicable provisions of the Bankruptcy Code are not liable, on account of such solicitation or participation, for violation of any applicable law, rule, or regulation governing the solicitation of acceptances or rejections of this Plan or the offer, issuance, sale or purchase of securities.

5. FEASIBILITY

5.1 *Financial Feasibility Analysis.*

5.1.1 *Bankruptcy Code Standard.* The Bankruptcy Code requires that, in order to confirm the Plan, the Bankruptcy Court must find that Confirmation of the Plan is not likely to

be followed by the liquidation or the need for further financial reorganization of the Debtors unless contemplated by the Plan.

5.1.2 *No Need for Further Reorganization of Debtors.* The Plan provides for the liquidation of all of the Debtors' Assets. Accordingly, the Debtors believe that all Plan obligations will be satisfied without the need for further reorganization of the Debtors.

6. ALTERNATIVES TO PLAN

6.1 Chapter 7 Liquidation.

6.1.1 *Bankruptcy Code Standard.* Notwithstanding acceptance of the Plan by the requisite number of Creditors and Interest Holders of any Class, the Bankruptcy Court must still independently determine that the Plan provides each member of each Impaired Class of Claims and Interests a recovery that has a value at least equal to the value of the distribution that each such Person would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

6.1.2 *Plan is in Best Interest of Creditors.* The Debtors believe that the Plan satisfies this standard because the Plan provides for an orderly liquidation of the Assets. Furthermore, the Debtors believe that the Plan also provides Creditors with a degree of certainty that would not exist if the Assets were subject to liquidation outside of the Plan and eliminates the risks and expenses of the marketplace and continual administration of the Debtors. In this regard, in the event of a liquidation under Chapter 7, some administrative expenses may go unpaid, general unsecured creditors would likely receive no distribution, and the following is likely to occur:

1. Additional administrative expenses, including trustee's commissions, fees for trustee's accountant, attorneys and other professionals likely to be retained, would be incurred with priority over general unsecured claims under section 507(a)(1) of the Bankruptcy Code and would materially reduce Creditor recovery.

2. Distributions would likely be substantially delayed, while expenses of administration would continue to grow.

It is the Debtors' belief that in a Chapter 7 liquidation of the Debtors, the Unsecured Creditors would not receive a distribution. Accordingly, the Debtors believes that the Plan is in the best interests of Creditors. See Chapter 7 Liquidation Comparison attached hereto as Exhibit B.

6.2 Risk Factors.

6.2.1 There can be no assurance by the Debtors that any remaining liquidation proceeds will be generated from the liquidation of the Debtors' Assets. Even in the event of the liquidation of the Debtors' remaining Assets, there can be no assurance by the Debtors that such sale or sales will generate additional proceeds for distribution to the holders of Allowed General Unsecured Claims.

6.3 Recommendations.

6.3.1 It is the position of the Debtors that the Plan is substantially preferable to a liquidation under Chapter 7 of the Bankruptcy Code. Conversion of these Chapter 11 Cases would result in: (i) substantial delays in the distribution of any proceeds (if any) available under such alternative; (ii) increased uncertainty as to whether payments would be made to Unsecured Creditors; and (iii) substantially increased administrative costs.

**THE DEBTORS AND THE SECURED LENDERS
RECOMMEND THAT YOU VOTE IN FAVOR OF THE PLAN.**

7. CONCLUSION

It is important that you exercise your right to vote on the Plan. It is the Debtors' belief and recommendation that the Plan fairly and equitably provides for the treatment of all Claims against the Debtors and is substantially preferable to a liquidation under Chapter 7 of the Bankruptcy Code.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, the Debtors have executed this Disclosure Statement this 26th day of September, 2014.

Tactical Intermediate Holdings, Inc.
Tactical Holdings Operations, Inc.
Wellco Enterprises, Inc.
Ro-Search Incorporated
Mo-Ka Shoe Corporation
Altama Delta Corporation
Altama Delta (Puerto Rico) Corporation
Massif Holdings, LLC
Massif Mountain Gear Company, L.L.C.

By: /s/ Carlin Adrianopoli
Carlin Adrianopoli
Chief Restructuring Officer

EXHIBIT A
Plan Support Agreement

EXECUTION VERSION

PLAN SUPPORT AGREEMENT

This PLAN SUPPORT AGREEMENT (as amended, supplemented, or otherwise modified from time to time, this "*Agreement*") is made and entered into as of July 7, 2014, by and among: (i) Tactical Intermediate Holdings, Inc.; Tactical Holdings Operations, Inc.; Wellco Enterprises, Inc.; Ro-Search Incorporated; Mo-Ka Shoe Corporation; Altama Delta Corporation; Altama Delta (Puerto Rico) Corporation; Massif Holdings LLC; and Massif Mountain Gear Company LLC, as soon to be debtors and debtors in possession (collectively, the "*Debtors*") in chapter 11 cases (collectively, the "*Chapter 11 Cases*") to be commenced in the United States Bankruptcy Court for the District of Delaware (the "*Bankruptcy Court*") (with the support of Tactical Holdings, Inc., the Debtors' parent, and the Sponsor as defined in the Plan); (ii) Wells Fargo Bank, National Association, successor by merger to Wachovia Bank, National Association, as lender (in its capacity as such, together with its permitted successors and assigns, the "*Consenting Senior Secured Lender*") for that certain Amended and Restated Loan and Security Agreement dated as of July 12, 2013 (as amended, restated, supplemented or otherwise modified from time to time, the "*Prepetition Senior Credit Agreement*"); and (iii) GGC Tactical Debt Holdings, LLC ("*Consenting Subordinated Secured Lender*") under that certain 12% Secured Promissory Note dated October 12, 2012 (as further amended, modified, waived, or supplemented through the date hereof, the "*Subordinated Note*"). The Consenting Senior Secured Lender, the Consenting Subordinated Secured Lender and any subsequent person or entity that becomes a party hereto in accordance with the terms hereof are referred herein as the "*Supporting Parties*" and each a "*Supporting Party*." The Debtors and the Supporting Parties, and any subsequent person or entity that becomes a party hereto in accordance with the terms hereof, are referred herein as the "*Parties*" and individually as a "*Party*."

Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the chapter 11 plan of liquidation attached hereto as Exhibit A (the "*Plan*"), which Plan is expressly incorporated by reference herein and made a part of this Agreement as if fully set forth herein.

THIS AGREEMENT IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE LAW AND THE PROVISIONS OF THE BANKRUPTCY CODE.

RECITALS

WHEREAS, the Debtors intend to commence voluntary Chapter 11 Cases in the Bankruptcy Court to effect an orderly sale of their assets and consummate a chapter 11 plan of liquidation (as may be amended or modified in accordance with Section 6 hereof, the "*Plan*");

WHEREAS, the Parties have agreed to support the Plan, which provides for the orderly sale and conversion of all of the Debtors' assets to Cash and the distribution of the net proceeds therefrom to certain creditors holding Allowed Claims, pursuant and subject to the terms and conditions set forth in this Agreement and the Plan;

EXECUTION VERSION

WHEREAS, this Agreement and the Plan are the product of arm's-length, good faith discussions and negotiations among the Parties; and

WHEREAS, the Debtors and the Supporting Parties are prepared to perform their obligations hereunder subject to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the covenants and agreements contained herein, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Party, intending to be legally bound hereby, agrees as follows:

AGREEMENT

Section 1. Agreement Effective Date.

This Agreement shall be effective and binding with respect to each of the Parties at the time at which (a) the Debtors shall have executed and delivered counterpart signature pages of this Agreement to counsel to the Supporting Parties and (b) the Supporting Parties shall have executed and delivered to the Company counterpart signature pages of this Agreement (the "*Effective Date*"). After the Effective Date of this Agreement, the terms and conditions of the Plan and/or this Agreement may only be amended, modified, waived or otherwise supplemented as set forth in Section 6 herein.

Section 2. Agreement Controls.

The Plan is expressly incorporated herein and is made part of this Agreement. The Plan is supplemented by the terms and conditions of this Agreement. In the event of any inconsistency between the terms of this Agreement and the Plan, this Agreement shall control and govern the subject matter of this Agreement.

Section 3. Commitments Regarding the Plan.

3.01. Commitments of the Supporting Parties. Subject in all respects to the terms and conditions hereof, and for so long as this Agreement has not been terminated in accordance with the terms hereof by or as to a Supporting Party, each such Supporting Party, solely with respect to itself, as applicable, agrees to comply with the following covenants:

(a) each of the Supporting Parties hereby covenants and agrees to support the Plan, including the solicitation, confirmation and consummation of the Plan, as may be applicable, and will not take any actions inconsistent with this Agreement

(b) the Consenting Senior Secured Lender hereby covenants and agrees to (i) timely vote or cause to be voted all claims, as such term is defined in section 101(5) of the Bankruptcy Code (each a "*Claim*" and collectively the "*Claims*") that it holds arising from the Prepetition Senior Credit Agreement to accept the Plan by delivering its duly executed and completed ballot accepting the Plan subject to and upon Bankruptcy Court approval of a disclosure statement and solicitation of the Plan in accordance with sections 1125 and 1126 of the Bankruptcy Code; and

EXECUTION VERSION

(ii) not change or withdraw such vote (or cause or direct such vote to be changed or withdrawn); provided, however, that the vote of the Consenting Senior Secured Lender shall be immediately revoked and deemed void *ab initio* upon termination of this Agreement; and further provided, that the Claims of Wells Fargo Equipment Finance, Inc. shall not be subject to this Agreement;

(c) the Consenting Subordinated Secured Lender hereby covenants and agrees to (i) timely vote or cause to be voted all Claims that it holds, controls, or has the ability to control, to accept the Plan by delivering its duly executed and completed ballot accepting the Plan subject to and upon Bankruptcy Court approval of a disclosure statement and solicitation of the Plan in accordance with sections 1125 and 1126 of the Bankruptcy Code; and (ii) not change or withdraw such vote (or cause or direct such vote to be changed or withdrawn); provided, however, that the vote of the Consenting Subordinated Secured Lender shall be immediately revoked and deemed void *ab initio* upon termination of this Agreement;

(c) each of the Supporting Parties hereby covenants and agrees (i) not to object to, or vote or cause to be voted (to the extent applicable) any of its Claims that it holds, controls, or has the ability to control, to reject the Plan, or (ii) otherwise commence any proceeding that in any way opposes or has the effect of opposing, hindering or delaying the prosecution of the Plan or object to confirmation thereof; and

(d) each of the Supporting Parties hereby covenants and agrees to not directly or indirectly (i) seek, solicit, support, encourage, or vote or cause to be voted (to the extent applicable) its Claims for, consent to, or encourage any plan, proposal, offer, dissolution, winding up, liquidation, reorganization, merger, consolidation, business combination, joint venture, partnership, sale of assets, or restructuring for any of the Debtors other than the Plan, or (ii) take any other action that is inconsistent with, or that would delay or obstruct the proposal, solicitation, confirmation or consummation of the Plan;

provided, however, that, this Agreement, including the foregoing provisions of this Section 3.01 will not (i) limit the rights of the Supporting Parties to appear and participate as a party in interest in any matter to be adjudicated in the Chapter 11 Cases, so long as such appearance and the positions advocated in connection therewith are not inconsistent with this Agreement and/or the terms of the proposed Plan, and, other than as a result of actions or omissions any such Supporting Party takes or does not take in good faith to enforce its rights under this Agreement and/or the terms of the proposed Plan, do not hinder, delay or prevent consummation of the proposed Plan; (ii) prohibit the Supporting Parties from appearing in proceedings for the purpose of contesting whether any matter or fact is or results in a breach of, or is inconsistent with, this Agreement (so long as such appearance is not solely for the purpose of hindering or intending to hinder, the Plan) or for the purpose of taking such action as may be necessary in the reasonable, good faith discretion of such supporting Party to protect such Supporting Party's interests upon such breach; provided, further that the Parties hereby reserve their rights to oppose such relief; provided, further that except as expressly provided herein, this Agreement and all communications and negotiations among the Supporting Parties with respect hereto or any of the transactions contemplated hereunder are without waiver or prejudice to the Supporting Parties' rights and remedies and the Supporting Parties hereby reserve all claims, defenses and positions that they may have with respect to each other and/or the Debtors in the event the Plan is not

EXECUTION VERSION

consummated or this Agreement terminates; and (iii) limit the ability of a Supporting Party to sell or enter into any transactions in connection with the Claims or any other claims against or interests in the Debtors.

3.02. Agreement of Consenting Senior Secured Lender. Under no circumstances shall the DIP Lender or the Prepetition Senior Secured Lender be required to pay, nor shall any Sale Proceeds be used to pay, any claim or expense except as funded by and through the DIP Facility or the Administrative Reserve and in amounts not to exceed the amounts specified in the DIP Budget (as may be modified pursuant to the terms of the DIP Order and DIP Credit Agreement). The Consenting Senior Secured Lender shall have no obligation to agree to any amendment or modification of the DIP Budget or the amount of the Administrative Reserve.

3.03 Obligations of the Debtors.

(a) Affirmative Covenants. Subject in all respects to the terms and conditions hereof, and for so long as this Agreement has not been terminated in accordance with the terms hereof, each of the Debtors covenant and agree to:

(i) commence the Chapter 11 Cases on or before 8:00 a.m. on July 8, 2014 (the "*Petition Date*");

(ii) file with the Bankruptcy Court the Plan and corresponding disclosure statement (the "*Disclosure Statement*") on the *Petition Date*, which Plan and Disclosure Statement shall be acceptable to the Supporting Parties;

(iii) (A) support and take all actions reasonably necessary or requested by the Supporting Parties to facilitate the solicitation, confirmation, and consummation of the Plan; (B) not take any action or commence or continue any proceeding that is inconsistent with, or that would delay or impede the solicitation, confirmation, or consummation of the Plan; and (C) support the payment, release, exculpation and injunction provisions set forth in the Plan;

(iv) file with the Bankruptcy Court a motion approving the procedures to implement the Debtors' (x) sale of the flame resistant apparel business assets and (y) sale of the footwear business assets (collectively, the "*Sale Motions*") on the *Petition Date*, which Sale Motions shall be acceptable to the Supporting Parties, and distributed to the respective legal and financial advisors for the Supporting Parties so as to afford reasonable opportunity to comment and review in advance of any filing thereof;

(v) seek hearings for approval of the bidding procedures in connection with the Sale Motions to be heard on August 5, 2014;

(vi) seek hearings for approval of the Sale Motions by no later than August 27, 2014;

EXECUTION VERSION

(vii) timely file a formal objection to any motion filed with the Bankruptcy Court by a third party seeking the entry of an order (A) directing the appointment of an examiner with expanded powers to operate the Debtors' businesses pursuant to section 1104 of the Bankruptcy Code or a trustee, (B) converting the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, (C) dismissing the Chapter 11 Cases; or (D) modifying or terminating the Debtors' exclusive right to file and/or solicit acceptances of a plan of reorganization; and

(viii) if the Debtors know or should know of a breach by any Debtor in any respect of any of the obligations, representations, warranties, or covenants of the Debtors set forth in this Agreement, furnish prompt written notice (and in any event within three (3) business days of such actual knowledge) to the Supporting Parties.

(b) Negative Covenants. Subject to the terms and conditions hereof, and for so long as this Agreement has not been terminated in accordance with the terms hereof, each of the Debtors shall not, directly or indirectly, permit to occur any of the following:

(i) modify the Plan, in whole or in part, in a manner that is inconsistent with the terms of the Plan or the terms of this Agreement;

(ii) take any action that is inconsistent with this Agreement, or that would delay or obstruct the proposal, solicitation, confirmation or consummation of the Plan;

(iii) withdraw or revoke the Plan or publicly announce its intention not to pursue the Plan; or

(iv) take any action challenging the amount and/or validity of the Consenting Senior Secured Lender's or the Consenting Subordinated Secured Lender Claims.

Notwithstanding anything in this Section 3.02, nothing in this Agreement shall prevent any of the Debtors from taking or failing to take any action that it is obligated to take (or not take, as the case may be) in the performance of any fiduciary duty or as otherwise required by applicable law which such Debtor owes to any other person or entity under applicable law, provided, that it is agreed that any such action that results in a Termination Event hereunder shall be subject to the provisions set forth in Sections 5.01 and 5.03 hereto. Each of the Debtors represents to the Supporting Parties (without giving consideration or effect to the immediately preceding sentence) that as of the Effective Date of this Agreement, based on the facts and circumstances actually known by the Debtors as of the Effective Date of this Agreement, the Debtors' entry into this Agreement is consistent with all of the fiduciary duties of each of the Debtors.

3.04. Definitive Documents.

Each Party hereby covenants and agrees, severally and not jointly, to (a) negotiate in good faith each of the documents implementing, achieving and relating to the Plan, including without limitation, (i) the Plan Supplement and (ii) the proposed order approving and confirming the Plan (the "*Confirmation Order*") (collectively, the "*Definitive Documents*"), which

EXECUTION VERSION

Definitive Documents shall contain terms and conditions consistent in all respects with the Plan and this Agreement, and (b) execute (to the extent such Party is a party thereto) and otherwise support the Definitive Documents; provided, however, Consenting Senior Secured Lender shall have no obligation to agree to any modification or amendment of the DIP Budget or any increase in the amount of the Administrative Reserve. All Parties shall have the right to review and comment on the Definitive Documents, and such Definitive Documents shall be acceptable to the Parties in form and substance prior to filing with the Bankruptcy Court.

Section 4. Representations and Warranties.

4.01. Mutual Representations and Warranties. Each of the Parties, severally and not jointly, represents, warrants, and covenants to each other Party (to the extent applicable), as of the Effective Date of this Agreement, as follows (each of which is a continuing representation, warranty, and covenant):

(a) It is validly existing and in good standing under the laws of the state or other jurisdiction of its organization, and this Agreement is a legal, valid and binding obligation of such Party, enforceable against it in accordance with its terms, except as enforcement may be limited by applicable laws;

(b) Except as expressly provided in this Agreement, it has all requisite direct or indirect power and authority to enter into this Agreement and to carry out the Plan contemplated by, and perform its respective obligations under, this Agreement;

(c) The execution and delivery of this Agreement and the performance of its obligations hereunder have been duly authorized by all necessary action on its part and no consent, approval or action of, filing with or notice to any governmental or regulatory authority is required in connection with the execution, delivery and performance of this Agreement; and

(d) It has been represented by legal counsel of its choosing in connection with this Agreement and the transactions contemplated by this Agreement, has had the opportunity to review this Agreement with its legal counsel and has not relied on any statements made by any other Party or its legal counsel as to the meaning of any term or condition contained herein or in deciding whether to enter into this Agreement or the transactions contemplated hereof.

Section 5. Termination Events.

5.01. Supporting Party Termination Events. Any Supporting Party may terminate its obligations and liabilities under this Agreement upon three (3) business days' prior written notice, delivered in accordance with Section 8.14 hereof, at any time prior to confirmation of the Plan following the occurrence and continuation of any of the following events (each, a "*Supporting Party Termination Event*");

(a) The Debtors do not commence the Chapter 11 Cases on or before 8:00 a.m. on July 8, 2014;

EXECUTION VERSION

(b) the Debtors do not file the Plan, and corresponding Disclosure Statement (the "*Disclosure Statement*") on the Petition Date, which Plan and Disclosure Statement shall be acceptable to the Supporting Parties;

(c) the Debtors do not file the Sale Motions on the Petition Date;

(d) the Bankruptcy Court (i) denies approval of the Interim DIP Order or (ii) fails to enter the Interim DIP Order (in form and substance reasonably acceptable to Prepetition Senior Secured Lender and Consenting Subordinated Secured Lender) within three (3) Business Days of the Petition Date;

(e) the Bankruptcy Court (i) denies approval of the Final DIP Order or (ii) fails to enter the Final DIP Order (in form and substance reasonably acceptable to Prepetition Senior Secured Lender and Consenting Subordinated Secured Lender) within thirty (30) Business Days of the Petition Date;

(f) the DIP Facility Credit Agreement ceases to be valid and binding on the Debtors for any reason;

(g) an order is entered that modifies or vacates the DIP Order without the consent of DIP Lender;

(h) the DIP Lender's obligation to make advances under the DIP Facility terminates and the DIP Lender commences the exercise of its remedies for default under the DIP Facility Credit Agreement or the DIP Order;

(i) the Debtors' authority to use Cash Collateral of Prepetition Senior Secured Lender pursuant to the DIP Order terminates and the Prepetition Senior Secured Lender exercises its remedies under the Prepetition Senior Secured Credit Facility or DIP Order;

(j) the Massif Asset Purchase Agreement is (i) terminated for any reason, or (ii) modified in any material respect without the consent of the Prepetition Senior Secured Lender ;

(k) Debtors waive any material right under the Massif Asset Purchase Agreement without the consent of the Prepetition Senior Secured Lender;

(l) the Bankruptcy Court (i) denies approval of the bidding procedures in connection with the either of the Sale Motions, or (ii) fails to enter orders approving either or both of the bidding procedures with respect to the Sale Motion on or before August 5, 2014;

(m) the Bankruptcy Court (i) denies approval of either or both of the Sale Motions, or (ii) fails to enter orders approving either or both of the Sale Motions on or before August 27, 2014, in each case in form and substance acceptable to Prepetition Senior Secured Lender;

EXECUTION VERSION

(n) the Debtors fail to close on the sale under the Massif Sale Motion on or before September 12, 2014 based on a Cash sale price of not less than \$8,000,000, or for a Cash sale price and terms otherwise acceptable to Prepetition Senior Secured Lender;

(o) the Debtors fail to close on the sale under the Footwear Sale Motion on or before September 12, 2014;

(p) the Debtors seek to modify the Plan without the consent of the each of the Supporting Parties;

(q) the Debtors seek to obtain any financing or use of cash collateral other than the DIP Facility provided by Prepetition Senior Secured Lender;

(r) the Bankruptcy Court (i) denies approval of the Disclosure Statement or (ii) fails to enter an order approving the Disclosure Statement on or before September 30, 2014; *provided, however*, that the Debtors may extend such date by up to 14 days with the consent of the Consenting Senior Secured Lender and Consenting Subordinated Secured Lender;

(s) the Bankruptcy Court (i) denies confirmation of the Plan or (ii) fails to enter the Confirmation Order approving the Plan on or before October 31, 2014;

(t) the First Distribution Date shall not have occurred on or before November 15, 2014;

(u) any party in the Chapter 11 Cases, including, but not limited to, any official committee of unsecured creditors appointed in the Chapter 11 Cases, seeks and obtains an order granting standing, or the Debtors concede standing, to challenge the amount and/or validity of either the Consenting Senior Secured Lender's Claim or the Consenting Subordinated Secured Lender's Claim;

(v) any party in the Chapter 11 Cases, including, but not limited to, any official committee of unsecured creditors appointed in the Chapter 11 Cases, seeks and obtains an order granting standing, or the Debtors concede standing, to commence an action against either the Consenting Senior Secured Lender or the Consenting Subordinated Secured Lender seeking transfer or lien avoidance, equitable subordination, debt recharacterization or other equitable challenge to the Consenting Senior Secured Lender's Claim or the Consenting Subordinated Secured Lender's Claim;

(w) the breach or noncompliance in any respect by any of the Debtors or Supporting Parties of (or failure to satisfy) any of the obligations, representations, warranties, or covenants of such Party set forth in this Agreement (including, without limitation, in Section 3.01, 3.02, 3.03 and 3.04 hereto) that remains uncured for five (5) days after the receipt by the breaching Party of written notice of such breach, but solely to the extent such breach or noncompliance is materially adverse to such Supporting Party or materially affects the ability of the Debtors or the Supporting Parties from consummating the transactions contemplated herein;

EXECUTION VERSION

(x) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any ruling or order enjoining the consummation of the Plan in a way that cannot be reasonably remedied by the Debtors or would have a material adverse effect on consummation of the Plan;

(y) the Bankruptcy Court enters an order (i) directing the appointment of an examiner with expanded powers to operate the Debtors' businesses pursuant to section 1104 of the Bankruptcy Code or a trustee in any of the Chapter 11 Cases, (ii) converting any of the Chapter 11 Cases to cases under chapter 7 of the Bankruptcy Code, or (iii) dismissing any of the Chapter 11 Cases;

(z) the Bankruptcy Court enters an order terminating the Debtors' exclusive right to file a plan of reorganization pursuant to section 1121 of the Bankruptcy Code; and

(aa) exercise by any of the Debtors of its "fiduciary out" as debtors-in-possession as provided for in Section 3.03 and 8.13 of this Agreement.

5.02. Debtor Termination Events. The Debtors may terminate their obligations and liabilities under this Agreement upon three (3) days prior written notice delivered to the Parties in accordance with Section 8.14 hereof, upon the occurrence of any of the following events (each, a "**Debtor Termination Event**" and together with the Supporting Party Termination Events, the "**Termination Events**," and each a "**Termination Event**");

(a) the material breach by any of the Supporting Parties of any of the obligations, representations, warranties, or covenants of such Supporting Parties set forth in this Agreement that would have a material adverse impact on the consummation of the Plan (taken as a whole) that remains uncured for a period of five days after the receipt by the breaching Supporting Parties of written notice of such breach from the Debtors;

(b) the issuance by any governmental authority, including any regulatory authority or court of competent jurisdiction, of any final, non-appealable ruling or order that would have a material adverse impact on the consummation of the Plan (taken as a whole); or

(c) any one or more of the Debtors' determination that proceeding with the transactions contemplated by this Agreement would be inconsistent with the continued exercise of their fiduciary duties.

5.03. Effect of Termination.

(a) Upon any termination of this Agreement by any Party under Section 5.01 or 5.02, (i) this Agreement shall be of no further force and effect and each Party hereto shall be released from its commitments, undertakings, and agreements under or related to this Agreement and the Plan, including without limitation, any obligation of the terminating Supporting Party, to support, consent, vote for, agree to or not object to any provision in the Plan, to waive, release, or limit any of such Supporting Party's Claims against the Debtors or any other entity or person, and shall have the rights and remedies that it would have had it not entered into this Agreement, and

EXECUTION VERSION

shall be entitled to take all actions, whether with respect to the Plan or otherwise, that it would have been entitled to take had it not entered into this Agreement, and (ii) any and all consents and ballots tendered by the Supporting Parties prior to such termination shall be deemed, for all purposes, automatically to be null and void *ab initio*, shall not be considered or otherwise used in any manner by the Parties in connection with the Plan and this Agreement or otherwise and such consents or ballots may be changed or resubmitted regardless of whether the applicable voting deadline has passed (without the need to seek a court order or consent from the Debtors allowing such change or resubmission). Notwithstanding the foregoing, any claim for breach of this Agreement that accrued prior to the date of a Party's termination or termination of this Agreement (as the case may be) and all rights and remedies of the Parties hereto shall not be prejudiced as a result of termination.

(b) Notwithstanding any provision in this Agreement to the contrary, no Party shall terminate this Agreement if such party (in any capacity that is Party to this Agreement) is in breach of any provision hereof.

(c) Notwithstanding any provision in this Agreement to the contrary, the non-breaching Supporting Parties and the Debtors may each agree to continue to be bound by the terms of this Agreement notwithstanding such breach.

5.04. Termination Upon Consummation of the Plan. This Agreement shall terminate automatically without any further required action or notice upon the consummation of the Plan.

Section 6. Amendments.

This Agreement, the Plan, the Definitive Documents or any annexes thereto may not be modified, amended or supplemented, nor may any terms and conditions hereof or thereof be waived, without the prior written consent of the Debtors and each of the Supporting Parties.

Section 7. No Solicitation.

Notwithstanding anything to the contrary herein, this Agreement is not and shall not be deemed to be (a) a solicitation of consents to the Plan or any chapter 11 plan or (b) an offer for the issuance, purchase, sale, exchange, hypothecation or other transfer of securities or a solicitation of an offer to purchase or otherwise acquire securities for purposes of the Securities Act and the Securities Exchange Act of 1934, as amended.

Section 8. Miscellaneous.

8.01. Obligations of the Consenting Senior Secured Lender. Notwithstanding anything to the contrary contained herein, from and after the indefeasible payment in full in Cash of the Allowed Consenting Senior Secured Lender Claims, the Consenting Senior Secured Lender shall no longer be bound by the terms of this Agreement and such terms of this Agreement shall be of no further force or effect solely with respect to the Consenting Senior Secured Lender.

EXECUTION VERSION

8.02. Claim Resolution Matters. Prior to the entry of the Confirmation Order and the Effective Date under the Plan, the Debtors shall not enter into any agreements with holders of Claims relating to the allowance, estimation, validity, extent or priority of such Claims, or the treatment and classification of such Claims under the Plan, without the prior written consent of the Consenting Senior Secured Lender and Consenting Subordinated Secured Lender, except with respect to Claims which the Company is authorized to resolve or pay pursuant to any applicable first day orders.

8.03. Cooperation. The Debtors shall provide draft copies of all "first day" motions or applications and other documents the Debtors intend to file with the Bankruptcy Court to counsel for the Supporting Parties as soon as reasonably practicable but not less than two (2) days prior to the date when the Debtors intends to file each such document and shall consult in good faith with such counsel regarding the form and substance of any such proposed filing. The Debtors will provide draft copies of all other substantive or procedural motions and applications the Debtors intend to file with the Bankruptcy Court to counsel for the Supporting Parties within a reasonable time prior to filing any such pleading and shall consult in good faith with such counsel regarding the form and substance of any such proposed pleading.

8.04. Access. Subject to the terms of the DIP Credit Agreement, the Debtors will afford the Supporting Parties and their attorneys, consultants, accountants and other authorized representatives access to all properties, books, contracts, commitments, records, management personnel, lenders and advisors of the Debtors.

8.05. Further Assurances. Subject to the other terms hereof, the Parties agree to execute and deliver such other instruments and perform such acts, in addition to the matters herein specified, as may be commercially reasonably appropriate or necessary, from time to time, to effectuate the Plan in accordance with this Agreement.

8.06. Complete Agreement. This Agreement, exhibits and the annexes hereto, including the Plan, represent the entire agreement between the Parties with respect to the subject matter hereof and supersede all prior agreements, oral or written, between the Parties with respect thereto. No claim of waiver, consent, or acquiescence with respect to any provision of this Agreement, exhibits and annexes hereto shall be made against any Party, except on the basis of a written instrument executed by or on behalf of such Party.

8.07. Parties. This Agreement shall be binding upon, and inure to the benefit of, the Parties. No rights or obligations of any Party under this Agreement may be assigned or transferred to any other person or entity. Nothing in this Agreement, express or implied, shall give to any person or entity, other than the Parties, any benefit or any legal or equitable right, remedy, or claim under this Agreement.

8.08. Headings. The headings of all Sections of this Agreement are inserted solely for the convenience of reference and are not a part of and are not intended to govern, limit, or aid in the construction or interpretation of any term or provision hereof.

EXECUTION VERSION

8.09. GOVERNING LAW; SUBMISSION TO JURISDICTION; SELECTION OF FORUM; WAIVER OF TRIAL BY JURY. THIS AGREEMENT IS TO BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND TO BE PERFORMED IN SUCH STATE, WITHOUT GIVING EFFECT TO THE CONFLICT OF LAWS PRINCIPLES THEREOF (EXCEPT FOR SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW). Each Party hereto agrees that it shall bring any action or proceeding in respect of any claim arising out of or related to this Agreement in the United States District Court for the Southern District of New York, and by execution and delivery of this Plan Support Agreement, each of the Parties irrevocably accepts and submits itself to the exclusive jurisdiction of such court, generally and unconditionally, with respect to any such action, suit or proceeding. EACH PARTY HERE IRREVOCABLY WAIVES ANY AND ALL RIGHT TO TRIAL BY JURY IN ANY LEGAL PROCEEDING ARISING OUT OF OR RELATED TO THIS RESTRUCTURING SUPPORT AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY. Notwithstanding the foregoing consent to New York jurisdiction, after the Chapter 11 Cases are commenced, each Party agrees that the Bankruptcy Court shall have exclusive jurisdiction of all matters arising out of or in connection with this Plan Support Agreement.

8.10. Execution of Agreement. This Agreement may be executed and delivered (by facsimile, electronic mail, or otherwise) in any number of counterparts, each of which, when executed and delivered, shall be deemed an original, and all of which together shall constitute the same agreement.

8.11. Interpretation. This Agreement is the product of negotiations between the Parties, and in the enforcement or interpretation hereof, is to be interpreted in a neutral manner, and any presumption with regard to interpretation for or against any Party by reason of that Party having drafted or caused to be drafted this Agreement, or any portion hereof, shall not be effective in regard to the interpretation hereof.

8.12. Successors and Assigns. This Agreement is intended to bind and inure to the benefit of the Parties and their respective successors, assigns, heirs, executors, administrators and representatives, other than a trustee or similar representative appointed in a bankruptcy case.

8.13. Acknowledgements. Notwithstanding anything herein to the contrary, (a) this Agreement shall not be construed to limit the Debtors or any member of the Debtors' boards of directors' exercise (in their sole discretion) of their fiduciary duties to any person or entities, including but not limited to those arising from the Debtors' status as a debtor or debtor in possession under the Bankruptcy Code or under other applicable law, and (b) none of the Supporting Parties shall (i) have any fiduciary duty or (ii) other duties or responsibilities to each other, the Debtors or any of the Debtors' creditors or other stakeholders.

8.14. Notices. All notices hereunder shall be deemed given if in writing and delivered, if sent by hand delivery, electronic mail, courier, or overnight delivery (return receipt requested) to the following addresses (or at such other addresses as shall be specified by like notice):

EXECUTION VERSION

- (a) if to the Debtors, to:

Klehr Harrison Harvey Branzburg LLP
919 N. Market Street, Suite 1000
Wilmington, DE 19801
Attn: Domenic E. Pacitti

- (b) if to the Consenting Senior Secured Lender to:

Winston & Strawn LLP
100 North Tryon Street
Charlotte, NC 28202-1078
Attn: Felton E. Parrish

- (c) if to the Consenting Subordinated Secured Lender, to:

Kirkland & Ellis LLP
601 Lexington Avenue
New York, New York 10022
Attn: Joshua A. Sussberg
E-mail address: jsussberg@kirkland.com

Any notice given by hand delivery, electronic mail, mail, or courier shall be effective when received.

8.15. Waiver. Except as expressly provided in this Agreement, nothing herein is intended to, or does, in any manner waive, limit, impair or restrict any right of any Supporting Party or the ability of each of the Supporting Parties to protect and preserve its rights, remedies and interests, including, without limitation, its Claims against or interests in the Debtors. If the Plan is not consummated, or if this Agreement is terminated for any reason, the Parties fully reserve any and all of their rights. Pursuant to Rule 408 of the Federal Rules of Evidence and any other applicable rules of evidence, this Agreement and all negotiations relating hereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce its terms.

8.16. Several, Not Joint, Obligations. The agreements, representations and obligations of the Parties under this Agreement are, in all respects, several and not joint. It is understood and agreed that any Supporting Party, to the extent applicable, may trade in its Claims or other debt or equity securities of the Debtors without the consent of the Debtors, subject to applicable law.

8.17. Remedies. All rights, powers, and remedies provided under this Agreement or otherwise available in respect hereof at law or in equity shall be cumulative and not alternative, and the exercise of any right, power, or remedy thereof by any Party shall not preclude the simultaneous or later exercise of any other such right, power, or remedy by such Party or any other Party.

EXECUTION VERSION

8.18. Specific Performance. This Agreement is intended as a binding commitment enforceable in accordance with its terms against the Parties. It is understood and agreed by each of the Parties that money damages would not be a sufficient remedy for any breach of this Agreement by any Party, and each non-breaching Party shall be entitled solely to specific performance and injunctive or other equitable relief as a remedy of any such breach.

8.19. No Third-Party Beneficiaries. Unless expressly stated herein, this Agreement shall be solely for the benefit of the Parties, and no other person or entity shall be a third-party beneficiary hereof.

8.20. Automatic Stay. The Parties acknowledge that the giving of notice or termination by any Party pursuant to this Agreement shall not be violation of the automatic stay of section 362 of the Bankruptcy Code.

8.21. Survival of Agreement. Each of the Parties acknowledges and agrees that (a) the rights granted in this Agreement are enforceable by each signatory hereto without approval of the Bankruptcy Court, and (b) the Debtors waive any rights to assert that the exercise of such rights violate the automatic stay, or any other provisions of the Bankruptcy Code.

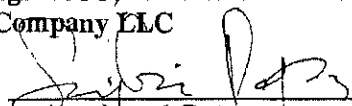
8.22. Settlement Discussions. This Agreement and the Plan are part of a proposed settlement of matters that could otherwise be the subject of litigation among the Parties hereto. Nothing herein shall be deemed an admission of any kind. Pursuant to Federal Rule of Evidence 408 and any applicable state rules of evidence, this Agreement and all negotiations relating thereto shall not be admissible into evidence in any proceeding other than a proceeding to enforce the terms of this Agreement.

8.23. Consideration. The Parties hereby acknowledge that no consideration, other than that specifically described herein, the Plan and the Definitive Documents shall be due or paid to any Party for its agreement to vote to accept the Plan in accordance with the terms and conditions of this Agreement.

[Signatures on Following Page]

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective and duly authorized officers or other agents, solely in their respective capacity as officers or other agents of the undersigned and not in any other capacity, as of the day first set forth above.

Tactical Intermediate Holdings, Inc.;
Tactical Holdings Operations, Inc.;
Wellco Enterprises, Inc.; Ro-Search
Incorporated; Mo-Ka Shoe Corporation;
Altama Delta Corporation; Altama Delta
(Puerto Rico) Corporation; Massif
Holdings LLC; and Massif Mountain
Gear Company LLC

By: 
Name: Shishir Babu
Title: Chief Executive Officer

Wells Fargo Bank, National Association,
successor by merger to Wachovia Bank,
National Association, as lender

By: _____
Name: _____
Title: _____

GGC Tactical Debt Holdings, LLC


By: _____
Name: _____
Title: _____

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed and delivered by their respective and duly authorized officers or other agents, solely in their respective capacity as officers or other agents of the undersigned and not in any other capacity, as of the day first set forth above.

Tactical Intermediate Holdings, Inc.;
Tactical Holdings Operations, Inc.;
Wellco Enterprises, Inc.; Ro-Search
Incorporated; Mo-Ka Shoe Corporation;
Altama Delta Corporation; Altama Delta
(Puerto Rico) Corporation; Massif
Holdings LLC; and Massif Mountain
Gear Company LLC

By: _____
Name: _____
Title: _____

Wells Fargo Bank, National Association,
successor by merger to Wachovia Bank,
National Association, as lender

By: 
Name: David Raymond
Title: Senior Vice President

GGC Tactical Debt Holdings, LLC

By: _____
Name: _____
Title: _____

EXHIBIT B

Chapter 7 Liquidation Comparison

As of September 23, 2014 (Note 1 & 2)	Chapter 11	Chapter 7
Forecasted Cash Available for Distribution:		
Cash & Equivalents	550,000	-
Insurance Recovery (estimated)	-	-
Recovery of Sales / Use Tax Deposits	-	-
Recovery of Utilities Deposits	-	-
Total Forecasted Cash	550,000	-
Administrative Claims - excluding professional fees	125,000	-
Administrative Claims - professional fees	125,000	324,000
Priority Claims	-	1,474,176
Miscellaneous Secured Claims	-	72,319
Secured Debt Holder	-	34,436,435
Cash Available for Unsecured Creditors (through Settlement)	300,000	-

Incremental Chapter 7 Professional Fees	
Chapter 7 Trustee, Attorney and Other Professional Fees	
Chapter 7 Trustee Fee %	3%
Total Chapter 7 Trustee Fees (Note 3)	125,000
Attorney and Other Professional Fees (Note 4 & 5)	125,000
Total Chapter 7 Incremental Professional Fees	250,000

Footnotes:

(1) The current Chapter 11 Plan contemplates the payment of all administrative and priority claims outstanding from the DIP Lenders from disbursements approved in the DIP Budget as well as leaving \$300,000 for the general unsecured creditors and \$250,000 to pay for professional fees and other estimated unidentified administrative claims.

(2) Given the remaining outstanding DIP has not been, and is not contemplated to be, paid, there would be no assets for any remaining administrative, priority, and secured claims so those would eliminate any possible recoveries to the unsecured creditors. All claims are scheduled claims and not yet litigated with the exception of the Secured Debt Holder Claim. This claim is the estimated shortfall left over for the Secured Debt Holder.

(3) As there are no remaining assets to be unclaimed at the time of the Plan confirmation it is not estimated that a 3% reserve would be sufficient to pay the Trustee so an estimated \$125,000 is currently left as a placeholder.

(4) Regardless of the Chapter 11 Plan, it is estimated that there would be \$125,000 in estimated fees and payments to be made for professional and support fees as part of the case wind down.