

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

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In re: : Chapter 11
: :
TWTR, INC., et al., : Case No. 07-10787 (PJW)
: :
Debtors. : Jointly Administered
: :
: :
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**DISCLOSURE STATEMENT WITH RESPECT TO
FIRST AMENDED JOINT PLAN OF LIQUIDATION PROPOSED BY TWTR, INC.
(F/K/A TWEETER HOME ENTERTAINMENT GROUP, INC.)
AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION
AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

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Dated: July 16, 2014
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DISCLAIMER

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OVERVIEW OF THE CHAPTER 11 CASES AND THE DEBTORS

This Disclosure Statement contains, among other things, descriptions and summaries of provisions of the First Amended Joint Plan of Liquidation of TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.) and its Affiliated Debtors and Debtors-In-Possession, dated as of July 14, 2014 (the "Plan").

The following introduction and summary (the "Overview") is a general overview only, which is qualified in its entirety by, and should be read in conjunction with, the more detailed discussions, information and financial statements and notes thereto appearing elsewhere in this Disclosure Statement and the Plan. This Overview is intended solely as a summary of the background of the Debtors' Chapter 11 Cases and the distribution provisions of the Plan and is qualified in its entirety by the terms and provisions of the Plan. FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THE DISCLOSURE STATEMENT, THE PLAN AND THE EXHIBITS THERETO IN THEIR ENTIRETY. All capitalized terms not defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan. A copy of the Plan is annexed hereto as Appendix A.

A. Introductory Note

As detailed more fully herein, on June 11, 2007 (the "Petition Date"), TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.) ("TWTR") and its affiliated debtors and debtors in possession (collectively, the "Debtors")¹ each commenced a case (the "Chapter 11 Cases") in the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") under Chapter 11 of the Bankruptcy Code. Pursuant to sections 1107 and 1108 of the Bankruptcy Code, the Debtors are operating their businesses as debtors and debtors in possession. As set forth below, the Debtors have sold substantially all of their assets and are in the process of winding down their estates.

B. Sale of Substantially All Assets

Prior to and after the Petition Date, the Debtors, together with their advisors, sought potential purchasers for substantially all or some of their assets. Accordingly, on June 14, 2007, the Debtors filed a motion (a) seeking (i) approval of procedures in connection with a sale of substantially all or some of the Debtors' assets, (ii) authority to enter into stalking horse purchase agreements, and (iii) approval of termination fees in connection therewith, and (b) setting auction and hearing dates (Docket No. 111) (the "Sale Procedures Motion").

The efforts of the Debtors and their professionals resulted in two stalking horse bidders for the Debtors' assets. On June 26, 2007, the Debtors entered into an Asset Purchase Agreement By And Among Tweeter Newco, LLC And The Debtors (the "Going-Concern Stalking Horse Agreement") with Tweeter Newco, LLC for a going concern sale of substantially all of the

¹

The Debtors are the following entities: TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.), Hillcrest High Fidelity, Inc., NEA Delaware, Inc., New England Audio Co., Inc., Sound Advice, Inc., Sound Advice of Arizona, Inc., Sumarc Electronics, Inc., and THEG USA, L.P.

Debtors' assets, subject to higher or otherwise better offers at auction and on the terms set forth in the Going-Concern Stalking Horse Agreement. Also on June 26, 2007, the Debtors entered into the Asset Purchase Agreement by and Between Whippoorwill Associates, Inc., as Agent For Its Discretionary Accounts, Bay Harbour Management L.C., as Agent for its Managed Accounts (collectively, "Whippoorwill") and Certain of the Debtors (Docket No. 193) (the "Tivoli Stalking Horse Agreement") for the sale of the Debtors' stock ownership in Tivoli Audio LLC, a privately-held designer and manufacturer of consumer electronics (the "Tivoli Stock") to Whippoorwill.

On June 27, 2007, the Bankruptcy Court entered an order approving the Sale Procedures Motion (Docket No. 211) (the "Sale Procedures Order"). Pursuant to the Sale Procedures Order, the Debtors conducted a sale process that culminated in an auction held from July 10 – 11, 2007 (the "Auction") and a sale approval hearing in the Bankruptcy Court (the "Sale Hearing") on July 13, 2007. At the Sale Hearing, and pursuant to the Sale Procedures Order, the Debtors' motion to sell substantially all or some of their assets, and Bankruptcy Code section 363, the Debtors sought approval of the sale of substantially all of their assets in order to maximize value to their estates and provide a vehicle to explore any and all restructuring alternatives. Following the Sale Hearing, also on July 13, 2007, the Court entered an order (Docket No. 452) (the "Sale Order") approving the sale (the "Sale") of substantially all of the Debtors' assets to Tweeter Newco LLC and/or its assignees (the "Purchaser") pursuant to the terms of the Amended and Restated Asset Purchase Agreement dated as of June 26, 2007 (the "APA"). The Sale closed on July 13, 2007 (the "Closing Date").

C. Business Overview

Founded in 1972, TWTR was a publicly-traded company, that was listed on the NASDAQ National Market under the symbol TWTR. Based in Canton, Massachusetts, and prior to the Sale, the Debtors were a national specialty consumer electronics retailer providing audio and video entertainment solutions for the home and mobile environment. As of March 31, 2007, the Debtors operated 153 stores under the Tweeter, HiFi buys, Sound Advice and Showcase Home Entertainment names in the following markets: New England, Mid-Atlantic, Chicago, Southeast (including Florida), Texas, Southern California, Phoenix and Las Vegas. Prior to the Sale, the Debtors also maintained a website, www.tweeter.com, for online product sales and product information.

The Debtors' stores were staffed with highly-trained sales and installation professionals. As of the Petition Date, the Debtors employed approximately 2,500 full and part-time employees. The Debtors offered top quality home and mobile audio and video products including plasma, LCD and rear-projection television sets, home theater video and audio solutions, home theater furniture, televisions, DVD players and recorders, digital video satellite systems, satellite radios, personal video recorders and digital entertainment centers. The Debtors differentiated themselves from other electronics retailers by focusing on the mid to high-end segment of the consumer electronics market, and by offering expert in-home design and installation services. According to CE Pro, a leading trade magazine, the Debtors were the largest player in the \$10 billion Custom Electronic Design and Installation ("CEDI") industry, a subset of the United States consumer electronics market. CEDI customers were the most profitable segment of the Debtors' base, with an average sale price of \$4,600 (versus \$950 for

merchandise only customers). For the year ended September 30, 2006, roughly one-third of the Debtors' revenue was through sales in the CEDI segment.

To increase the number of CEDI customers, in 2005 the Debtors introduced a new prototype store, a consumer electronics playground ("CEP"). The prototype CEP store featured a concierge desk prominently located at the entrance, Design Center, Television Showcase, Sight and Sound Rooms, Creative Combination Rooms and Personal Electronic/Mobile displays. Based on the favorable performance of the CEP concept in their test stores, in March, 2006 the Debtors began executing the CEP concept in certain of their existing stores. In addition to the CEP upgrade, the Debtors also trained their sales representatives in local store marketing ("LSM"), a strategy designed to increase customer traffic through networking with existing customers, local businesses, employee friends and family and other members of the community. Those locations implementing the LSM strategy showed better comparative sales than the Debtors' traditional stores.

D. Prepetition Capital Structure and Debt Obligations

As of March 31, 2007, the Debtors' books and records reflected assets totaling approximately \$200 million (book value), total combined liabilities of approximately \$165 million, and a net worth of approximately \$35 million. For the fiscal year ending September 30, 2006, the Debtors generated revenues of approximately \$775 million and incurred net operating losses of approximately \$16.5 million.

On March 21, 2007, the Debtors entered into a new revolving credit facility with General Electric Capital Corporation ("GECC"), which replaced their prior facility with Bank of America, N.A. The credit limit under the GECC facility was \$75 million (the "Credit Line") with actual availability based principally on a borrowing base formula of certain eligible accounts receivable and inventory (the "Prepetition Credit Agreement"). The Debtors' initial drawdown under the new facility was \$38.1 million. The Credit Line was secured by a lien on substantially all of the Debtors' assets. On May 30, 2007, the Debtors amended the credit facility with GECC. The amendment increased the interest rate under the facility, but also increased the Debtors' liquidity and allowed the Debtors additional time to pursue their restructuring alternatives and prepare for the filing of these bankruptcy cases.

E. Events Leading to Chapter 11

The Debtors experienced operational losses for the five years prior to the Petition Date. The Debtors accordingly had to fund these losses by increased borrowings under their senior secured revolving credit facility and term loans. Prior to the Petition Date, the Debtors announced a 12% decline in revenue and 13% decline in comparable store sales for the fiscal quarter ended March 31, 2007. The losses were attributable to a number of factors, the most significant of which was the continuing decline in margins for video products, particularly projection, plasma, and LCD televisions. The large format stores such as Best Buy and Wal-Mart were expanding their geographic markets, and this expansion increased price competition within those markets dramatically. Sales of mobile products and services also suffered significant declines. In addition, the Debtors faced increased competition for in-home design

and installation services by Best Buy, with its acquisition of Magnolia and Geek Squad, and Circuit City with its Firedog brand, which adversely affected the Debtors' profitability.

As part of their restructuring plan, in late March, 2007, the Debtors began the process of closing 49 of their less profitable stores and vacating two regional distribution facilities. The Debtors conducted store closing sales at those stores and engaged in efforts to mitigate liability under the leases for those stores, including rejecting such leases effective as of or shortly after the Petition Date. The Debtors also retained Peter J. Solomon Company, L.P. ("Peter J. Solomon"), an investment banker, to, among other things, investigate sources of debt or equity investment capital as necessary to support the Debtors' cash needs, find potential strategic partners or going concern purchasers, and explore the marketability of the Debtors' Tivoli Stock.

F. The Equity Committee Request

On or about June 26, 2007, certain TWTR shareholders (the "Requesting Shareholders") made a request (the "Equity Committee Request") to the Office of the United States Trustee (the "U.S. Trustee") for appointment of an official committee of equity security-holders (an "Equity Committee") in these Chapter 11 Cases. On or about July 9, 2007, both the Debtors and the Creditors' Committee submitted written oppositions to the requested appointment of an Equity Committee. On July 12, 2007, the Requesting Shareholders withdrew their objection to the Sale. Thereafter, the U.S. Trustee denied the request for appointment of an Equity Committee in these Chapter 11 Cases.

G. The Priority Tax Claims Resolutions

The Debtors have focused on resolving priority tax claims asserted against the Debtors' estates by various state taxing authorities. Such asserted claim amounts aggregate in excess of \$10 million. Given the priority status of such tax claims, if allowed, such claims would be required to be paid in full under the Bankruptcy Code in order to confirm a plan of liquidation, unless the state taxing authorities asserting such claims agreed to lesser or different treatment. Accordingly, to facilitate the claims resolution process, the Debtors have settled certain claims with Connecticut, Pennsylvania, Florida, and New York taxing authorities, and have objected to certain other tax claims. The estimated aggregate amount of priority tax claims is approximately \$1.8 million to \$2.1 million.

H. The Motion to Convert

On May 20, 2014, the U.S. Trustee filed the United States Trustee's Motion for Entry of an Order Converting Chapter 11 Case to Case Under Chapter 7 (Docket No. 2590) (the "Motion to Convert") seeking to convert these Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code. On June 13, 2014, the Debtors filed the Debtors' Objection to United States Trustee's Motion for Entry of an Order Converting Chapter 11 Case to Case Under Chapter 7 (Docket No. 2610) (the "Conversion Objection") and on that same date the Committee filed the Joinder of The Official Committee of Unsecured Creditors to Debtors' Objection to United States Trustee's Motion for Entry of an Order Converting Chapter 11 Case to Case Under Chapter 7 (Docket No. 2611) (the "Conversion Objection Joinder") opposing the Motion to Convert. Following an evidentiary hearing on June 25, 2014, the Court denied the Motion to Convert and

on July 7, 2014 the Court entered the Order Denying United States Trustee's Motion for Entry of an Order Converting Chapter 11 Case to Case Under Chapter 7 (Docket No. 2620).

I. General Structure of the Plan

On July 16, 2014, the Debtors filed the Plan. The Plan is the result of ongoing negotiations with a number of creditors and creditor representatives. The Plan provides for the orderly liquidation of the Debtors, because substantially all of their operating assets were sold as part of the Sale. There are eight (8) distinct legal entities that are being liquidated pursuant to the Plan. For the purposes of effectuating the Plan, including for purposes of voting, Confirmation and Distributions to be made under the Plan, the Debtors seek authority under section 105 of the Bankruptcy Code consolidating the Debtors solely with respect to Creditors who hold Administrative Claims, Priority Claims, Non-Tax Priority Claims and Class 3 General Unsecured Claims. The Plan will serve as a motion seeking entry of an order consolidating the Debtors, solely with respect to Administrative Claims, Priority Claims, Non-Tax Priority Claims and Class 3 General Unsecured Claims for such limited purposes. Pursuant to the proposed limited consolidation, each Administrative Claim, Priority Claim, Non-Tax Priority Claim and Class 3 General Unsecured Claim filed or to be filed against any Debtor shall be deemed filed against the consolidated Debtors and shall be deemed a single Claim against and a single obligation of the consolidated Debtors.

A complete list of the Debtor entities is set forth in Appendix B. Appendix C identifies the Debtors' corporate structure as of the Petition Date.

J. Summary of Treatment of Claims and Interests Under the Plan

As noted above, the Plan constitutes a plan of liquidation for the Debtors. As contemplated by the Bankruptcy Code, Administrative Claims and Priority Tax Claims are not classified under the Plan. Allowed Administrative and Allowed Priority Claims are intended to be paid in full on the Effective Date of the Plan (or thereafter when they become Allowed), or, for ordinary course Administrative Claims, when such claims become due and, for tax claims, as contemplated in 11 U.S.C. § 507(a)(8). *See Appendix D to this Disclosure Statement for a breakdown of estimated Miscellaneous Secured, Administrative and Priority Claims by category.*

The table below summarizes the classification and treatment of prepetition Claims and Interests under the Plan. The classification and treatment for all Classes are described in more detail in Article VIII.C.

The table below also contains an estimate of the percentage recoveries that the Debtors believe will ultimately be available to each Class of Claims. These estimates are based upon a number of assumptions, which may or may not prove to be accurate.

**Summary of Claims and Interests Against and In
TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.)**

Description and Amount of Claims or Interests	Summary of Treatment
<p>Class 1: Miscellaneous Secured Claims Estimated Aggregate Allowed Amount of Class 1 Estimated Claims: Approximately \$35,000.00</p>	<ul style="list-style-type: none"> • Unimpaired • Class 1 consists of Claims that are (a) secured by a Lien on property in which a Debtor's Estate has an interest or (b) subject to setoff under Bankruptcy Code section 553 and such right of setoff has been asserted by the Holder of such right prior to the Confirmation Date in a properly filed motion for relief from the automatic stay, to the extent of the value of the Claimholder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to Bankruptcy Code section 506(a) or, in the case of setoff, pursuant to Bankruptcy Code section 553. • On, or as soon as reasonably practicable after the later of (a) the Distribution Date or (b) the date on which a Miscellaneous Secured Claim becomes an Allowed Miscellaneous Secured Claim, a Holder of an Allowed Miscellaneous Secured Claim shall receive from the Liquidating Trustee, in full satisfaction, settlement, release, and discharge of and in exchange for, such Allowed Miscellaneous Secured Claim, (i) Cash equal to the value of its Allowed Miscellaneous Secured Claim, (ii) a return of the Holder's collateral securing the Miscellaneous Secured Claim or (iii) such other treatment as to which such Holder and the Debtors and/or the Liquidating Trustee shall have agreed upon in writing. Any Holder of a Miscellaneous Secured Claim shall retain its Lien in the Collateral or the proceeds of the Collateral (to the extent that such Collateral is sold by the Debtors or the Liquidating Trustee free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until such time as (A) the Holder of such Miscellaneous Secured Claim (i) has been paid Cash equal to the value of its Allowed Miscellaneous Secured Claim, (ii) has received a return of the Collateral securing the Miscellaneous Secured Claim or (iii) has been afforded such other treatment as

Description and Amount of Claims or Interests	Summary of Treatment
	<p>to which such Holder and the Liquidating Trustee shall have agreed upon in writing; or (B) such purported Lien has been determined by an order of the Bankruptcy Court to be invalid or otherwise avoidable.</p> <ul style="list-style-type: none"> • Class 1 Claims are Unimpaired. Holders of Class 1 Claims are not entitled to vote to accept or reject the Plan and are deemed to accept the Plan. • Estimated Recovery: 100%
<p>Class 2: Non-Tax Priority Claims Estimated Aggregate Allowed Amount of Class 2 Estimated Claims: Approximately \$200,000.00</p>	<ul style="list-style-type: none"> • Unimpaired • Class 2 consists of Claims, other than Administrative Claims or Priority Tax Claims, which are entitled to priority in payment pursuant to Bankruptcy Code section 507(a), including any 503(b)(9) Claim. • On or as soon as reasonably practicable after, the later of (i) the Distribution Date or (ii) the Periodic Distribution Date immediately following the date such Non-Tax Priority Claim becomes an Allowed Non-Tax Priority Claim, a Holder of an Allowed Non-Tax Priority Claim shall receive from the Liquidating Trustee, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Non-Tax Priority Claim, (i) Cash equal to the unpaid portion of the Face Amount of such Allowed Non-Tax Priority Claim or (ii) such other treatment as to which such Holder and the Liquidating Trustee shall have agreed upon in writing. • Class 2 Claims are Unimpaired. Holders of Class 2 Claims are not entitled to vote to accept or reject the Plan and are deemed to accept the Plan. • Estimated Recovery: 100%
<p>Class 3: General Unsecured Claims Estimated Aggregate Allowed Amount of Class 3 Claims: Approximately \$104 million</p>	<ul style="list-style-type: none"> • Impaired • Holders of Class 3 Claims are entitled to vote to accept or reject the Plan. • Class 3 consists of Claims that are not Administrative Claims, 503(b)(9) Claims, Priority Tax Claims, Non-Tax Priority Claims, DIP Facility Claims, Miscellaneous Secured Claims, Old Equity Interests, or Professional Fee Claims; <u>provided, however</u>, that General Unsecured Claims shall include Deficiency Claims and Reclamation Claims. • As set forth in the Plan and in the Liquidating Trust Agreement, and subject to the occurrence of the Effective Date, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date, or (ii) the

Description and Amount of Claims or Interests	Summary of Treatment
	<p>Periodic Distribution Date immediately following the date such General Unsecured Claim becomes an Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed General Unsecured Claim, receive from the Liquidating Trustee, its Pro Rata share of the Final Class 3 Distribution Amount.</p> <ul style="list-style-type: none"> • On each Periodic Distribution Date, each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of the Periodic Class 3 Distribution Amount. • Class 3 Claims are Impaired. Holders of Class 3 Claims are entitled to vote to accept or reject the Plan. • Estimated Recovery: approximately 0.28% - 0.76%
Class 4: Intercompany Claims	<ul style="list-style-type: none"> • Impaired • Class 4 consists of (i) any Claim held by a Debtor against another Debtor, including, without limitation: (a) any account reflecting intercompany book entries by a Debtor with respect to another Debtor, (b) any Claim not reflected in such book entries that is held by a Debtor against another Debtor, and (c) any derivative Claim asserted by or on behalf of one Debtor against another Debtor; and (ii) any Subsidiary Interests. • On the Effective Date, all Intercompany Claims shall be deemed eliminated, cancelled and/or extinguished and each Holder thereof shall not be entitled to, and shall not receive or retain any property under the Plan on account of such Intercompany Claims. • Class 4 Claims are Impaired. Holders of Class 4 Claims are not entitled to vote to accept or reject the Plan and are deemed to reject the Plan. • Estimated Recovery: 0%
Class 5: Subordinated 510(c) Claims	<ul style="list-style-type: none"> • Impaired • Class 5 consists of Claims (i) subordinated pursuant to Bankruptcy Code section 510(c); or (ii) for punitive or exemplary damages or for a fine or penalty, to the extent permitted by applicable law. • On the Effective Date, all Subordinated 510(c) Claims shall be deemed eliminated, cancelled and/or extinguished and each Holder thereof shall not be entitled to, and shall not receive or retain any property under the Plan on account of such Subordinated

Description and Amount of Claims or Interests	Summary of Treatment
	<p>510(c) Claims.</p> <ul style="list-style-type: none"> • Class 5 Claims are Impaired. Holders of Class 5 Claims are not entitled to vote to accept or reject the Plan and are deemed to reject the Plan. • Estimated Recovery: 0%
Class 6: Subordinated 510(b) Claims	<ul style="list-style-type: none"> • Impaired • Class 6 consists of Claims subordinated pursuant to Bankruptcy Code section 510(b), which shall include any Claim arising from the rescission of a purchase or sale of any Old Common Stock, any Claim for damages arising from the purchase or sale of any Old Common Stock, or any Claim for reimbursement, contribution or indemnification on account of any such Claim. • On the Effective Date, all Subordinated 510(b) Claims shall be deemed eliminated, cancelled, and/or extinguished and each Holder thereof shall not be entitled to, and shall not receive or retain any property under the Plan on account of such Subordinated 510(b) Claims. • Class 6 Claims are Impaired. Holders of Class 6 Claims are not entitled to vote to accept or reject the Plan and are deemed to reject the Plan. • Estimated Recovery: 0%
Class 7: Interests	<ul style="list-style-type: none"> • Impaired • Class 7 consists of legal, equitable, contractual, and other rights of any Person with respect to any capital stock or other ownership interest in any Debtor, whether or not transferable, and any option, warrant or right to purchase, sell, or subscribe for an ownership interest or other equity security in any Debtor ("Old Equity Interests"). • On the Effective Date, the Old Equity Interests, including but not limited to the Common Stock, shall be canceled and each Holder thereof shall not be entitled to, and shall not receive or retain any property or interest in property on account of, such Interests. • Class 7 Claims are Impaired. Holders of Class 7 Claims are not entitled to vote to accept or reject the Plan and are deemed to reject the Plan. • Estimated Recovery: 0%

ALTHOUGH THE DEBTORS BELIEVE THAT THE ESTIMATED PERCENTAGE RECOVERIES ARE REASONABLE AND WITHIN THE RANGE OF ASSUMED RECOVERY, THERE IS NO ASSURANCE THAT THE ACTUAL AMOUNTS OF ALLOWED CLAIMS IN EACH CLASS WILL NOT MATERIALLY EXCEED THE ESTIMATED AGGREGATE AMOUNTS SHOWN IN THE TABLE ABOVE. The actual recoveries under the Plan by the Debtors' creditors will be dependent upon a variety of factors including, but not limited to, whether, and in what amount and with what priority, contingent claims against the Debtors become non-contingent and fixed; and whether, and to what extent, Disputed Claims are resolved in favor of the Debtors. Accordingly, no representation can be or is being made with respect to whether each estimated percentage Recovery shown in the table above will be realized by the Holder of an Allowed Claim or Allowed Interest in any particular Class.

In the view of the Debtors, the Plan provides the Holders of Claims with the best recovery possible. Accordingly, the Debtors believe that the Plan is in the best interests of such Holders and strongly recommend that all such Holders entitled to vote, vote to accept the Plan.

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APPENDICES

- A. Joint Plan of Liquidation
- B. Schedule of Debtors
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- D. Liquidation Analysis

**DISCLOSURE STATEMENT WITH RESPECT TO
PLAN OF LIQUIDATION OF TWTR, INC.
(F/K/A TWEETER HOME ENTERTAINMENT GROUP, INC.)
AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION**

I. INTRODUCTION

The Debtors submit this disclosure statement (the "Disclosure Statement") pursuant to Bankruptcy Code section 1125, for use in the solicitation of votes on the Plan. A copy of the Plan is annexed as Appendix A of this Disclosure Statement.

This Disclosure Statement sets forth certain information regarding the Debtors' prepetition operating and financial history, the need to seek chapter 11 protection, significant events that have occurred during the Chapter 11 Cases, the sale of substantially all of the Debtors' assets to the Purchaser and the anticipated liquidation of the Debtors. This Disclosure Statement also describes terms and provisions of the Plan, certain effects of Confirmation of the Plan, and the manner in which Distributions will be made under the Plan. In addition, this Disclosure Statement discusses the Confirmation process and the voting procedures that Holders of Claims entitled to vote under the Plan must follow for their votes to be counted.

Except as otherwise provided herein, capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to them in the Plan. Unless otherwise noted herein, all dollar amounts provided in this Disclosure Statement and in the Plan are given in United States dollars.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISKS AND OTHER FACTORS PERTAINING TO THE PLAN AS IT RELATES TO CLAIMS AGAINST AND INTERESTS IN THE DEBTORS, PLEASE SEE ARTICLES VIII AND IX.

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE CHAPTER 11 CASES AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE DEBTORS BELIEVE THAT SUCH SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE FULL TEXT OF SUCH DOCUMENTS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE DEBTORS DO NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING FINANCIAL INFORMATION, IS WITHOUT ANY INACCURACY OR OMISSION.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, TO THE EXTENT THAT ANY ENTITY ASSERTS THAT THIS DISCLOSURE STATEMENT CONSTITUTES AN ADMISSION OF ANY FACT OR LIABILITY, THE DEBTORS DO NOT BELIEVE THAT THIS DISCLOSURE STATEMENT CONSTITUTES SUCH AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER IS A STATEMENT MADE IN

SETTLEMENT NEGOTIATIONS PURSUANT TO RULE 408 OF THE FEDERAL RULES OF EVIDENCE AND OTHER APPLICABLE EVIDENTIARY RULES. THE DEBTORS RESERVE THEIR RIGHTS TO ASSERT IN ANY SUCH CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS THAT THIS DISCLOSURE STATEMENT IS NOT ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING INVOLVING ANY OF THE DEBTORS OR ANY OTHER PARTY. THIS DISCLOSURE STATEMENT SHALL NOT BE DEEMED ADVICE ON THE TAX, SECURITIES OR OTHER LEGAL EFFECTS OF THE PLAN AS TO HOLDERS OF CLAIMS OR INTERESTS. YOU SHOULD CONSULT YOUR PERSONAL COUNSEL OR TAX ADVISOR ON ANY QUESTIONS OR CONCERNS RESPECTING TAX, SECURITIES, OR OTHER LEGAL CONSEQUENCES OF THE PLAN.

THE DEBTORS AND THE CREDITORS' COMMITTEE AS "PLAN PROPONENTS" BELIEVE THAT THE PLAN WILL ENABLE THE DEBTORS TO ACCOMPLISH THE OBJECTIVES OF CHAPTER 11 AND THAT ACCEPTANCE OF THE PLAN IS IN THE BEST INTERESTS OF THE DEBTORS AND THE HOLDERS OF ALL CLAIMS. ACCORDINGLY, THE PLAN PROPONENTS URGE HOLDERS OF CLAIMS TO VOTE TO ACCEPT THE PLAN.

FOR FURTHER INFORMATION AND INSTRUCTION ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE ARTICLE XIII OF THE DISCLOSURE STATEMENT, ENTITLED "THE SOLICITATION AND VOTING PROCEDURE."

II. PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Notice to Holders of Claims and Interests

This Disclosure Statement will be transmitted to Holders of Claims that are entitled to vote on the Plan. A discussion and listing of those Holders of Claims that are entitled to vote on the Plan and those Holders of Claims that are not entitled to vote on the Plan is provided herein. The primary purpose of this Disclosure Statement is to provide adequate information to enable such Claimholders to make a reasonably informed decision with respect to the Plan prior to exercising their right to vote to accept or reject the Plan.

The Bankruptcy Court has been asked to approve this Disclosure Statement as containing information of a kind and in sufficient and adequate detail to enable such Claimholders to make an informed judgment with respect to acceptance or rejection of the Plan. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT (WHEN SUCH APPROVAL IS OBTAINED) DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN, OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT.

WHEN AND IF CONFIRMED BY THE BANKRUPTCY COURT, THE PLAN WILL BIND ALL HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTORS, WHETHER OR NOT SUCH HOLDERS ARE ENTITLED TO VOTE OR DID VOTE ON THE PLAN AND WHETHER OR NOT HOLDERS RECEIVE OR RETAIN ANY DISTRIBUTIONS OR PROPERTY UNDER THE PLAN. THUS, YOU ARE ENCOURAGED

TO READ THE PLAN AND THIS DISCLOSURE STATEMENT CAREFULLY. IN PARTICULAR, ALL HOLDERS OF IMPAIRED CLAIMS WHO ARE ENTITLED TO VOTE ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS EXHIBITS CAREFULLY AND IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, the Debtors' businesses and operations, considerations pertinent to acceptance or rejection of the Plan and developments concerning the Chapter 11 Cases.

THIS DISCLOSURE STATEMENT IS THE ONLY DOCUMENT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtors other than the information contained herein.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES AND ASSUMPTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. Except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. The Debtors do not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement shall not under any circumstance imply that the information herein is correct or complete as of any time *subsequent* to the date hereof.

THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC ACCOUNTING FIRM AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

B. Holders of Claims Entitled to Vote

Pursuant to the provisions of the Bankruptcy Code, only holders of allowed claims or equity interests in classes of claims or equity interests that are impaired *and* that are in a class that will receive a distribution under a proposed chapter 11 plan are entitled to vote to accept or reject a proposed chapter 11 plan. Classes of claims or equity interests in which the holders of claims or equity interests are unimpaired under a chapter 11 plan are deemed to have accepted the Plan and are not entitled to vote to accept or reject the Plan. Classes of claims or interests that receive no distribution on account of their claims or interests are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan. Moreover, given the speculative nature of any recovery by Holders of (i) Class 4 Intercompany Claims; (ii) Class 5 Subordinated 510(c) Claims; (iii) Class 6 Subordinated 510(b) Claims; and (iv) Class 7 Interests, Holders of such Claims and Interests are deemed to have rejected the Plan and are not entitled to vote to accept or reject the Plan. Under the Plan, only Holders of General Unsecured Claims in Class 3 are entitled to vote on the Plan.

The Bankruptcy Code defines "acceptance" of a plan by a class of claims as acceptance by creditors in that class that hold at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of the claims that cast ballots for acceptance or rejection of the plan. Acceptance of a plan by a class of interests requires acceptance by at least two-thirds ($\frac{2}{3}$) of the number of shares in such class that cast ballots for acceptance or rejection of the plan. For a more detailed description of the requirements for Confirmation of the Plan, see Article XI of this Disclosure Statement entitled, "Feasibility of the Plan and Best Interests of Creditors".

Bankruptcy Code section 1129(b) permits the confirmation of a plan notwithstanding the non-acceptance of a plan by one or more impaired classes of claims or interests ("Cramdown"). Under that section, a plan may be confirmed by a bankruptcy court if it does not "discriminate unfairly" and is "fair and equitable" with respect to each non-accepting class. For a more detailed description of the requirements for confirmation of a non-consensual plan, see Article XI.F. of this Disclosure Statement entitled, "Confirmation Without Acceptance of All Impaired Classes: the 'Cramdown' Alternative." The plan provides for a Cramdown of the Claims and Interests in: (i) Class 4, Intercompany Claims; (ii) Class 5, Subordinated 510(c) Claims; (iii) Class 6, Subordinated 510(b) Claims; and (iv) Class 7, Interests.

C. Solicitation Package

Accompanying this Disclosure Statement are copies of (1) the Plan; (2) the notice of, among other things, the time for submitting Ballots to accept or reject the Plan, the date, time and place of the hearing to consider Confirmation of the Plan and related matters and the time for filing objections to Confirmation of the Plan (the "Confirmation Hearing Notice"); and (3) if you are the Holder of Claim(s) entitled to vote on the Plan, one or more Ballots (and return envelopes) to be used by you in voting to accept or reject the Plan.

The Confirmation Hearing Notice sets forth in detail, among other things, procedures governing voting deadlines and objection deadlines with respect to the Plan and Confirmation of the Plan. The Confirmation Hearing Notice and the instructions attached to the Ballot should be read in connection with this section of the Disclosure Statement.

D. Voting Procedures, Ballots and Voting Deadline

If you are entitled to vote to accept or reject the Plan, a Ballot is enclosed for the purpose of voting on the Plan. After carefully reviewing the Plan, this Disclosure Statement and the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot. You must complete and sign your original Ballot (copies will not be accepted) and return it in the envelope provided.

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

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED NO LATER THAN _____, 2014 AT 5:00 P.M. (PACIFIC TIME) (THE "VOTING DEADLINE") BY

KURTZMAN CARSON CONSULTANTS (THE "VOTING AGENT"). DO NOT RETURN ANY STOCK CERTIFICATES OR DEBT INSTRUMENTS WITH YOUR BALLOT.

If you have any questions about (i) the procedure for voting your Claim or with respect to the packet of materials that you have received or (ii) the amount of your Claim, or if you wish to obtain, at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d), an additional copy of the Plan, this Disclosure Statement or any appendices or exhibits to such documents, please contact:

TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.), et al.
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245
(866) 381-9100 (telephone)
(310) 823-9133 (facsimile)

E. Withdrawal of Ballots; Revocation; Changes to Vote

Any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. To be valid, a notice of withdrawal must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn and (iv) be received by the Voting Agent in a timely manner at the address set forth above. The Debtors intend to consult with the Voting Agent to determine whether any withdrawals of Ballots were received and whether the requisite acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of Ballots. Unless otherwise directed by the Court, a purported notice of withdrawal of Ballots that is not received in a timely manner by the Voting Agent will not be effective to withdraw a previously cast Ballot.

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

F. Parties in Interest Entitled to Vote

Under Bankruptcy Code section 1124, a class of claims or interests is deemed to be "impaired" under a plan unless (i) the Plan leaves unaltered the legal, equitable and contractual rights to which such claim or interest entitled the holder thereof or (ii) notwithstanding any legal right to an accelerated payment of such claim or interest, the Plan cures all existing defaults

(other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such claim or interest as it existed before the default.

In general, a holder of a claim or interest may vote to accept or to reject a plan if (i) the claim or interest is "allowed" for purposes of voting, which means generally that no party in interest has objected to such claim or interest or, if no proof of claim was filed, that such claim or interest has not been scheduled by the debtor as contingent, unliquidated or disputed and (ii) the claim or interest is impaired by the plan. If, however, the holder of an impaired claim or interest will not receive or retain any distribution under the plan, on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan, and accordingly, holders of such claims and interests do not actually vote on the plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan, and accordingly, holders of such claims and interests are not entitled to vote on the plan.

The Holder of a Claim against a Debtor that is Impaired under the Plan is entitled to vote to accept or reject the Plan if (i) the Plan provides a Distribution in respect of such Claim and (ii)(a) the Claim has been scheduled by the Debtors (and such claim is not scheduled at zero or as disputed, contingent or unliquidated) or (b) the Claimholder has filed a proof of claim on or before the Bar Date applicable to such Holder, pursuant to Bankruptcy Code sections 502(a) and 1126(a) and Bankruptcy Rules 3003 and 3018. Any Claim as to which objection has been timely filed and has not been withdrawn, dismissed or denied by Final Order is not entitled to vote unless the Bankruptcy Court, pursuant to Bankruptcy Rule 3018(a), upon application of the Holder of the Claim with respect to which there has been objections, temporarily allows the Claim in an amount that the Bankruptcy Court deems proper for the purpose of accepting or rejecting the Plan.

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

G. Classes Impaired Under the Plan

Classes 1 and 2 are not Impaired under the Plan and are deemed under Bankruptcy Code section 1126(f) to have accepted the Plan, and their votes to accept or to reject the Plan will not be solicited. Class 3 is impaired under the Plan and entitled to vote on the Plan. Classes 4, 5, 6, and 7 will not receive or retain any Distribution or property under the Plan on account of their Claims or Interests, are presumed under Bankruptcy Code section 1126(g) to have rejected the Plan, and are, therefore, not entitled to vote to accept or reject the Plan.

H. Waivers of Defects and Other Irregularities

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance and revocation or withdrawal of Ballots will be determined by the Voting Agent and the Debtors in their sole discretion, which determination will be final and binding, subject to approval by the Bankruptcy Court (if necessary). As indicated above under "Withdrawal of Ballots; Revocation; Changes to Vote," effective withdrawals of Ballots must be delivered to the Voting Agent prior to the Voting Deadline. The

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

I. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to Bankruptcy Code section 1128 and Bankruptcy Rule 3017(c), the Confirmation Hearing will be held on _____, 2014 at ____:____ a.m. (Eastern Time) before the Honorable Peter J. Walsh, United States Bankruptcy Judge for the District of Delaware, in the Bankruptcy Court, 6th Floor, Courtroom 2, 824 Market Street, Wilmington, Delaware 19801. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for the announcement of the adjournment date made at the Confirmation Hearing or at any subsequent adjourned Confirmation Hearing, in an agenda for the Confirmation Hearing, or by filing notice of the continuance. The Bankruptcy Court has directed that objections, if any, to Confirmation of the Plan be filed with the Clerk of the Bankruptcy Court and served so that they are RECEIVED on or before _____, 2014, at 4:00 p.m. (Eastern Time) by the following parties: (i) Skadden, Arps, Slate, Meagher & Flom LLP, One Rodney Square, P.O. Box 636, Wilmington, Delaware 19899-0636 (Attn: Sarah E. Pierce, Esq.), counsel to the Debtors; (ii) the Office of the United States Trustee, 844 North King Street, Room 2207, Lockbox 35, Wilmington, Delaware 19801 (Attn: Mark Kenney, Esq.); (iii) Otterbourg P.C., 230 Park Avenue, New York, New York 10169 (Attn: Scott Hazan, Esq.) and Pachulski Stang Ziehl & Jones LLP, 919 North Market Street, 17th Floor, Wilmington, Delaware 19899 (Attn: Peter J. Keane, Esq.), counsel to the Committee; and (iv) Carroll Services LLC, 197M Boston Post Road West #367, Marlborough, MA 01752 (Attn: James P. Carroll), Chief Liquidating Officer. The Debtors expressly reserve all of their rights to dismiss any of the Chapter 11 Cases at any time.

III. HISTORY, OPERATIONS, AND STRUCTURE OF THE DEBTORS

A. Introductory Note

As detailed more fully herein, on July 13, 2007, the Bankruptcy Court approved the Sale of substantially all of the Debtors' assets to the Purchaser. After the Closing Date of the Sale, the Debtors' operations ceased and the Debtors began the process of winding down their Estates, assessing their liabilities, and liquidating their remaining assets. A description of the Debtors' history, structure, and business practices is provided to help understand and analyze the Plan.

B. The Company

The Debtors' headquarters were located in Canton, Massachusetts. The parent company, TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.) was a publicly traded Delaware corporation. The other Debtors are all direct or indirect subsidiaries of TWTR. A list of the Debtors is attached hereto as Appendix B and the Debtors' corporate structure chart as of the Petition Date is attached hereto as Appendix C. By order of the Bankruptcy Court, the Debtors' cases were procedurally consolidated for administrative purposes.

C. Employees

As of the Petition Date, the Debtors employed approximately 2,500 full and part-time employees. The Debtors' stores were staffed with highly trained sales and installation professionals. None of the Debtors' employees were covered by collective bargaining agreements, and the Debtors considered relations with employees to be good.

In conjunction with the Sale, substantially all of the Debtors' employees were either employed by the Purchaser pursuant to the Transition Services Agreement annexed as Exhibit B to the APA or were terminated.

D. Stock Based Compensation

1. *Employee Stock Options*

The Company adopted the Statement of Financial Accounting Standards ("SFAS") No. 123 (revised 2004), Share-Based Payment ("SFAS 123(R)") on October 1, 2005 using the Modified Prospective Application ("MPA") method of implementation. The Company recognized the cost of employee services received in exchange for awards of equity instruments in the financial statements and measured this cost based on the grant-date fair value of the award. The Company recognized this cost either on an accelerated or straight-line basis depending on the legal vesting schedule of the award. Under the MPA method, new awards are valued and accounted for prospectively upon adoption. Outstanding prior awards that were unvested as of October 1, 2005 were recognized as compensation cost over the remaining requisite service period.

On September 30, 2005 the Board of Directors approved the full acceleration of the vesting of each otherwise unvested outstanding stock option granted under the Company's 1995 and 1998 Stock Option and Incentive Plans and its 2004 Long Term Incentive Plan for those grants whose strike price was higher than the closing market value of a share of the Company's common stock on that date. As a result, options to purchase approximately 867,000 shares, including approximately 374,000 options held by the Company's executive officers and directors, became immediately exercisable effective as of September 30, 2005.

As a result of the acceleration, the Company reduced the stock option expense that otherwise would have been required to be recorded in connection with accelerated options by approximately \$2.0 million in 2006.

2. *Employee Stock Purchase Plan*

During fiscal 1999, the Company adopted an Employee Stock Purchase Plan ("ESPP"). The ESPP was effective upon approval by the stockholders of the Company and will continue in effect for a term of 20 years, unless terminated sooner. The Company has the right to terminate the ESPP at any time. The ESPP is intended to be an Employee Stock Purchase Plan under Section 423 of the Internal Revenue Code of 1986, as amended. Subject to adjustment pursuant to the ESPP, the aggregate number of shares of common stock that may be sold under the ESPP is 1,000,000. Employees who elect to participate in an offering may utilize up to 10% of their payroll for the purchase of common stock at 85% of the closing price of the stock on the last business day of the offering. Due to the discount of 15% offered to employees for purchase of shares under the ESPP, the Company considers such plan as compensatory. In the fiscal years ended September 30, 2006, 2005 and 2004, the Company issued 55,879, 98,839, and 66,079 shares of common stock, respectively, under the ESPP. At September 30, 2006, 2005 and 2004 there were 627,189, 683,068 and 781,907 shares available for future sales. The weighted average per share fair value of all ESPP shares issued for the fiscal year ended September 30, 2006 was \$1.53. Prior to the Petition Date, the Debtors temporarily suspended the ESPP and withholding amounts related thereto.

IV. PREPETITION CAPITAL STRUCTURE OF THE DEBTORS

A. Secured Indebtedness

On March 21, 2007, the Debtors entered into a new revolving credit facility with General Electric Capital Corporation ("GECC"), which replaced their prior facility with Bank of America, N.A. The credit limit under the GECC facility was \$75 million (the "Credit Line") with actual availability based principally on a borrowing base formula of certain eligible accounts receivable and inventory (the "Prepetition Credit Agreement"). The Debtors' initial drawdown under the new facility was \$38.1 million. The Credit Line was secured by a lien on substantially all of the Debtors' assets. On May 30, 2007, the Debtors amended the credit facility with GECC. The amendment increased the interest rate under the facility, but also increased the Debtors' liquidity and allowed the Debtors additional time to pursue their restructuring alternatives and prepare for the filing of these bankruptcy cases. The Debtors' obligations under the Prepetition Credit Agreement were satisfied from the proceeds of the Senior DIP Loan (as defined below), which in turn was satisfied from the proceeds of the Sale and the proceeds of the Junior DIP Loan (as defined below), which also was satisfied from the proceeds of the Sale.

B. Equity

As of the Petition Date, TWTR had authorized and issued 27,013,997 shares of publicly-traded common stock, and authorized, but not issued, 10,000,000 shares of preferred stock.

The stock options outstanding and exercisable as of September 30, 2006 were in the following exercise price ranges:

Range of Exercise Prices	Shares	Options Outstanding			Shares	Options Exercisable		
		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value		Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value
\$ 2.70 - \$ 4.38	704,636	\$ 3.62	9.1	\$ 660,567	59,236	\$ 3.63	9.2	\$ 54,806
\$ 4.70 - \$ 5.64	901,485	5.48	6.2	--	891,940	5.48	6.2	--
\$ 5.90 - \$ 7.18	485,567	6.07	6.5	--	454,567	6.01	6.4	--
\$ 7.27 - \$ 8.68	618,131	7.93	5.0	--	596,037	7.90	4.8	--
\$ 12.00 - \$ 25.04	163,170	13.46	0.9	--	163,170	13.46	0.9	--
Total	<u>2,872,989</u>	\$ 6.10	6.4	<u>\$ 660,567</u>	<u>2,164,950</u>	\$ 6.81	5.5	<u>\$ 54,806</u>

On February 20, 2014, the Securities and Exchange Commission (the "SEC") issued an Order Instituting Administrative Proceedings and Notice of Hearing Pursuant to Section 12(j) of the Securities Exchange Act of 1934 in regard to a proposed revocation of TWTR's registered securities pursuant to Section 12(j) of the Securities Exchange Act of 1934. On March 11, 2014, Administrative Law Judge Carol Fox Foelak issued the Initial Decision Making Findings and Revoking Registrations by Default, revoking the registrations of TWTR's registered securities.

V. CORPORATE STRUCTURE OF THE DEBTORS

A. Current Corporate Structure

TWTR owns either directly or indirectly all or substantially all of the equity interests in each of its subsidiaries. A chart setting forth the corporate structure of the Debtors as of the Petition Date is annexed to this Disclosure Statement at Appendix C.

B. Board of Directors and Executive Officers

The following persons comprised the Debtors' Board of Directors (the "Board") and executive officers as of the Petition Date:

Name	Title
Samuel Bloomberg	Director
Steven Fischman	Director
Jeffrey S. Stone	Director
John Mahoney	Director
John Esposito	Director
Karen Kaplan	Director
Joseph McGuire	President and Chief Executive Officer, Director
Gregory Hunt	Chief Financial Officer
Duane Oser	Vice President – Controller of Finance
Robert Tassone	Vice President – Controller of Operations
William Morrison	Senior Vice President and Chief Information Officer
Philo Pappas	Chief Merchandising Officer
Patrick Reynolds	Senior Vice President of Marketing
Robert Staples	Senior Vice President, Store Operations

The Board had the authority to appoint committees to perform certain management and administrative functions. Prior to the Petition Date, the Board appointed an Audit Committee and a Nominating Committee.

The Audit Committee had the responsibility to oversee the accounting and financial reporting processes of the Company and the audits of the financial statements of the Company. The Audit Committee also had the responsibility to maintain free and open means of communication between the directors, the independent auditors and the financial management of the Company.

The Nominating Committee's purpose was to assist the Company's Board in identifying individuals qualified to become directors under criteria approved by the Board, periodically review director compensation and benefits and recommend to the Board any improvements to the Company's corporate governance guidelines as it deemed appropriate.

After the Closing Date (as defined herein), the Debtors terminated all of their executive officers except Gregory Hunt, who remained employed by the Debtors as Chief Restructuring Officer. Mr. Hunt subsequently resigned and, on May 27, 2009, the Bankruptcy Court authorized the Debtors to engage Carroll Services LLC *nunc pro tunc* to March 25, 2009 (Docket No. 1723) to provide the services of James P. Carroll as Chief Liquidating Officer of the Debtors.

VI. EVENTS LEADING TO COMMENCEMENT OF THE CHAPTER 11 CASES

A. Intense Competition Reducing Market Share and Operational Losses

The Debtors experienced operational losses for the five years prior to the Petition Date. To fund these losses, the Debtors increased borrowings under their senior secured revolving credit facility and term loans. In the three months ended December 31, 2006, the Debtors experienced significant deterioration in its business compared to the same period in 2006 and losses across all of their sales categories: video, audio, mobile and home installation. Prior to the Petition Date, the Debtors announced a 12% decline in revenue and 13% decline in comparable store sales for the fiscal quarter ended March 31, 2007. The losses were attributable to a number of factors, the most significant of which has been the continuing decline in margins for video products, particularly projection, plasma and LCD televisions. The large format stores such as Best Buy and Wal-Mart were expanding their geographic markets, and this expansion had increased price competition within those markets dramatically. Sales of mobile products and services also suffered significant declines. In addition, the Debtors faced increased competition for in-home design and installation services by Best Buy, with its acquisition of Magnolia and Geek Squad, and Circuit City with its Firedog brand, which adversely affected the Debtors' profitability.

B. Summary of Strategic Initiatives

As part of their restructuring plan, in late March, 2007, the Debtors began the process of closing 49 of their less profitable stores and vacating two regional distribution facilities. The Debtors conducted store closing sales at those stores and engaged in efforts to mitigate liability

under the leases for those stores. The Debtors also retained Peter J. Solomon, an investment banker, to, among other things, investigate sources of debt or equity investment capital as necessary to support the Debtors' cash needs, find potential strategic partners or going concern purchasers, and explore the marketability of the Debtors' Tivoli Stock.

Accordingly, on or about May 11, 2007, the Debtors publicly announced that despite the Company's efforts to restructure their operations out of court, absent obtaining additional capital or reaching adequate settlements with the landlords of its closing stores, the Company may choose to file petitions for relief under chapter 11 of the Bankruptcy Code.

At approximately the same time, the Debtors began evaluating strategic alternatives, and engaged Peter J. Solomon as their investment banker to advise and assist with the evaluation of such alternatives. Peter J. Solomon immediately commenced due diligence and worked with the Company to develop a preliminary business plan for 2007. Based upon that plan, the Debtors and their financial advisers pursued a variety of transactions, including an equity or capital infusion as well as a sale of all or a portion of the Company's business. In addition, the Debtors' advisors began to search for debtor in possession financing, in the event that the Company determined to commence Chapter 11 Cases.

The Company and its advisors contacted numerous potentially interested parties regarding financing and sales, and it became apparent that GECC was the most likely provider of debtor in possession financing. Accordingly, the Debtors began to negotiate the terms of debtor in possession financing with GECC and ultimately entered into a debtor in possession financing agreement with GECC (the "Senior DIP Loan"), while continuing the search for a stalking horse purchaser or purchasers.

To ensure that the Debtors would have sufficient liquidity to fund operations while the Debtors pursued their restructuring objectives, at the outset of the Chapter 11 Cases, the Debtors obtained the Bankruptcy Court's approval of a debtor in possession revolving credit facility that provided \$60 million in financing (with actual availability based on a formula on a borrowing base including a \$20 million letter of credit sub limit and an additional sub limit for swingline loans) in the form of the Senior DIP Loan. The Senior DIP Loan was secured by first priority liens on substantially all of the Debtors' assets, junior only to those certain liens otherwise permitted by the Prepetition Credit Agreement (to the extent any such permitted liens are valid, properly perfected, unavoidable and senior). Proceeds from the Senior DIP Loan were used to repay the Prepetition Credit Agreement as well as to fund operations during the Chapter 11 Cases. On or about June 25, 2007, the Debtors and GECC entered into that certain Waiver and First Amendment to Senior Secured, Super-Priority Debtor-In-Possession Credit Agreement (the "GECC DIP Amendment") in connection with the Junior DIP Loan (as defined and discussed below). The balance outstanding under the Senior DIP Loan was paid in full with the funds provided by the Junior DIP Loan (as defined and discussed below) and the proceeds of the Sale.

Despite the liquidity offered by the Senior DIP Loan with GECC, the Debtors suffered greater than projected decreasing revenues in the postpetition period and were unable to purchase sufficient inventory for sale in their retail stores. Accordingly, Debtors subsequently entered into a junior debtor in possession financing facility (the "Junior DIP Loan") with Schultze Agency Services, LLC (the "Junior DIP Lender"), an affiliate of the Purchaser, and the GECC DIP

Amendment. The Junior DIP Loan provided the Debtors with an additional \$10 million in term loan financing. The Junior DIP Loan was junior in priority only to the Senior DIP Loan, except that the Junior DIP Lender maintained a senior priority on the Tivoli Stock held by the Debtors. The Purchaser credit bid the entire amount outstanding under the Junior DIP Loan, and accordingly the Junior DIP Loan has been satisfied and paid in full pursuant to the Sale.

C. Chapter 11 Filings Necessary

Due to the combined effect of the highly leveraged capital structure, as a result of the operational and other circumstances set forth above, the Debtors commenced these Chapter 11 Cases to, among other things, use the Bankruptcy Code section 363 sale process as a means to maximize value and provide themselves with a vehicle to explore any and all of their restructuring alternatives. On June 11, 2007, the Debtors filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code in the Bankruptcy Court. The cases (case numbers 07-10787 through 07-10790, 07-10792 through 07-10793 and 07-10795 through 07-10796) were assigned to the Honorable Peter J. Walsh.

VII. CHAPTER 11 CASES

A. Continuation of Business; Stay of Litigation

Since the Petition Date, the Debtors have continued to operate as debtors in possession subject to the supervision of the Bankruptcy Court and in accordance with the Bankruptcy Code. Under the Bankruptcy Code, the Debtors are required to comply with certain statutory reporting requirements, including the filing of monthly operating reports. As of the date hereof, the Debtors are in compliance with such requirements. The Debtors are authorized to operate in the ordinary course of business, with transactions out of the ordinary course of business requiring Bankruptcy Court approval.

An immediate effect of the filing of the Debtors' bankruptcy petitions is the imposition of the automatic stay under the Bankruptcy Code which, with limited exceptions, enjoins the commencement or continuation of all collection efforts by creditors, the enforcement of liens against property of the Debtors, and the continuation of litigation against the Debtors. This relief provides the Debtors with the "breathing room" necessary to assess and reorganize their business. The automatic stay remains in effect, unless modified by the Bankruptcy Court, until consummation of a plan of liquidation.

B. First Day Orders

At the first day hearing (the "First Day Hearing") held in these Chapter 11 Cases, the Debtors filed numerous motions seeking immediate relief. The Bankruptcy Court entered numerous "first day orders." First day orders are intended to facilitate the transition between a debtor's prepetition and postpetition business operations by approving certain regular business practices that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the Bankruptcy Court. Many of the first day orders obtained in these cases are typical for large chapter 11 cases.

The first day orders in the Chapter 11 Cases authorized, among other things:

- (1) the joint administration of the Chapter 11 Cases for procedural purposes (Docket No. 40);
- (2) the retention of Kurtzman Carson Consultants LLC as agent of the Bankruptcy Court (the "Claims Agent") (Docket No. 41);
- (3) the maintenance of the Debtors' bank accounts and operation of their cash management systems substantially as such systems existed prior to the Petition Date (Docket No. 42);
- (4) the payment of employees' accrued prepetition wages and employee benefit claims (Docket No. 43);
- (5) the payment of certain prepetition tax claims (Docket No. 44);
- (6) the continuation of utility services during the first months of the Chapter 11 Cases (Docket No. 45);
- (7) the maintenance of certain prepetition customer programs and practices (Docket No. 47);
- (8) the payment of prepetition shipping charges and related obligations (Docket No. 49);
- (9) the maintenance of certain insurance policies and insurance premium financing programs (Docket No. 50);
- (10) the payment of certain prepetition critical vendor claims (Docket No. 91);
- (11) confirmation that the Debtors' undisputed obligations arising from postpetition delivery of goods will have administrative expense priority status and that certain Holders of valid reclamation claims will have administrative expense treatment (Docket No. 92);
- (12) the fixing of a deadline for filing requests for payment of certain administrative expenses (Docket No. 104);
- (13) the continuation of use of cash collateral relating to consigned goods and procedures for addressing consignment claims (Docket No. 62);
- (14) the continuation of store closing sales (Docket No. 52); and
- (15) the rejection of certain non-residential real property leases (Docket No. 51).

C. Debtor in Possession Financing

Final authority to enter into the DIP Facility was granted by the Bankruptcy Court on June 29, 2007 (Docket No. 253) (the "Final Senior DIP Order"). The additional liquidity

provided by the Final Senior DIP Order in turn gave the Debtors valuable time to negotiate the stalking horse bids with the Purchaser and Whippoorwill, which negotiations ultimately culminated with the Debtors entering into the Going-Concern Stalking Horse Agreement and the Tivoli Stalking Horse Agreement. The Final Senior DIP Order authorized the Debtors to: (i) borrow the remaining proceeds of the Senior DIP Loan to repay any remaining obligations under the Credit Line, and (ii) borrow proceeds to be used for all purposes permitted under the relevant Senior DIP Loan documents.

Under the terms of the Senior DIP Loan, to secure the repayment of the borrowing and all other obligations arising under the Senior DIP Loan, the Debtors granted GECC first priority senior priming liens on substantially all of their assets, junior only to those certain liens otherwise permitted by the Prepetition Credit Agreement (to the extent any such permitted liens are valid, properly perfected, unavoidable and senior). Obligations under the Senior DIP Loan were also granted "superpriority" claim status under Bankruptcy Code section 364(c)(1), meaning they had priority over all other administrative expenses. The liens and claims granted to GECC were subject to the fees and expenses of the U.S. Trustee under 28 U.S.C. § 1930 and the Clerk of the Bankruptcy Court, as well as a carve-out for fees and disbursements of the Debtors' professionals and the Creditors' Committee's professionals. The Senior DIP Loan also contained covenants, representations and warranties, events of default, and other terms and conditions typical of credit facilities of a similar nature.

The Debtors paid in full the outstanding amounts due under the Senior DIP Loan with the funds provided by the Junior DIP Loan and proceeds of the Sale.

Despite the liquidity offered by the Senior DIP Loan with GECC, the Debtors suffered greater than projected decreasing revenues in the postpetition period and were unable to purchase sufficient inventory for sale in their retail stores. Additionally, the Debtors did not maintain sufficient liquidity to survive until the Sale Hearing. Such decreased revenues necessitated the Debtors' entry into the Junior DIP Loan with the Junior DIP Lender and the GECC DIP Amendment. The Junior DIP Loan provided the Debtors with an additional \$10 million in term loan financing. The Junior DIP Loan was junior in priority only to the Senior DIP Loan, other than a senior priority lien on the Tivoli Stock held by the Debtors. The Purchaser credit bid the entire amount outstanding under the Junior DIP Loan in connection with the Sale.

D. Appointment of Creditors' Committee

On June 22, 2007, the U.S. Trustee appointed, pursuant to Bankruptcy Code section 1102(a), certain entities to the Official Committee of Unsecured Creditors of the Debtors (the "Creditors' Committee"). Members of the Creditors' Committee that were initially appointed are Polk Audio, Inc., Simon Property Group, Inc., Ryder Truck Rental, Inc., The Quest Group, and OmniMount Systems, Inc. The U.S. Trustee subsequently added J.L. Audio, Inc. to the Creditors' Committee. The Bankruptcy Court authorized the retention of various professionals by the Creditors' Committee, including (i) Otterbourg, Steindler, Houston and Rosen, P.C. as bankruptcy counsel (Docket No. 510); (ii) Pachulski Stang Ziel Young Jones Weintraub LLP as Delaware bankruptcy counsel (Docket No. 600); and (iii) BDO Seidman, LLP as financial advisor (Docket No. 607).

E. Other Material Relief Obtained During the Chapter 11 Cases

In addition to the first day relief sought in these Chapter 11 Cases, the Debtors have sought authority with respect to a multitude of matters designed to assist in the administration of the Chapter 11 Cases and to maximize the value of the Debtors' Estates. Set forth below is a brief summary of certain of the principal motions the Debtors have filed during the pendency of the Chapter 11 Cases.

1. *Retention of Debtors' Professionals*

During these Chapter 11 Cases, the Bankruptcy Court has authorized the retention of various professionals by the Debtors, including: (i) the retention of Skadden, Arps, Slate, Meagher & Flom LLP and its affiliates ("Skadden, Arps") as bankruptcy counsel (Docket No. 457); (ii) the retention of Goulston & Storrs, P.C. ("Goulston") as special counsel (Docket No. 456); (iii) the retention of Peter J. Solomon as investment banker (Docket No. 453); and (iv) the retention of FTI Consulting, Inc. ("FTI") as financial advisors (Docket No. 451). Goulston withdrew as special counsel to the Debtors on August 1, 2007 (Docket No. 545).

2. *Extension of Time to Assume or Reject Leases*

Given the complexity of these Chapter 11 Cases, and the occurrence of the Sale, the Debtors were unable to complete their analysis of all nonresidential real property leases during the time limitation prescribed by Section 365(d)(4) of the Bankruptcy Code. Therefore, upon motion of the Debtors, on October 1, 2007, the Bankruptcy Court extended the time by which the Debtors must assume or reject leases of nonresidential real property for 3 months, through and including January 7, 2008 (Docket No. 761).

3. *Assumption and Assignment and Rejection of Leases*

On the Petition Date, the Debtors were parties to approximately one hundred four (104) nonresidential real property leases. As of the date of this Disclosure Statement, all of the Debtors' unexpired nonresidential real property leases have been either assumed and assigned to the Purchaser or its affiliate or rejected. Pursuant to Bankruptcy Court orders dated October 1, 2007 (Docket No. 762), October 5, 2007 (Docket Nos. 785 and 786), October 9, 2007 (Docket No. 792), December 18, 2007 (Docket No. 954), December 20, 2007 (Docket Nos. 963 and 964), and January 8, 2007 (Docket No. 1010), ninety-nine (99) leases were assumed and assigned to the Purchaser or its affiliated operating entity. Additionally, pursuant to orders of the Bankruptcy Court dated June 13, 2007 (Docket No. 51), June 29, 2007 (Docket Nos. 249, 250 and 251), August 14, 2007 (Docket Nos. 599 and 601), and January 9, 2008 (Docket No. 1017) the balance of the Debtors' non-residential real property leases were rejected unless otherwise terminated or expired according to their terms.

4. *Assumption and Assignment of Certain Vendor Contracts*

In the ordinary course of their business, the Debtors maintained several contracts with key vendors (the "Vendor Contracts"). On or about September 5, 2007, the Debtors believed that the non-Debtor parties to the Vendor Contracts owed the Debtors approximately \$3.3 million in credits, such as reimbursements and credits under various vendor incentive programs (the

"Vendor Credits"). The Debtors and the Purchaser disputed the ability to designate the Vendor Contracts under the APA and their respective rights to the Vendor Credits. Accordingly, the Debtors and the Purchaser agreed that the Purchaser would pay the Debtors and their estates \$1 million upon assumption and assignment of the Vendor Contracts to the Purchaser, and that such assignment of the Vendor Contracts would include the assignment to the Purchaser of all rights to the Vendor Credits. The Debtors and the Purchaser further agreed that any cure amounts paid by the Purchaser in connection with the assumption and assignment of the Vendor Contracts would not be counted against any payment limits or other caps set forth in the Sale Order and/or the APA and that the Debtors would waive any claims or causes of action arising under Bankruptcy Code section 547 against the non-Debtor parties to the Vendor Contracts. The Bankruptcy Court approved the settlement between the Debtors and the Purchaser relating to the Vendor Contracts, as well as the assumption and assignment of the Vendor Contracts to the Purchaser, pursuant to an order dated October 9, 2007 (Docket No. 799).

5. *Advanced Funds Settlement with Purchaser*

Following the Closing Date, on or about August 17, 2007, the Purchaser provided notice to the Debtors pursuant to sections 2.1 and 2.4 of the TSA that the Purchaser no longer required the services of certain corporate employees, and accordingly requested that those employees be laid off (the "August Layoffs") and be provided with notices (the "August WARN Notices") under the Worker Adjustment and Retraining Notification Act (the "WARN Act"). The Purchaser additionally committed to advance or reimburse the Debtors for any monetary obligations incurred by the Debtors under the WARN Act as a result of the August Layoffs. The Debtors, in turn, requested security for such obligations of the Purchaser. Additionally, subsequent to the Debtors sending the August WARN Notices, the Purchaser requested that the Debtors rescind their layoff of approximately twenty (20) employees who received August WARN Notices (the "Recalled Employees") and further indicated that it may request the Debtors rescind the layoff of certain additional employees that received August WARN Notices.

Moreover, in light of the August Layoffs and the interruption that such layoffs caused to the Purchaser's ability to provide services to the Debtors in accordance with the terms of the TSA, the Debtors indicated their concern that the Purchaser might not be able to comply with the TSA and requested security for such performance. To the extent that the Purchaser was unable to perform such services, the Debtors further requested that the Purchaser provide a fund for the payment of any fees and expenses incurred by the Debtors in connection with performing such services.

Additionally, prior to the assumption and assignment of leases set forth in Article VII.E.4 above, the Purchaser represented to the Debtors that the Purchaser intended to designate certain nonresidential real property leases for assumption and assignment by September 18, 2007, and requested that motions to approve such assumptions and assignments be heard at the October 1, 2007 and October 9, 2007 hearings scheduled in these Chapter 11 Cases. Accordingly, the Debtors required security for the Purchaser's obligations to pay any cure amounts in connection with such assumed and assigned leases.

Finally, the Purchaser requested that the Debtors extend the Designation Deadline (as defined in the APA) by seeking an extension of the time available for the Debtors to assume or

reject leases of nonresidential leases of nonresidential leases under Bankruptcy Code section 365(d)(4).

Accordingly, in light of the Debtors' concerns outlined above, the Debtors and the Purchaser stipulated to an advanced funding agreement that would provide security to the Debtors in exchange for certain actions requested by the Purchaser (the "Stipulation") (Docket No. 700). Specifically, notwithstanding the requirements of section 2.5(f) of the APA, the Purchasers agreed to pay the Debtors \$220,000. Purchaser likewise agreed to pay the premium for the Debtors to renew their directors and officers insurance policy, provided that such amount did not exceed \$531,000. Additionally, the Purchaser established a reserve in the amount of \$1,875,000 for the payment of cure amounts; a reserve in the amount of \$800,000 for potential WARN Act liabilities relating to the August Layoffs; a reserve for payment of professional fees in the initial amount of \$200,000, subject to replenishment; and a reserve in the amount of \$450,000, which amount was the Debtors' estimated cost of preparing tax returns and monthly operating reports for the Debtors (the "Administrative Services") in the event the Purchaser was unable timely to provide information and personnel necessary to complete the Administrative Services. Additionally, the Purchaser agreed to indemnify and hold the Debtors harmless (i) from any and all claims or causes of action that may arise out of or result from the Debtors rescinding the August WARN Notices; and (ii) from any and all claims and/or causes of action arising under the WARN Act against any and/or all of the Debtors that might have arisen out of or resulting from the August Layoffs and/or the August WARN Notices. In exchange for the Purchaser's agreement to the terms and conditions set forth in the Stipulation, the Debtors agreed to file a motion seeking such an extension.

On September 18, 2007, the Bankruptcy Court entered an order approving the Stipulation (Docket No. 714) and the various reserves contemplated by the Stipulation were installed.

6. *Avoidance Actions*

Following the Sale, the Debtors' efforts were focused on pursuing causes of action against third parties to obtain recoveries for ultimate distribution to creditors. Any such recoveries would form the majority of proceeds available for distribution to administrative, priority and general unsecured creditors under any plan of liquidation, because most of the proceeds of the July 13, 2007 Sale had been used to pay down the Debtors' senior secured loan facilities. Accordingly, the Debtors commenced 248 preference actions against, among others, former vendors, officers, and other third parties, of which 170 actions have been settled and funds received by the estates, 11 of which are in default status, 64 closed with no funds received by the estates, and 3 remain pending. To date, the Debtors have collected \$3,165,148.82 on account of such actions, net of any fees and expenses.

7. *Claims Resolution*

The Debtors have focused on resolving priority sales tax claims asserted against the Debtors' estates by various state taxing authorities. Such asserted claim amounts aggregate in excess of \$10 million. Given the priority status of such tax claims, if allowed, such claims would be required to be paid in full under the Bankruptcy Code in order to confirm a plan of liquidation, unless the state taxing authorities asserting such claims agree to lesser or different

treatment. Accordingly, to facilitate the claims resolution process, the Debtors have settled certain claims and successfully objected to certain others. On June 30, 2010, the Bankruptcy Court approved a settlement between the Debtors and the Connecticut Department of Revenue Services resolving certain claims relating to alleged liability for corporate tax and sales and use tax (Docket No. 1960). On April 3, 2012, the Bankruptcy Court approved a settlement between the Debtors and the New York State Department of Taxation and Finance resolving certain claims relating to alleged liability for corporate tax and sales and use tax (Docket No. 2203). On April 17, 2013, the Bankruptcy Court approved a settlement between the Debtors and the Florida Department of Revenue resolving certain claims relating to alleged liability for sales and use tax (Docket No. 2424). On December 5, 2013, the Bankruptcy Court approved a settlement between the Debtors and the Pennsylvania Department of Revenue resolving certain claims relating to alleged liability for sales and use tax (Docket No. 2528). The Debtors have also reached an agreement in principal to resolve certain claims asserted by the Massachusetts Department of Revenue relating to alleged liability for corporate tax and sales and use tax.

On October 5, 2011, the Bankruptcy Court granted the Debtors' motion to expunge certain satisfied claims and sustained the Debtors' omnibus objections to certain amended and superseded and duplicate claims (Docket Nos. 2111 and 2112, respectively). On April 3, 2012, the Bankruptcy Court sustained the Debtors' omnibus objections to certain late-filed purported claims and certain claims filed by the Internal Revenue Service (Docket Nos. 2201 and 2202, respectively). On July 27, 2012, the Bankruptcy Court sustained the Debtors' omnibus objection to certain substantively amended, substantively duplicative, cross-debtor duplicate, zero-liability, overstated and misclassified claims (Docket No. 2246). On September 12, 2012, the Bankruptcy Court sustained the Debtors' omnibus objection to certain overstated and misclassified claims (Docket No. 2280). On October 23, 2012, the Bankruptcy Court sustained the Debtors' omnibus objections to certain employment-related claims and certain purported 503(b)(9) Claims, employment-related, cured, zero-liability, substantively duplicative, and cross-debtor duplicate claims (Docket Nos. 2339 and 2341, respectively). On October 24, 2012, the Bankruptcy Court sustained the Debtors' omnibus objection to certain employment-related claims (Docket No. 2340). On November 28, 2012, the Bankruptcy Court sustained the Debtors' omnibus objections to certain purported equity claims and certain misclassified and substantively duplicative claims (Docket Nos. 2381 and 2382, respectively). On November 28, 2012, the Bankruptcy Court also sustained the Committee's omnibus objections to certain duplicate, amended and superseded, and late-filed claims and certain substantively amended, substantively duplicate, wrong debtor duplicate, zero-liability, overstated, misclassified, and no 503(b)(9) basis claims (Docket Nos. 2378 and 2380, respectively). On June 4, 2013, the Bankruptcy Court sustained the Debtors' omnibus objection to certain substantively amended, cross-debtor duplicate, and misclassified claims (Docket No. 2444). On August 5, 2013, the Bankruptcy Court sustained the Debtors' omnibus objection to certain misclassified and zero-liability claims (Docket No. 2475). On April 1, 2014, the Bankruptcy Court sustained the Debtors' omnibus objection to certain misclassified, reduce and allow, zero-liability, no supporting documentation, and late-filed claims (Docket No. 2574). On May 30, 2014 the Bankruptcy Court sustained the Debtors' omnibus objections to certain duplicative, misclassified, reduce and allow, zero-liability, and late-filed claims and certain cross-debtor duplicate, misclassified, reduce and allow, and zero-liability claims (Docket Nos. 2605 and 2606, respectively). The Debtors have also come to an agreement in principal to resolve the Debtors' prior objection to certain claims asserted by the Purchaser.

Additional claim objection(s) will be filed by the Debtors by July 21, 2014 to be scheduled for the hearing on August 20, 2014. Further, the Debtors' omnibus objection to certain taxing authority claims is currently pending before the Bankruptcy Court (Docket No. 2289). The estimated aggregate amount of priority tax claims is approximately \$1.8 million to \$2.1 million.

8. *The Motion to Convert*

On May 20, 2014, the U.S. Trustee filed the Motion to Convert seeking to convert these Chapter 11 Cases to cases under Chapter 7 of the Bankruptcy Code. On June 13, 2014, the Debtors filed the Conversion Objection and on that same date the Committee filed the Conversion Objection Joinder opposing the Motion to Convert. Following an evidentiary hearing on June 25, 2014, the Court denied the Motion to Convert and on July 7, 2014 the Court entered the Order Denying United States Trustee's Motion for Entry of an Order Converting Chapter 11 Case to Case Under Chapter 7 (Docket No. 2620).

F. Summary of Claims Process and Bar Date

1. *Schedules and Statements of Financial Affairs*

The Debtors filed Schedules of Assets and Liabilities and Statements of Financial Affairs (collectively, the "Schedules and Statements") with the Bankruptcy Court on July 11, 2007 (Docket Nos. 374-391). Among other things, the Schedules and Statements set forth the Claims of known creditors against the Debtors as of the Petition Date, based upon the Debtors' books and records.

2. *Claims Bar Date and Proofs of Claim*

By order dated September 5, 2007, the Bankruptcy Court established October 19, 2007 at 5:00 p.m. Eastern Time as the general bar date for filing nongovernmental Proofs of Claim against the Debtors (the "General Bar Date"). Governmental units are required to file proofs of claim by December 10, 2007 at 5:00 p.m. and the Bankruptcy Court established October 19, 2007 at 5:00 p.m. Eastern Time as the bar date for filing initial administrative claim requests (first arising from and after the Petition Date through and including September 15, 2007 (the "Initial Administrative Bar Date")). Notice of the General Bar Date and the Initial Administrative Bar Date was mailed to Creditors on September 12, 2007, and notice of the General Bar Date and the Administrative Bar Date was published in the Boston Globe and The New York Times on September 10, 2007. The Bankruptcy Court's order bars any Holder of a Claim that does not file a Proof of Claim or Administrative Claim Request required to be filed by the General Bar Date or the Administrative Bar Date from asserting any such Claim against the Debtor, the Reorganized Debtor, and any successors. As of the date of this Disclosure Statement, approximately 2100 proofs of claim were timely filed and not disallowed and expunged or withdrawn in the Chapter 11 Cases.

G. The Sale

During the Chapter 11 Cases, the Debtors pursued a sale of substantially all or some of the Debtors' assets in an effort to maximize the value of their businesses for the benefit of the

Debtors' creditor constituencies. Assisted by their advisors, the Debtors concluded that a sale of substantially all of their assets was in the best interests of all creditor constituencies. As detailed below, the Sale was approved by the Bankruptcy Court on July 13, 2007 and closed that same day.

1. *Factors Leading to Sale*

As set forth above, the Debtors experienced operational losses for the past five years, and funded such losses by increased borrowings under their secured financing facilities. The Debtors likewise incurred significant losses across all of their sales categories: video, audio, mobile and home installation. The Debtors announced a 12% decline in revenue and a 13% decline in comparable store sales for the fiscal quarter ended March 31, 2007.

These losses were attributable to a number of factors, the most significant of which was the continuing decline in margins for video products, particularly projection, plasma and LCD televisions. The large format stores such as Best Buy and Wal-Mart were expanding their geographic markets, and this expansion increased price competition within those markets dramatically. Sales of mobile products and services also suffered significant declines. In addition, the Debtors faced increased competition for in-home design and installation services by Best Buy, with its acquisition of Magnolia and Geek Squad, and Circuit City with its Firedog brand, which adversely affected the Debtors' profitability.

Prior to the Petition Date, the Debtors began the process of closing 49 of their less profitable stores and vacating two regional distribution facilities. The Debtors conducted store closing sales at those stores and engaged in efforts to mitigate liability under the leases for those stores. The Debtors, through their advisors, also investigated sources of debt or equity investment capital as necessary to support the Debtors' cash needs, find potential strategic partners or going concern purchasers, and explore the marketability of the Debtors' Tivoli Stock.

2. *Marketing Efforts Leading to the Agreement*

As set forth above, the Debtors began evaluating strategic alternatives, and engaged Peter J. Solomon as their investment banker and FTI as their financial advisor to advise and assist with the evaluation of such alternatives. Peter J. Solomon and FTI undertook due diligence and worked with the Company to develop a preliminary business plan. Based upon that plan, the Debtors and their financial advisors pursued a variety of transactions, including an equity or capital infusion as well as a sale of all or a portion of the Company's business. In addition, the Debtors' advisors began to search for debtor in possession financing, in the event that the Company determined to commence chapter 11 cases.

Although the Company and its advisors contacted numerous potentially interested parties regarding financing and sales, it became apparent that the Purchaser was the most likely potential purchaser of the Debtors' assets as a going concern, and that Whippoerwill was the most likely purchaser of the Debtors' Tivoli Stock. Accordingly, the Debtors and their advisors approached the Purchaser and Whippoerwill regarding their interest in serving as "stalking horse" bidders in

bankruptcy court-supervised sale(s) of the Debtors' assets. The Debtors' efforts culminated in the Debtors entering into the Going-Concern Stalking Horse Agreement, pursuant to which the Debtors would sell substantially all of their assets, subject to higher and better offers, to the Purchaser and the Tivoli Stalking Horse Agreement, pursuant to which the Debtors would sell their Tivoli Stock, subject to higher and better offers, to Whippoorwill.

The APA between the Debtors and the Purchaser generally provides that: (A) the Debtors would (i) sell the Acquired Assets free and clear of all liens, claims, interests and encumbrances and (ii) assume and assign designated executory contracts and unexpired leases to the Purchaser and (B) the Purchaser would assume certain liabilities of the Debtors. *See* Exhibit B to the Sale Order for a copy of the APA and certain schedules and exhibits thereto (Docket No. 452).

As noted above, on June 26, 2007, the Bankruptcy Court entered the Sale Procedures Order (i) approving the Sale procedures sought through the Sale Procedures Motion, (ii) naming Tweeter Newco LLC as the going concern stalking horse bidder and Whippoorwill as the Tivoli Stock stalking horse bidder, (iii) approving termination fees, and (iv) scheduling the Sale Hearing for July 13, 2007.

3. *Sale Efforts Following Entry of the Sale Procedures Order*

Pursuant to the Sale Procedures Order, the Debtors received several bids to liquidate the Debtors' inventory (i.e., to conduct "store closing sales"), bids for all or some of the Debtors' leasehold interests, as well as the Purchaser's going concern stalking horse bid and Whippoorwill's Tivoli Stock bid. An Auction for substantially all or some of the Debtors' assets was held from July 10 - 11, 2007, and the Purchaser increased its initial bid for substantially all of the Debtors' assets as a going concern. After consultation with the Debtors' advisors as well as the Creditors' Committee and their advisors, the Debtors determined in their business judgment that the Sale to the Purchaser of substantially all of their assets as a going concern pursuant to the APA was the highest or otherwise best offer received at Auction and in the Debtors' best interests. Following the Auction, the Debtors sought and received Bankruptcy Court approval of the Sale of substantially all of the Debtors' assets to the Purchaser pursuant to the APA.

4. *Closing of the Sale*

On July 13, 2007 (the "Closing Date"), the Debtors closed on and effectuated the Sale. Pursuant to the APA and Sale Order, the Purchaser accepted liability for, among other things, certain Administrative Claims, cure costs relating to executory contracts and unexpired leases of non-residential real property assumed and assigned to the Purchaser (such cure costs capped at \$8.4 million); liabilities for salary, severance, vacation pay, benefits and bonuses for employees transferred to the Purchaser to the extent any such liabilities arose after the Petition Date or are prepetition priority (pursuant to Bankruptcy Code section 507(a)(4)) unsecured claims, in either case only to the extent such liabilities are allowed claims in these Chapter 11 Cases (and such liabilities capped at \$500,000); liabilities with respect to orders by customers or potential customers of the Debtors with respect to which the customer has submitted a deposit and if such liabilities were incurred at or through a store that is not closed or designated for closure or liquidation as of the Petition Date; and liabilities of the Debtors to pay claims allowed pursuant

to a final order under Bankruptcy Code sections 503(b)(9) or 546(c) (provided, that the Purchaser maintained the right to object to such claims and did not assume liability for such claims in excess of \$750,000). *See* APA § 2.3.

Following the Closing Date, the Debtors' estates now consist of cash, certain miscellaneous assets, and causes of action against third parties, to the extent that such cash, assets, and causes of action are Excluded Assets (as defined in the APA). Accordingly, the Plan contemplates that all remaining Excluded Assets (as defined in the APA) will be disposed of, all Cash proceeds (net of expenses) will be distributed to creditors, and all administrative tasks required to complete the wind-down of the Debtors' Estates and their ultimate dissolution will be completed. In addition to providing for these things, the Plan sets forth how net Cash proceeds available for Distribution to various creditor constituencies will be allocated and paid.

5. *Purchase Price Calculation and Allocation*

Pursuant to the APA, in consideration for substantially all of the Debtors' assets, the Purchaser agreed to pay a purchase price (the "Purchase Price") equal to the following, as calculated on the Closing Date:

- (1) Obligations of any kind outstanding under the Junior DIP Loan in an aggregate amount of \$10,118,448;
- (2) \$38,000,000;
- (3) Payment to the Debtors of 20% of the Net Lease Savings (as defined below) in excess of \$2,000,000, provided that such aggregate payment obligation of the Purchaser shall not exceed \$220,000. "Net Lease Savings" means the aggregate reduction in Purchaser's obligation to pay certain Benchmark Cure Costs (as defined in the APA) with respect to non-residential real property leases assumed and assigned to the Purchaser (the "Assumed Leases" and each an "Assumed Lease") plus the net present value (using a discount factor of 10%) of any rent reductions from the existing terms under any such Assumed Lease for the duration of such lease which are agreed to by the lessor after the Closing Date and prior to the time such Assumed Lease has been designated for assumption and assignment by the Purchaser pursuant to Section 2.5(b) of the APA;² and
- (4) The aggregate amount of any liabilities assumed pursuant to section 2.3 of the APA (the "Assumed Liabilities Amount"), including but not limited to certain claims under Bankruptcy Code sections 503(b)(9) and 546(c).

²

Pursuant to the Order Pursuant to Bankruptcy Code Section 105 and Fed. R. Bankr. P. 9019 Approving Stipulation Between Debtors and TWTR Newco, LLC Regarding Advances for Lease Cures, Employee Payments, Insurance and Related Matters (Docket No. 714), the Purchaser waived the requirement regarding the Net Lease Savings and agreed to pay the Debtors the \$220,000 as contemplated by section 2.5(f) of the APA.

6. *The Purchaser's Bankruptcy*

On November 4, 2008, the Purchaser filed for protection under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware, Case No. 08-12646 (MFW) (Bankr. D. Del.). The Purchaser's bankruptcy cases were subsequently converted to cases under chapter 7 of the Bankruptcy Code. Upon conversion of the Purchaser's cases to chapter 7 cases and the closure of the Debtors' former corporate offices, the Debtors lost (i) access to books and records in the manner in which they had been kept in the ordinary course of business (including personnel records), (ii) their former employees with knowledge of the Debtors' businesses and liabilities, and (iii) many other services that would otherwise have been provided under the Purchase Agreement to assist in the reconciliation of claims asserted against the Debtors' estates.

VIII. SUMMARY OF THE PLAN OF LIQUIDATION

THIS SECTION PROVIDES A SUMMARY OF THE STRUCTURE, CLASSIFICATION, TREATMENT AND IMPLEMENTATION OF 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 PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN WILL CONTROL THE TREATMENT OF CREDITORS AND EQUITY SECURITY HOLDERS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTORS, THE REORGANIZED DEBTORS AND OTHER PARTIES IN INTEREST.

A. Purpose and Effect of the Plan

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of its creditors and shareholders. Chapter 11 also allows a debtor to formulate and consummate a plan of liquidation.

A plan of liquidation sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of liquidation by the Bankruptcy Court makes the plan binding upon the debtor and any creditor of or equity security holder in the debtor, whether or not such creditor or equity security holder (i) is impaired under or has accepted the plan or (ii) receives or retains any property under the plan.

Consistent with the Sale, the Plan provides for the distribution of substantially all of the assets of the Debtors to various creditors as contemplated under the Plan and to subsequently wind up the Debtors' corporate affairs. Under the Plan, Claims against, and Interests in, the Debtors are divided into Classes according to their relative seniority and other criteria.

If the Plan is confirmed by the Bankruptcy Court and consummated, the Claims of the various Classes will be treated in accordance with the Plan provisions in such Plan for each such Class. On the Effective Date and at certain times thereafter, the Debtors or their successors,

Liquidating TWTR, the Liquidating Trust and the Liquidating Trustee, will make distributions to certain Classes of Claims as provided in such Plan. A general description of the Classes of Claims against the Debtors created under the Plan, the treatment of those Classes under the Plan, and the property to be distributed under the Plan are described below.

1. *Unclassified Claims*

(a) DIP Facility Claims

All Senior DIP Facility Claims and Junior DIP Facility Claims shall be Allowed as provided in the Final Senior DIP Order and the Final Junior DIP Order, respectively. Pursuant to the terms of the Sale Order, as of the Closing Date, each Holder of an Allowed Senior DIP Facility Claim or Junior DIP Facility Claim received in full satisfaction, settlement, release, and discharge of, and in exchange for such Allowed Senior DIP Facility Claim or Allowed Junior DIP Facility Claim, Cash or other consideration equal to the unpaid portion of such Allowed Senior DIP Facility Claim or Junior DIP Facility Claim.

(b) Administrative Claims

An Administrative Claim means an Allowed Claim for costs and expenses of administration of the Chapter 11 Cases under Bankruptcy Code sections 503(b), 507(b), or 1114(e)(2), including: (a) any actual and necessary costs and expenses, incurred after the Petition Date, of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries and commissions for services and payments for inventory, leased equipment and premises) and Claims of governmental units for taxes (including tax audit Claims related to tax years commencing after the Petition Date, but excluding Claims relating to tax periods, or portions thereof, ending on or before the Petition Date); and (b) all other claims entitled to administrative claim status pursuant to a Final Order of the Bankruptcy Court, but excluding 503(b)(9) Claims, Trustee Fee Claims, Assumed Liabilities Claims, and Professional Fee Claims.

Except as otherwise provided in the Plan, and subject to the requirements of the Plan, on, or as soon as reasonably practicable after the later of (i) the Distribution Date or (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, a Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim or (b) such other treatment as to which such Holder and the Debtors and/or the Liquidating Trustee shall have agreed upon in writing; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto (x) prior to the Effective Date, by the Debtors and/or the Purchaser (as required by the terms of the APA), and (y) subsequent to the Effective Date, by the Liquidating Trustee and/or the Purchaser (as required by the terms of the APA).

(c) Priority Tax Claims

A Priority Tax Claim means a Claim of a governmental unit of the kind specified in Bankruptcy Code sections 502(i) or 507(a)(8).

Except to the extent that an Allowed Priority Tax Claim has been paid prior to the Distribution Date and subject to the occurrence of the Effective Date, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date or (ii) the Periodic Distribution Date immediately following the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, a Holder of an Allowed Priority Tax Claim shall receive from the Liquidating Trustee, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Priority Tax Claim, (i) Cash equal to the unpaid portion of the Face Amount of such Allowed Priority Tax Claim or (ii) such other treatment as to which such Holder and the Liquidating Trustee shall have agreed upon in writing.

2. *Unimpaired Classified Claims*

(a) Class 1: Miscellaneous Secured Claims

A Miscellaneous Secured Claim means a Claim that is (a) secured by a Lien on property in which a Debtor's Estate has an interest or (b) subject to setoff under Bankruptcy Code section 553 and such right of setoff has been asserted by the Holder of such right prior to the Confirmation Date in a properly filed motion for relief from the automatic stay, to the extent of the value of the Claimholder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to Bankruptcy Code section 506(a) or, in the case of setoff, pursuant to Bankruptcy Code section 553.

Subject to the occurrence of the Effective Date, on, or as soon as reasonably practicable after, the later of (a) the Distribution Date or (b) the date on which a Miscellaneous Secured Claim becomes an Allowed Miscellaneous Secured Claim, a Holder of an Allowed Miscellaneous Secured Claim shall receive from the Liquidating Trustee, in full satisfaction, settlement, release, and discharge of and in exchange for, such Allowed Miscellaneous Secured Claim, (i) Cash equal to the value of its Allowed Miscellaneous Secured Claim, (ii) a return of the Holder's collateral securing the Miscellaneous Secured Claim or (iii) such other treatment as to which such Holder and the Debtors and/or the Liquidating Trustee shall have agreed upon in writing. Any Holder of a Miscellaneous Secured Claim shall retain its Lien in the Collateral or the proceeds of the Collateral (to the extent that such Collateral is sold by the Debtors or the Liquidating Trustee free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until such time as (A) the Holder of such Miscellaneous Secured Claim (i) has been paid Cash equal to the value of its Allowed Miscellaneous Secured Claim, (ii) has received a return of the Collateral securing the Miscellaneous Secured Claim or (iii) has been afforded such other treatment as to which such Holder and the Liquidating Trustee shall have agreed upon in writing; or (B) such purported Lien has been determined by an order of the Bankruptcy Court to be invalid or otherwise avoidable.

(b) Class 2: Non-Tax Priority Claims

A Non-Tax Priority Claim means a Claim, other than an Administrative Claim or Priority Tax Claim, which is entitled to priority in payment pursuant to Bankruptcy Code section 507(a), including any 503(b)(9) Claim.

Subject to the occurrence of the Effective Date, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date or (ii) the Periodic Distribution Date immediately following the date such Non-Tax Priority Claim becomes an Allowed Non-Tax Priority Claim, a Holder of an Allowed Non-Tax Priority Claim shall receive from the Liquidating Trustee, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Non-Tax Priority Claim, (i) Cash equal to the unpaid portion of the Face Amount of such Allowed Non-Tax Priority Claim or (ii) such other treatment as to which such Holder and the Liquidating Trustee shall have agreed upon in writing.

3. *Impaired Classified Claims*

(a) Class 3: General Unsecured Claims

A General Unsecured Claim means a Claim that is not an Administrative Claim, 503(b)(9) Claim, Priority Tax Claim, Non-Tax Priority Claim, Miscellaneous Secured Claim, Old Equity Interest, or Professional Fee Claim; provided, however, that General Unsecured Claims shall include Deficiency Claims and Reclamation Claims.

Subject to the occurrence of the Effective Date, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date, or (ii) the Periodic Distribution Date immediately following the date such General Unsecured Claim becomes an Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured Claim shall, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed General Unsecured Claim, receive from the Liquidating Trustee, its Pro Rata share of the Initial Class 3 Distribution Amount. On each Periodic Distribution Date, each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of the Periodic Class 3 Distribution Amount.

Holders of Class 3 Claims are entitled to vote to accept or reject the Plan.

(b) Class 4: Intercompany Claims

An Intercompany Claim means (i) any Claim held by a Debtor against another Debtor, including, without limitation: (a) any account reflecting intercompany book entries by a Debtor with respect to another Debtor, (b) any Claim not reflected in such book entries that is held by a Debtor against another Debtor, and (c) any derivative Claim asserted by or on behalf of one Debtor against another Debtor; and (ii) any Subsidiary Interests.

On the Effective Date, all Intercompany Claims shall be deemed eliminated, cancelled and/or extinguished and each Holder thereof shall not be entitled to, and shall not receive or retain any property under the Plan on account of such Intercompany Claims.

By operation of the Bankruptcy Code, Class 4 is deemed to have rejected the Plan and Holders of Class 4 Claims are not entitled to vote to accept or reject the Plan. However, the Debtors, as Plan Proponents, support approval of the Plan.

(c) Class 5: Subordinated 510(c) Claims

A Subordinated 510(c) Claim means any Claim (i) subordinated pursuant to Bankruptcy Code section 510(c); or (ii) for punitive or exemplary damages or for a fine or penalty, to the extent permitted by applicable law.

On the Effective Date, all Subordinated 510(c) Claims shall be deemed eliminated, cancelled and/or extinguished and each Holder thereof shall not be entitled to, and shall not receive or retain any property under the Plan on account of such Subordinated 510(c) Claims.

Class 5 is deemed to have rejected the Plan and Holders of Subordinated 510(c) Claims are not entitled to vote to accept or reject the Plan.

(d) Class 6: Subordinated 510(b) Claims

A Subordinated 510(b) Claim means any Claim subordinated pursuant to Bankruptcy Code section 510(b), which shall include any Claim arising from the rescission of a purchase or sale of any Old Common Stock, any Claim for damages arising from the purchase or sale of any Old Common Stock, or any Claim for reimbursement, contribution or indemnification on account of any such Claim.

On the Effective Date, all Subordinated 510(b) Claims shall be deemed eliminated, cancelled, and/or extinguished and each Holder thereof shall not be entitled to, and shall not receive or retain any property under the Plan on account of such Subordinated 510(b) Claims.

Class 6 is deemed to have rejected the Plan and Holders of Subordinated 510(b) Claims are not entitled to vote to accept or reject the Plan.

4. *Old Equity Interests*

(a) Class 7: Interests

An Interest means the legal, equitable, contractual, and other rights of any Person with respect to any capital stock or other ownership interest in any Debtor, whether or not transferable, and any option, warrant or right to purchase, sell, or subscribe for an ownership interest or other equity security in any Debtor.

On the Effective Date, the Interests, including but not limited to the Common Stock, shall be canceled and each Holder thereof shall not be entitled to, and shall not receive or retain any property or interest in property on account of, such Interests.

Class 7 is deemed to have rejected the Plan and Holders of Interests are not entitled to vote to accept or reject the Plan.

5. *Special Provision Regarding Unimpaired Claims*

Except as otherwise provided in the Plan, the Confirmation Order, any other order of the Bankruptcy Court, or any document or agreement enforceable pursuant to the terms of the Plan,

nothing shall affect the rights and defenses, both legal and equitable, of the Liquidating Trustee with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments against Unimpaired Claims, provided that, Claimholders may contest setoff or recoupment in the Bankruptcy Court or any other court of competent jurisdiction.

6. *Allowed Claims*

The Liquidating Trustee shall only make Distributions to Holders of Allowed Claims. No Holder of a Disputed Claim will receive any Distribution on account thereof until (and then only to the extent that) its Disputed Claim becomes an Allowed Claim. The Liquidating Trustee may, in its reasonable discretion, withhold Distributions otherwise due hereunder to any Claimholder until the Claims Objection Deadline, to enable a timely objection thereto to be filed. Any Holder of a Claim that becomes an Allowed Claim after the Effective Date will receive its Distribution in accordance with the terms and provisions of the Plan and the Liquidating Trust Agreement.

7. *Special Provisions Regarding Insured Claims*

Distributions under the Plan to each Holder of an Insured Claim shall be in accordance with the treatment provided under the Plan for the Class in which such Insured Claim is classified; provided, however, that the maximum amount of any Distribution under the Plan on account of an Allowed Insured Claim shall be limited to an amount equal to: (a) the applicable deductible or self-insured retention under the relevant insurance policy minus (b) any reimbursement obligations of the Debtors to the insurance carrier for sums expended by the insurance carrier on account of such Claim (including defense costs); provided further, however, that, to the extent that a Claimholder has an Allowed Insured Claim, the amount of which exceeds the total coverage available from the relevant insurance policies of the Debtors, such Claimholder shall have an Allowed General Unsecured Claim in the amount by which such Allowed Insured Claim exceeds the coverage available from the relevant Debtors' insurance policies. Nothing in Article IV.G of the Plan shall constitute a waiver of any Cause of Action the Debtors may hold against any Person, including the Debtors' insurance carriers, or is intended to, shall, or shall be deemed to preclude any Holder of an Allowed Insured Claim from seeking and/or obtaining a distribution or other recovery from any insurer of the Debtors in addition to any Distribution such Holder may receive under the Plan; provided further, however, that the Debtors do not waive, and expressly reserve their rights to assert that any insurance coverage is property of the Estates to which they are entitled.

The Plan shall not expand the scope of, or alter in any other way, the obligations of the Debtors' insurers under their policies, and the Debtors' insurers shall retain any and all defenses to coverage that such insurers may have. The Plan shall not operate as a waiver of any other Claims the Debtors' insurers have asserted or may assert in any Proof of Claim or the Debtors' rights and defenses with respect to such Proofs of Claim.

B. Acceptance or Rejection of the Plan

1. *Impaired Classes of Claims Entitled to Vote*

Subject to Article IV of the Plan, Claimholders in each Impaired Class of Claims are entitled to vote as a Class to accept or reject the Plan.

2. *Acceptance by an Impaired Class*

In accordance with Bankruptcy Code section 1126(c) and except as provided in Bankruptcy Code section 1126(e), an Impaired Class of Claims shall have accepted the Plan if the Plan is accepted by the Holders of at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject the Plan.

3. *Presumed Acceptances by Unimpaired Classes*

Classes 1 and 2 are Unimpaired by the Plan. Under Bankruptcy Code section 1126(f), such Claimholders are conclusively presumed to accept the Plan, and the votes of such Claimholders will not be solicited.

4. *Classes Deemed to Reject Plan*

Holders of Claims in Classes 4, 5 and 6 and Interest Holders in Class 7 are not entitled to receive or retain any property under the Plan. Under Bankruptcy Code section 1126(g), Holders of Claims in Classes 4, 5 and 6 and Holders of Interests in Class 7 are deemed to reject the Plan, and the votes of such Claimholders or Interest Holders will not be solicited.

5. *Summary of Classes Voting on the Plan*

As a result of the provisions of Articles II and IV of the Plan, the votes of Holders of Claims in Class 3 will be solicited with respect to the Plan.

6. *Confirmation Pursuant to Bankruptcy Code Section 1129(b)*

Because Classes 4, 5, 6 and 7 are deemed to reject the Plan, the Plan Proponents will seek Confirmation of the Plan from the Court by employing the Cramdown procedures set forth in section 1129(b) of the Bankruptcy Code. The Plan Proponents reserve the right to alter, amend, modify, revoke, or withdraw the Plan or any Plan Exhibit, schedule or Plan Supplement including to amend or modify the Plan or such exhibits, schedules or supplements to satisfy the requirements of Bankruptcy Code section 1129(b), if necessary.

C. Means for Implementation of the Plan

1. *Corporate Action*

- (a) Transfer of Assets to Liquidating Trust

Upon the Effective Date, any and all remaining assets of the Debtors and their Estates, including (a) all Unencumbered Assets and (b) all Cash, shall be transferred to, and vest in, the Liquidating Trust, as set forth in the Liquidating Trust Agreement, subject to any Lien that is not waived, released or discharged on the Effective Date of the Plan. All such assets shall constitute the "Trust Estate", subject to those Liens. For all U.S. federal income tax purposes, all parties must treat the transfer of such assets to the Liquidating Trust as a transfer of such assets to the beneficiaries of the Liquidating Trust followed by a transfer of such assets by such beneficiaries to the Liquidating Trust, with the beneficiaries being treated as the grantors and owners of the Liquidating Trust. Accordingly, because a grantor trust is treated as a pass-through entity for U.S. federal income tax purposes, generally no tax should be imposed on the Liquidating Trust as a result of the transfer of assets thereto nor on income earned or gain recognized by the Liquidating Trust.

(b) Dissolution of TWTR and the Affiliate Debtors

On the Effective Date, or as soon thereafter as is practicable, TWTR and the Affiliate Debtors shall be dissolved in accordance with the Delaware General Corporation Law or other applicable governing law without need for further Bankruptcy Court or other approvals. The Debtors' remaining officers and directors shall be deemed to have resigned upon the Effective Date, or as soon thereafter as the dissolution of TWTR and the Affiliate Debtors may be effected in accordance with the Delaware General Corporation Law; provided, however, that such resignations shall not be effective until such officers and directors have discharged all remaining responsibilities with respect to the dissolution of the Debtors in accordance with applicable state and federal law. If necessary or appropriate, the Liquidating Trustee shall file a certificate of dissolution for TWTR and/or the Affiliate Debtors and shall take all other actions necessary or appropriate to effect the dissolution of TWTR and/or the Affiliate Debtors under applicable state law.

(c) Post-Effective Date Professional Fees; Final Fee Applications

The Professionals employed by the Debtors or the Creditors' Committee shall be entitled to reasonable compensation and reimbursement of actual, necessary expenses for post-Effective Date activities, including the preparation, filing, and prosecution of final fee applications, upon the submission of invoices to the Liquidating Trustee. Any time or expenses incurred in the preparation, filing, and prosecution of final fee applications shall be disclosed by each Professional in its final fee application and shall be subject to approval of the Bankruptcy Court.

(d) Legal Representation of the Debtors and the Creditors' Committee After the Effective Date

Upon the Effective Date, the attorney-client relationship between the Debtors and their current counsel, Skadden, Arps, Slate, Meagher & Flom LLP, and between the Creditors' Committee and its current counsel, Otterbourg, Steindler, Houston & Rosen, P.C., and Pachulski, Stang, Ziehl & Jones LLP, shall be deemed terminated. No successor to the Debtors and/or the Creditors' Committee, whether under the Plan or otherwise, including but not limited to the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee shall be deemed to succeed to the attorney-client relationship that currently exists between the Debtors and its

counsel and the Creditors' Committee and its counsel. Subject only to the applicable ethical rules governing attorneys, their receipt of confidential information and their relationship with former clients, current counsel for the Debtors shall not be precluded from representing any party in any action that might be brought by or against the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee. Similarly, subject only to the applicable ethical rules governing attorneys, their receipt of confidential information and their relationship with former clients, current counsel and other professionals for the Creditors' Committee shall not be precluded from representing the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee or any other party in any action that might be brought by or against any former individual members of the Creditors' Committee.

In addition, upon the Effective Date, the Liquidating Trust and the Liquidating Trustee shall succeed to the attorney-client privilege formerly held by the Debtors. Accordingly, to the extent that documents are requested from current counsel to the Debtors by any Person, after the Effective Date, only the Liquidating Trust and the Liquidating Trustee shall have the ability to waive such attorney-client privilege. In addition, current counsel to the Debtors shall have no obligation to produce any documents currently in their possession as a result of or arising in any way out of their representation of the Debtors unless (i) the Person requesting such documents serves their request on the Liquidating Trust, and/or the Liquidating Trustee; (ii) the Liquidating Trust, and/or the Liquidating Trustee consent in writing to such production and any waiver of the attorney-client privilege such production might cause; and (iii) the Liquidating Trust, the Liquidating Trustee, or the Person requesting such production, agree to pay the reasonable costs and expenses incurred by current counsel for the Debtors in connection with such production. Upon the third (3rd) anniversary of the termination of the Liquidating Trust Agreement, any and all documents in the possession of the Debtors' current counsel and the Creditors' Committee's current counsel as a result of or arising in any way out of their representation of the Debtors and/or the Creditors' Committee, respectively, shall be deemed destroyed and no Person shall be entitled to obtain such documents.

Similarly, upon the Effective Date, the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee shall succeed to the attorney-client privilege formerly held by the Creditors' Committee. Accordingly, to the extent that documents are requested from current counsel to the Creditors' Committee by any Person, after the Effective Date, only the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee shall have the ability to waive such attorney-client privilege. In addition, current counsel to the Creditors' Committee shall have no obligation to produce any documents currently in their possession as a result of or arising in any way out of their representation of the Creditors' Committee unless (i) the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee consents in writing to such production and any waiver of the attorney-client privilege such production might cause and (ii) the Liquidating Trust and/or the Liquidating Trustee, or the Person requesting such production, agrees to pay the reasonable costs and expenses incurred by current counsel for the Creditors' Committee in connection with such production.

(e) Termination of Liquidating Trust

As soon as practicable after the Liquidating Trust exhausts the assets of the Debtors' Estates by making the final Distribution of Cash under the Plan and the Liquidating Trust Agreement and has complied with and fulfilled its obligations under the Plan, the APA, and the Sale Order, the Liquidating Trustee shall, at the expense of the Debtors' Estates, (a) provide for the retention and storage of the books and records, and files that shall have been delivered to or created by the Liquidating Trust until such time as all such books, records and files are no longer required to be retained under applicable law, and file a certificate informing the Bankruptcy Court of the location at which such books, records, and files are being stored; (b) file a certification stating that the assets of the Debtors' Estates have been exhausted and final Distributions of Cash have been made under the Plan; and (c) file tax returns.

(f) Cancellation of Old Securities and Agreements

Except as otherwise provided in the Plan, and in any contract, instrument or other agreement or document created in connection with the Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article III of the Plan, the Old Common Stock and any other promissory notes, share certificates, whether for preferred or common stock (including treasury stock), other instruments evidencing any Claims or Interests, other than a Claim that is being Reinstated and rendered unimpaired, and all options, warrants, calls, rights, puts, awards, commitments, or any other agreements of any character to acquire such Interests shall be deemed canceled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order, or rule, and the obligations of the Debtors under the notes, share certificates, and other agreements and instruments governing such Claims and Interests shall be discharged; provided, however, that certain instruments, documents, and credit agreements related to Claims shall continue in effect solely for the purposes of allowing the agents to make Distributions to the beneficial holders and lenders thereunder. The holders of or parties to such canceled notes, share certificates and other agreements and instruments shall have no rights arising from or relating to such notes, share certificates and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to the Plan.

(g) No Further Action

Each of the matters provided for under the Plan involving the corporate or limited liability company structure of the Debtors or corporate or limited liability company action to be taken by or required of the Debtors shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by any Person, including but not limited to, the Liquidating Trust, Holders of Claims or Interests against or in the Debtors, or directors or officers of the Debtors, as permitted by section 303 of the Delaware General Corporation Law.

(h) Effectuating Documents; Further Transactions

Any appropriate officer of TWTR or any applicable Debtor or the Liquidating Trustee, as the case may be, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of

the Plan. The Chief Liquidating Officer of TWTR or any applicable Debtor, Liquidating TWTR or the Liquidating Trustee, as the case may be, shall be authorized to certify or attest to any of the foregoing actions.

2. *Limited Consolidation*

For the purposes of effectuating the Plan, including for purposes of voting, Confirmation and Distributions to be made under the Plan, the Debtors are seeking authority under section 105 of the Bankruptcy Code consolidating the Debtors solely with respect to Creditors who hold Administrative Claims, Priority Claims, Non-Tax Priority Claims and Class 3 General Unsecured Claims.

Such consolidation (other than for the purpose of effectuating the Plan) will not affect: (1) the legal and corporate structures of the Debtors, subject to the right of the Debtors to effect restructurings as provided in Section 5.12 of the Plan; (2) pre- and post-Effective Date guarantees, liens and security interests that are required to be maintained (a) in connection with contracts or leases that were entered into during the Chapter 11 Cases or executory contracts and unexpired leases that have been or will be assumed or (b) pursuant to the Plan; and (3) distributions from any insurance policies or proceeds of such policies.

Pursuant to the limited consolidation set forth above, (i) any guarantee by a Debtor of an obligation of another Debtor shall be deemed one obligation of the Debtor for whom the guarantee was issued, and (ii) each Administrative Claim, Priority Claim, Non-Tax Priority Claim and Class 3 General Unsecured Claim filed or to be filed against any Debtor shall be deemed filed against the consolidated Debtors and shall be deemed a single Claim against and a single obligation of the consolidated Debtors.

The Debtors do not seek approval of limited consolidation to deprive any creditor or group of creditors of their rights while providing a windfall to other creditors. The Debtors propose the limited consolidation because the Debtors believe that, in view of the limited funding available to unsecured creditors and the expense involved in unraveling the Estates, the recovery by Creditors of the Debtors will, at best, be maximized, and at worst, be largely unaffected by the limited consolidation. Moreover, the Debtors believe that limited consolidation is fair and equitable and in the best interests of the Debtors, their Estates, their Creditors and other parties in interest. Moreover, the pooling of Avoidance Action Proceeds amongst the Estates will benefit the creditor body as a whole and result in Holders of Allowed Claims receiving more under the Plan than such Holders would receive in Chapter 7. Accordingly, for these reasons and those to be set forth at the Confirmation Hearing, the Debtors submit that limited consolidation is fair, equitable and reasonable and should be approved by the Bankruptcy Court.

The Plan will serve as a motion seeking entry of an order consolidating the Debtors, as described and to the limited extent set forth above. Unless an objection to such consolidation is made in writing by any Creditor affected by the Plan, Filed with the Bankruptcy Court and served on counsel to the Debtors on or before five days before either the Voting Deadline or such other date as may be fixed by the Bankruptcy Court, the consolidation order (which may be the

Confirmation Order) may be entered by the Bankruptcy Court. In the event any such objections are timely Filed, a hearing with respect thereto will occur at or before the Confirmation Hearing.

D. Sources for Plan Distribution

All Cash necessary for the Debtors or the Liquidating Trustee to make payments of Cash pursuant to the Plan shall be obtained from the following sources: (a) the Debtors' Cash on hand, (b) the proceeds of the Sale, (c) Cash received in liquidation of the Excluded Assets of the Debtors, and (d) proceeds of the Causes of Action including the Avoidance Action Proceeds.

E. Funding of Reserves

1. *Professional Fee Reserve*

On or before the Effective Date, the Debtors shall fund the Professional Fee Reserve in the amount of the aggregate Professional Fee Estimate. The Liquidating Trustee shall (i) segregate and shall not commingle the Cash held therein and (ii) subject to the terms and conditions of the Liquidating Trust Agreement, pay each Allowed Professional Fee Claim from the Professional Fee Reserve upon entry of a Final Order allowing such Claim. In the event that Cash remains in the Professional Fee Reserve after payment of all Allowed Professional Fee Claims, such Cash shall become Available Cash and shall be distributed in accordance with the terms of the Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall not be permitted to distribute any of the Professional Fee Reserve to any Person other than a Professional entitled to payment from the Professional Fee Reserve (and then such payment shall only be permitted in accordance with the terms of the Plan) unless and until all Allowed Professional Fee Claims have been paid in full and all other Professional Fee Claims have been Disallowed or otherwise resolved. Nothing in the Plan, including the establishment of the Professional Fee Reserve, is intended to or shall be deemed in any way to alter the priority of Professional Fee Claims afforded by the Bankruptcy Code.

2. *Liquidating Trust Operating Reserve*

On or before the Effective Date, the Debtors shall fund the Liquidating Trust Operating Reserve in an amount deemed by the Debtors in consultation with the Creditors' Committee to be sufficient to pay the fees and expenses of the Liquidating Trustee and the Liquidating Trustee Professionals, in light of any anticipated recovery from Excluded Assets and/or Causes of Action. The Liquidating Trustee shall be permitted, but not required, from time to time, to deposit Available Cash into the Liquidating Trust Operating Reserve to fund, among other things, the expenses of the Liquidating Trustee, the Liquidating Trustee Professionals, the Trust Advisory Board, and the Trust Advisory Board Professionals, as set forth more fully in the Liquidating Trust Agreement.

3. *Administrative Claims Reserve*

On or before the Effective Date, the Debtors shall fund the Administrative Claims Reserve in the amount of the Administrative Claims Estimate. The Liquidating Trustee shall (i) segregate and shall not commingle the Cash held therein and (ii) subject to the terms and conditions of the Liquidating Trust Agreement, pay each Allowed Administrative Claim (except

Professional Fee Claims (which shall be paid from the Professional Fee Reserve)), upon entry of a Final Order allowing such Claim. In the event that Cash remains in the Administrative Claims Reserve after payment of all Allowed Administrative Claims (except Professional Fee Claims (which shall be paid from the Professional Fee Reserve)), such Cash shall become Available Cash and shall be distributed in accordance with the terms of the Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall not be permitted to distribute any of the Administrative Claims Reserve to any Person other than a Person entitled to payment from the Administrative Claims Reserve (and then such payment shall be permitted in accordance with the terms of the Plan) unless and until all Allowed Administrative Claims (except Professional Fee Claims (which shall be paid from the Professional Fee Reserve)) have been paid in full and all other Administrative Claims (except Professional Fee Claims (which shall be paid from the Professional Fee Reserve)) have been Disallowed or otherwise resolved.

F. Reconstitution of Creditors' Committee as Trust Advisory Board

1. Establishment of Trust Advisory Board

On and as of the Effective Date, all or less than all of the members of the Creditors' Committee shall be reconstituted as the Trust Advisory Board, whose members shall be selected by the Creditors' Committee, but in no event less than three members shall initially constitute the Trust Advisory Board. The members of the Creditors' Committee who are not selected as members of the Trust Advisory Board shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases. It is expected that Otterbourg P.C., shall serve as counsel for the Trust Advisory Board, which representation shall not preclude Otterbourg P.C. from also representing the Liquidating Trustee. The services of other Professionals retained by the Creditors' Committee shall terminate on the Effective Date. Notwithstanding the foregoing or any other provision of the Plan, in the absence of the ability of forming a Trust Advisory Board comprised of less than three members, no Trust Advisory Board shall be formed and the Liquidating Trustee may act independently.

2. Vacancies

In the event of the death or resignation of any member of the Trust Advisory Board after the Effective Date, a majority of the remaining members of the Trust Advisory Board shall have the right to designate a successor from among the Holders of General Unsecured Claims. Until a vacancy on the Trust Advisory Board is filled, the Trust Advisory Board shall function in its reduced number.

3. Investigation, Prosecution and Settlement of Claims

The Liquidating Trustee shall consult with the Trust Advisory Board on a regular basis concerning the Liquidating Trustee's investigation, prosecution, and proposed settlement of Claims. The Liquidating Trust Agreement shall contain protocols for the settlement of Claims by the Liquidating Trustee and the involvement of the Trust Advisory Board in such settlements.

4. Final Fee Applications

The duties of the Trust Advisory Board shall also include services related to any Final Fee Applications filed pursuant to Article X.A.1 of the Plan, and the Trust Advisory Board shall have the right to be heard on all issues relating to such Final Fee Applications.

5. Fees and Expenses of the Trust Advisory Board

The Liquidating Trustee shall pay the reasonable fees and expenses of the attorneys or other professionals of the Trust Advisory Board, which payments shall not require an order of the Bankruptcy Court approving such payments. The Trust Advisory Board's attorneys or other professionals shall deliver invoices for such fees and expenses to the Liquidating Trustee and the other Liquidating Trustee Professionals (if any), and payment shall be made within ten (10) Business Days following receipt. In the event of a dispute with respect to the fees and expenses of the professionals to the Trust Advisory Board, the undisputed portion of such fees and expenses may, at the Liquidating Trustee's sole discretion, be paid pending the resolution of the disputed portion of such fees and expenses, which payment shall not require an order of the Bankruptcy Court approving such payment. The Liquidating Trustee may be removed by the Bankruptcy Court for cause shown. In the event of the resignation or removal of the Liquidating Trustee, the Trust Advisory Board shall, by majority vote, designate a person to serve as successor Liquidating Trustee. Neither the Trust Advisory Board nor any of its members, designees, counsel, financial advisors or any duly designated agent or representatives of any such party shall be liable for the act, default or misconduct of any other member of the Trust Advisory Board, nor shall any member be liable for anything other than such members' own gross negligence or willful misconduct. The Trust Advisory Board may, in connection with the performance of its duties, and in its sole and absolute discretion, consult with its counsel, accountants or other professionals, and shall not be liable for anything done or omitted or suffered to be done in accordance with such advice or options. If the Trust Advisory Board determines not to consult with counsel, accountants or other professionals, such action or omission shall not be deemed to impose any liability on the Trust Advisory Board, or its members and/or designees.

6. Dissolution of the Trust Advisory Board

The Trust Advisory Board shall be dissolved and the members thereof shall be released and discharged of and from further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Cases on the later of (i) the date on which final Distributions are made to Holders of Allowed General Unsecured Claims and (ii) the date on which all services related to Final Fee Applications are completed; provided, however, that the Bankruptcy Court may authorize, upon motion of the Trust Advisory Board, an earlier dissolution of the Trust Advisory Board and release and discharge of its members. The employment of the Trust Advisory Board's attorneys shall terminate upon such dissolution.

G. Liquidating Trust

1. *Establishment of the Liquidating Trust*

The Liquidating Trust shall be established and shall become effective on the Effective Date. All Distributions to the Holders of Allowed Claims shall be from the Liquidating Trust.

The Liquidating Trust shall hold and administer the following assets and the Net Proceeds thereof (collectively, the "Liquidating Trust Assets"):

- (a) The Excluded Assets, including but not limited to the Causes of Action for liquidation and Distribution in accordance with the Plan;
- (b) the Reserves, which shall not constitute part of the res of the Liquidating Trust, except to the extent provided herein, but which shall be held separate by the Liquidating Trustee, to be administered in accordance with the Plan; and
- (c) all other property of the Debtors and the Estates, and each of them, which shall be deemed assigned by the Debtor to the Liquidating Trust on the Effective Date for liquidation and Distribution in accordance with the Plan.

2. *Trust Distributions*

Following the funding of the Reserves, the Liquidating Trustee shall liquidate all assets of the Debtors and the Estates (including, without limitation, all Causes of Action) and distribute the Net Proceeds of such liquidation from the Liquidating Trust in accordance with the Plan and the Liquidating Trust Agreement.

3. *Duration of Trust*

The Liquidating Trust shall continue to exist until such time as (a) the Bankruptcy Court has entered a Final Order closing the Chapter 11 Cases pursuant to Bankruptcy Code section 350(a) and (b) the Liquidating Trustee has administered all assets of the Liquidating Trust and performed all other duties required by the Plan and the Liquidating Trust Agreement. As soon as practicable after the Final Trust Distribution Date, the Liquidating Trustee shall seek entry of a Final Order closing the Chapter 11 Cases pursuant to Bankruptcy Code section 350.

4. *Liquidation of Causes of Action*

Notwithstanding any other term or provision of the Plan, the Liquidating Trustee shall have sole authority and responsibility, after consultation with the Trust Advisory Board, for investigating, analyzing, commencing, prosecuting, litigating, compromising, collecting, and otherwise administering the Causes of Action.

5. *Liquidating Trustee*

- (a) Appointment

The Liquidating Trustee shall be Carroll Services LLC, who has been selected by the Debtors in conjunction with the Committee, as designated in the Confirmation Order. The appointment of the Liquidating Trustee shall be effective as of the Effective Date. Successor Liquidating Trustee(s) shall be appointed as set forth in the Liquidating Trust Agreement.

(b) Term

Unless the Liquidating Trustee resigns or dies earlier, the Liquidating Trustee's term shall expire upon termination of the Liquidating Trust pursuant to the Plan and/or the Liquidating Trust Agreement.

(c) Powers and Duties

The Liquidating Trustee shall have the rights and powers set forth in the Trust Agreement including, but not limited to, the powers of a debtor-in-possession under Bankruptcy Code sections 1107 and 1108; provided, however, the Liquidating Trustee shall have no authority to operate the Debtors' businesses. The Liquidating Trustee shall be governed in all things by the terms of the Liquidating Trust Agreement and the Plan. The Liquidating Trustee shall administer the Liquidating Trust, and its assets, and make Distributions from the proceeds of the Liquidating Trust in accordance with the Plan. In addition, the Liquidating Trustee shall, in accordance with the terms of the Plan, take all actions necessary to wind down the affairs of the Debtors consistent with the Plan and applicable non-bankruptcy law. Without limitation, the Liquidating Trustee shall (a) file final federal, state, and, to the extent applicable, local, tax returns; and (b) dissolve each of the Debtors in accordance with the Plan. The Liquidating Trustee shall be authorized, empowered and directed to take all actions necessary to comply with the Plan and exercise and fulfill the duties and obligations arising thereunder, including, without limitation, to:

- (i) employ, retain, and replace one or more attorneys, accountants, auctioneers, brokers, managers, consultants, other professionals, agents, investigators, expert witnesses, consultants, and advisors as necessary to discharge the duties of the Liquidating Trustee under the Plan and the Liquidating Trust Agreement;
- (ii) object to the allowance of Claims pursuant to the terms of the Plan;
- (iii) establish the Reserves and open, maintain and administer bank accounts as necessary to discharge the duties of the Liquidating Trustee under the Plan and the Liquidating Trust Agreement;
- (iv) pay reasonable and necessary professional fees, costs, and expenses as set forth in the Plan;
- (v) investigate, analyze, commence, prosecute, litigate, compromise, and otherwise administer the Causes of Action and all related Liens for the benefit of the Liquidating Trust and its beneficiaries, as set forth in the Plan, and take all other necessary and appropriate steps to collect, recover, settle, liquidate, or otherwise reduce to Cash the Causes of Action, including all receivables, and to negotiate and effect settlements and lien releases with respect to all related Claims and all related Liens;

- (vi) administer, sell, liquidate, or otherwise dispose of all Collateral and all other assets of the Estates in accordance with the terms of the Plan;
- (vii) represent the Estates before the Bankruptcy Court and other courts of competent jurisdiction with respect to matters concerning the Liquidating Trust;
- (viii) seek the examination of any entity under and subject to the provisions of Bankruptcy Rule 2004;
- (ix) comply with applicable orders of the Bankruptcy Court and any other court of competent jurisdiction over the matters set forth in the Plan;
- (x) comply with all applicable laws and regulations concerning the matters set forth in the Plan;
- (xi) exercise such other powers as may be vested in the Liquidating Trust pursuant to the Liquidating Trust Agreement, the Plan, or other Final Orders of the Bankruptcy Court; and
- (xii) execute any documents, instruments, contracts, and agreements necessary and appropriate to carry out the powers and duties of the Liquidating Trust.

(d) Fees and Expenses

Except as otherwise provided in the Plan, compensation of the Liquidating Trustee and the costs and expenses of the Liquidating Trustee and the Liquidating Trust (including, without limitation, professional fees and expenses) shall be paid (i) to the extent related to the administration, preservation, maintenance or liquidation of Collateral, from the Net Proceeds of the liquidation of such Collateral; (ii) to the extent related to the administration or liquidation of the Causes of Action, from the Net Proceeds of the Causes of Action; and (iii) from the Liquidating Trust Operating Reserve. The Liquidating Trustee shall pay the reasonable fees and expenses of the Liquidating Trustee or the Liquidating Trustee Professionals as necessary to discharge the Liquidating Trustee's duties under the Plan and the Liquidating Trust Agreement, which payments shall not require an order of the Bankruptcy Court approving such payments. The Liquidating Trustee Professionals shall deliver invoices for such fees and expenses to the Trust Advisory Board, the Liquidating Trustee and the other Liquidating Trustee Professionals (if any), and payment shall be made within ten (10) Business Days following receipt. In the event of a dispute with respect to the fees and expenses of the Liquidating Trustee or the Liquidating Trustee Professionals, the undisputed portion of such fees and expenses may, at the Liquidating Trustee's sole discretion, be paid pending the resolution of the disputed portion of such fees and expenses, which payment shall not require an order of the Bankruptcy Court approving such payment. The Liquidating Trustee is entitled to deduct all fees and expenses reasonably incurred by the Liquidating Trustee and/or the Liquidating Trustee Professionals in

administering, preserving, maintaining or liquidating Collateral from the proceeds of such Collateral prior to making any Distribution of such proceeds under the Plan.

(e) Retention of Professionals and Compensation Procedure

On and after the Effective Date, the Liquidating Trustee may engage such professionals and experts as may be deemed necessary and appropriate by the Liquidating Trustee to assist the Liquidating Trustee in carrying out the provisions of the Plan and the Liquidating Trust Agreement. For services performed from and after the Effective Date, Liquidating Trustee Professionals shall receive compensation and reimbursement of expenses in a manner to be determined by the Liquidating Trustee, in consultation with the Trust Advisory Board.

(f) Compromising Claims

Pursuant to Bankruptcy Rule 9019(b), the Plan and the Liquidating Trust Agreement, as of the Effective Date the Liquidating Trustee is authorized, after consultation with the Trust Advisory Board, to approve compromises of the Causes of Action and all Claims, Disputed Claims, and Liens and to execute necessary documents, including Lien releases and stipulations of settlement or release, without notice to any party and without further order of the Bankruptcy Court.

(g) Vesting of Assets

On the Effective Date, and subject to the provisions of the Sale Order and the APA, all property treated by the Plan, any minutes, and general corporate records of Debtors, and any books and records relating to the foregoing not otherwise treated by the Plan, shall vest in the Liquidating Trust free and clear of all Liens, Claims, encumbrances, and other interests and shall thereafter be administered, liquidated by sale, collection, recovery, or other disposition and distributed by the Liquidating Trust in accordance with the terms of the Liquidating Trust Agreement and the Plan.

6. *Dissolution of Creditors' Committee*

The Creditors' Committee shall continue in existence until the Effective Date, to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code, and shall perform such other duties as it may have been assigned by the Bankruptcy Court prior to the Effective Date. Thereafter, the Creditors' Committee shall continue in existence until the latest of: (a) the Effective Date; and (b) the conclusion of any appeals or other challenges or matters with respect to the Confirmation Order. On the latest of such dates, the Creditors' Committee shall be dissolved and its members, Professionals and agents shall be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Creditors Committee's attorneys, accountants and other agents shall terminate, provided, however, such attorneys and financial advisors shall be entitled to pursue their own Professional Fee Claims and represent the Creditors' Committee in connection with the review of and the right to be heard in connection with all Professional Fee Claims. All expenses of Creditors' Committee members and the fees and expenses of their professionals through the Effective Date shall be paid in accordance with the terms and conditions of the Plan and any order of the Bankruptcy Court.

Following the Effective Date, (a) the attorneys and financial advisors to the Creditors' Committee shall be entitled to request any reasonable claims for compensation for services rendered or reimbursement for expenses incurred after the Effective Date through and including the dissolution of the Committee in connection with the services to the Creditors' Committee and (b) the members of the Creditors' Committee shall be entitled to reimbursement of their reasonable expenses incurred in connection with their exercise of the foregoing duties and responsibilities. The Liquidating Trustee shall pay, within ten (10) Business Days after submission of a detailed invoice to the Liquidating Trustee, such reasonable claims for compensation or reimbursement of expenses incurred by the professionals of the Creditors' Committee. If the Liquidating Trustee disputes the reasonableness of any such invoice, the Liquidating Trustee or the affected professional may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of any such invoice, and the disputed portion of such invoice shall not be paid until the dispute is resolved. The undisputed portion of such reasonable fees and expenses shall be paid as provided herein.

7. *No Revesting of Assets*

The property of the Debtors' Estates shall not be vested in the Debtors on or following the Effective Date, but shall be vested in the Liquidating Trust and continue to be subject to the jurisdiction of the Bankruptcy Court following Confirmation of the Plan until such property is distributed to Holders of Allowed Claims in accordance with the provisions of the Plan, the Liquidating Trust Agreement, and the Confirmation Order. From and after the Effective Date, all such property shall be distributed in accordance with the provisions of the Plan, the Liquidating Trust Agreement, and the Confirmation Order. The Liquidating Trustee may, however, subject to the terms and conditions of the Liquidating Trust Agreement and the Plan, pay fees and expenses that it incurs after the Effective Date for Liquidating Trust Professionals, without application to or approval by the Bankruptcy Court.

8. *Accounts and Reserves*

The Debtors or the Liquidating Trustee shall (a) establish one or more general accounts into which shall be deposited all funds not required to be deposited into any other account or Reserve and (b) create, fund, and withdraw funds from, as appropriate, the Reserves and such other accounts maintained or established by the Liquidating Trustee.

9. *Release of Liens*

Except as otherwise provided in the Sale Order, the APA, the Plan, the Confirmation Order, or in any document, instrument, or other agreement created in connection with the Plan, on the Effective Date, all mortgages, deeds of trust, liens, or other security interests against the property of the Estates shall be released.

10. *Exemption from Certain Transfer Taxes*

Pursuant to Bankruptcy Code section 1146(c), any transfers from any of the Debtors to the Liquidating Trust or to any other Person pursuant to the Plan in the United States shall not be subject to any stamp tax or similar tax, and the Confirmation Order shall direct the appropriate

state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

11. *Preservation of Causes of Action; Settlement of Causes of Action*

(a) Preservation of Causes of Action

In accordance with Bankruptcy Code section 1123(b)(3) and except as otherwise provided in the Final DIP Order, the Sale Order, the Plan or the Confirmation Order, the Debtors and their Estates, the Liquidating Trust and/or the Liquidating Trustee as successors-in-interest, shall retain all of the Causes of Action, a nonexclusive list of which is set forth on Exhibit E, annexed to the Plan, and other similar claims arising under applicable state laws, including, without limitation, fraudulent transfer claims, if any, and all other causes of action of a trustee and debtor in possession under the Bankruptcy Code. The Liquidating Trustee and/or the Liquidating Trust may, in accordance with the Liquidating Trust Agreement, enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the Causes of Action.

The Plan Proponents have not conducted an investigation into the Causes of Action. Accordingly, in considering the Plan, each party in interest should understand that any and all Causes of Action that may exist against such Person or entity may be pursued by the Liquidating Trust and/or the Liquidating Trustee, regardless of whether, or the manner in which, such Causes of Action are listed on Exhibit E to the Plan or described herein. The failure of the Plan Proponents to list a claim, right, cause of action, suit or proceeding on Exhibit E to the Plan shall not constitute a waiver or release by the Debtors or their Estates of such claim, right of action, suit or proceeding.

(b) Settlement of Causes of Action

At any time after the Confirmation Date but before the Effective Date, notwithstanding anything in the Plan to the contrary, the Debtors, after consultation with the Trust Advisory Board for the settlement of any Cause of Action in the asserted amount of \$500,000.00 and above, may settle some or all of the Causes of Action with the approval of the Court pursuant to Bankruptcy Rule 9019. After the Effective Date, the Liquidating Trust and/or the Liquidating Trustee, in accordance with the terms of the Plan and the Liquidating Trust Agreement, and after consultation with the Trust Advisory Board for the settlement of any Cause of Action in the asserted amount of \$500,000.00 and above, will determine whether to bring, settle, release, compromise, enforce or abandon such rights (or decline to do any of the foregoing) in accordance with Article VI.F.5(f) of the Plan.

12. *Effectuating Documents; Further Transactions*

The Liquidating Trust and/or the Liquidating Trustee, subject to the terms and conditions of the Liquidating Trust Agreement, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

H. Provisions Governing Distributions

1. *Distributions for Claims Allowed as of the Effective Date*

Except as otherwise provided in the Plan, and only after the funding of the Reserves, or as ordered by the Bankruptcy Court, all Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Distribution Date by the Liquidating Trustee. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to the terms and conditions of the Plan. Notwithstanding any other provision of the Plan to the contrary, no Distribution shall be made on account of any Allowed Claim or portion thereof that (i) has been satisfied after the Petition Date pursuant to an order of the Bankruptcy Court; (ii) is listed in the schedules as contingent, unliquidated, disputed or in a zero amount, and for which a Proof of Claim has not been timely filed; or (iii) is evidenced by a Proof of Claim that has been amended by a subsequently filed Proof of Claim that purports to amend the prior Proof of Claim.

2. *Liquidating Trustee as Disbursing Agent*

The Liquidating Trustee shall make all Distributions required under the Plan, subject to the terms and provisions of the Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court or required by the Bankruptcy Code or the Bankruptcy Rules. The Liquidating Trustee shall be authorized and directed to rely upon the Debtors' books and records and representatives and professionals in determining Allowed Claims not entitled to Distribution under the Plan in accordance with the terms of the Plan.

3. *Delivery of Distributions and Undeliverable or Unclaimed Distributions*

(a) Delivery of Distributions in General

Distributions to Holders of Allowed Claims shall be made by the Liquidating Trustee (a) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim is filed or if the Debtors have been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Liquidating Trustee after the date of any related Proof of Claim, (c) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Liquidating Trustee has not received a written notice of a change of address, (d) at the addresses set forth in the other records of the Debtors or the Liquidating Trustee at the time of the Distribution or (e) in the case of the Holder of a Claim that is governed by an agreement and is administered by an agent or servicer, at the addresses contained in the official records of such agent or servicer.

Distributions shall be made from the Reserves, as applicable, in accordance with the terms of the Plan and the Liquidating Trust Agreement.

In making Distributions under the Plan, the Liquidating Trustee may rely upon the accuracy of the claims register maintained by the Claims Agent in the Chapter 11 Cases, as modified by any Final Order of the Bankruptcy Court disallowing Claims in whole or in part.

(b) Undeliverable and Unclaimed Distributions

If the Distribution to any Holder of an Allowed Claim is returned to the Liquidating Trustee as undeliverable or is otherwise unclaimed, no further Distributions shall be made to such Holder unless and until the Liquidating Trustee is notified in writing of such Holder's then-current address, at which time all missed Distributions shall be made to such Holder without interest. Amounts in respect of undeliverable Distributions made by the Liquidating Trustee shall be returned to the Liquidating Trustee until such Distributions are claimed. The Liquidating Trustee shall segregate and, with respect to Cash, deposit in a segregated account designated as the Unclaimed Distribution Reserve undeliverable and unclaimed Distributions for the benefit of all such similarly situated Persons or Governmental Units until such time as a Distribution becomes deliverable or is claimed.

Any Holder of an Allowed Claim that does not assert a Claim pursuant to the Plan for an undeliverable or unclaimed Distribution within six (6) months after the last Periodic Distribution Date shall be deemed to have forfeited its Claim for such undeliverable or unclaimed Distribution and shall be forever barred and enjoined from asserting any such Claim for an undeliverable or unclaimed Distribution against the Debtors and their Estates, the Liquidating Trustee, the Liquidating Trust, and their respective agents, attorneys, representatives, employees or independent contractors, and/or any of its and their property. In such cases, any Cash otherwise reserved for undeliverable or unclaimed Distributions shall become the property of the Liquidating Trust free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary and shall be distributed in accordance with the terms of the Plan and the Liquidating Trust Agreement. Nothing contained in the Plan or the Liquidating Trust Agreement shall require the Debtors, or the Liquidating Trustee to attempt to locate any Holder of an Allowed Claim.

4. *Prepayment*

Except as otherwise provided in the Plan or the Confirmation Order, the Debtors or the Liquidating Trustee, as the case may be, shall have the right to prepay, without penalty, all or any portion of an Allowed Administrative Claim, Allowed Priority Tax Claim, Allowed Non-Tax Priority Claim, or Allowed Miscellaneous Secured Claim at any time.

5. *Means of Cash Payment*

Cash payments made pursuant to the Plan shall be in U.S. dollars and shall be made at the option and in the sole discretion of the Liquidating Trustee by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Liquidating Trustee. In the case of foreign creditors, Cash payments may be made, at the option of the Liquidating Trustee, in such funds and by such means as are necessary or customary in a particular jurisdiction.

6. *Interest on Claims*

Unless otherwise specifically provided for in the APA, the Plan, or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no Claimholder shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of

the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

7. *Withholding and Reporting Requirements*

In accordance with Bankruptcy Code section 346 and in connection with the Plan and all Distributions thereunder, the Liquidating Trustee shall, to the extent applicable, comply with all withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority. The Liquidating Trustee shall be authorized to take any and all actions necessary and appropriate to comply with such requirements.

All Distributions made under the Plan shall be subject to the withholding and reporting requirements. As a condition of making any Distribution under the Plan, the Liquidating Trustee may require the Holder of an Allowed Claim to provide such Holder's taxpayer identification number, and such other information, certification, or forms as necessary to comply with applicable tax reporting and withholding laws. Notwithstanding any other provision of the Plan, each entity receiving a Distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of tax obligations on account of any such Distribution.

8. *Setoffs*

(a) By a Debtor

The Liquidating Trustee may, pursuant to Bankruptcy Code section 553 or applicable nonbankruptcy laws, but shall not be required to, set off against any Claim, and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, Claims of any nature whatsoever that the Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim thereunder shall constitute a waiver or release by the Liquidating Trust and/or the Liquidating Trustee as the case may be, of any such Claim that the Debtors may have against such Holder; provided further, however, that a Claimholder may contest setoff in the Bankruptcy Court or any other court of competent jurisdiction.

(b) By Non-Debtors

UNLESS OTHERWISE AUTHORIZED BY A FINAL ORDER, ANY HOLDER OF A CLAIM MUST ASSERT ANY SETOFF RIGHTS AGAINST A CLAIM BY A DEBTOR AGAINST SUCH ENTITY BY FILING AN APPROPRIATE MOTION SEEKING AUTHORITY TO SET OFF ON OR BEFORE THE CONFIRMATION DATE OR WILL BE DEEMED TO HAVE WAIVED AND BE FOREVER BARRED FROM ASSERTING ANY RIGHT TO SET OFF AGAINST A CLAIM BY A DEBTOR NOTWITHSTANDING ANY STATEMENT TO THE CONTRARY IN A PROOF OF CLAIM OR ANY OTHER PLEADING OR DOCUMENT FILED WITH THE BANKRUPTCY COURT OR DELIVERED TO THE DEBTORS.

9. *Procedure for Treating and Resolving Disputed, Contingent and/or Unliquidated Claims*

(a) Objection Deadline; Prosecution of Objections

Except as set forth in the Plan with respect to Professional Fee Claims, 503(b)(9) Claims, and Administrative Claims, all objections to Claims must be filed and served on the Holders of such Claims by the Claims Objection Deadline, as the same may be extended by the Bankruptcy Court. If an objection has not been filed to a Proof of Claim or the Schedules have not been amended with respect to a Claim that (i) was Scheduled by the Debtors but (ii) was not Scheduled as contingent, unliquidated, and/or disputed, by the Claims Objection Deadline, as the same may be extended by order of the Bankruptcy Court, the Claim to which the Proof of Claim or Scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier. Notice of any motion for an order extending the Claims Objection Deadline shall be required to be given only to those persons or entities that have requested notice in the Chapter 11 Cases, or to such persons as the Bankruptcy Court shall order.

From the Confirmation Date through the Claims Objection Deadline, any party in interest, including the Liquidating Trustee, may file objections, settle, compromise, withdraw, or litigate to judgment objections to Claims. From and after the Effective Date, the Liquidating Trustee may settle or compromise any Disputed Claim without approval of the Bankruptcy Court, but otherwise subject to the terms of the Plan. Nothing contained herein, however, shall limit the right of the Liquidating Trustee to object to Claims, if any, filed or amended after the Effective Date.

(b) No Distributions Pending Allowance

Notwithstanding any other provision of the Plan or the Liquidating Trust Agreement, no payments or Distributions shall 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 Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim. To the extent that a Claim is not a Disputed Claim but is held by a Holder that is or may be liable to the Debtors, the Liquidating Trustee, and/or the Liquidating Trust on account of a Cause of Action, no payments or Distributions shall be made with respect to all or any portion of such Claim unless and until such Claim and liability have been settled or withdrawn or have been determined by Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter; provided, however that, in its discretion and in consultation with the Trust Advisory Board (if any), the Liquidating Trustee may make a Distribution with regard to that portion not subject to dispute.

On each Periodic Distribution Date, the Liquidating Trustee will make Distributions (a) on account of any Disputed Claim that has become an Allowed Claim since the preceding Periodic Distribution Date and (b) on account of previously Allowed Claims, from the Disputed Claim Reserve, of property that would have been distributed to such Claimholders on the dates Distributions previously were made to Holders of Allowed Claims had the Disputed Claims that have become Allowed Claims been Allowed on such dates. Such Distributions will be made pursuant to the provisions of the Plan governing the applicable Class.

(c) Distributions After Allowance

Payments and Distributions from the Disputed Claim Reserve to each respective Claimholder on account of a Disputed Claim, to the extent that it ultimately becomes an Allowed Claim, will be made in accordance with provisions of the Plan that govern Distributions to such Claimholders. On the first Periodic Distribution Date following the date when a Disputed Claim becomes an undisputed, noncontingent, and liquidated Claim, or is estimated pursuant to Bankruptcy Code section 502(c) by a Final Order of the Bankruptcy Court, the Liquidating Trustee will distribute to the Claimholder any Cash from the Disputed Claim Reserve that would have been distributed on the dates Distributions were previously made to Claimholders had such Allowed Claim been an Allowed Claim on such dates. After a Final Order has been entered, or other final resolution has been reached with respect to all Disputed Claims, any remaining Cash held in the Disputed Claim Reserve shall constitute Available Cash that shall be distributed in accordance with the other provisions of the Plan. All Distributions made under Article VII of the Plan on account of an Allowed Claim will be made together with any dividends, payments, or other Distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim had been an Allowed Claim on the dates Distributions were previously made to Holders of Allowed Claims included in the applicable Class.

(d) De Minimis Distributions

The Liquidating Trustee shall not have any obligation to make a Distribution on account of an Allowed Claim from any Reserve or otherwise if (a) the aggregate amount of all Distributions authorized to be made from such Reserve or otherwise on the Periodic Distribution Date in question (other than the final Periodic Distribution Date) is or has a value less than \$100,000, or (b) if the amount to be distributed to the specific Holder of the Allowed Claim on the particular Periodic Distribution Date does not constitute a final Distribution to such Holder and such Distribution has a value less than \$10.00. The Liquidating Trustee shall have no obligation to make any Distribution, whether final or not, unless and until the total amount of such Distribution to a specific Holder of an Allowed Claim is equal to or greater than \$5.00.

10. Fractional Dollars

Any other provision of the Plan notwithstanding, the Liquidating Trustee shall not be required to make Distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down.

11. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Claim entitled to a Distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for all income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

12. *Distribution Record Date*

The Liquidating Trustee will have no obligation to recognize the transfer of or sale of any participation in any Allowed Claim that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes herein to recognize and distribute only to those Holders of Allowed Claims who are Holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date. Instead, the Liquidating Trustee shall be entitled to recognize and deal for all purposes under the Plan with only those Holders stated on the official claims register as of the close of business on the Distribution Record Date.

I. *Treatment of Executory Contracts and Unexpired Leases*

1. *Rejected Contracts and Leases.*

Except as otherwise provided in the Confirmation Order, the Plan, or any other Plan Document, the Confirmation Order shall constitute an order under Bankruptcy Code section 365 rejecting all prepetition executory contracts and unexpired leases to which any Debtor is a party, to the extent such contracts or leases are executory contracts or unexpired leases, on and subject to the occurrence of the Effective Date, unless such contract or lease (a) previously shall have been assumed, assumed and assigned, or rejected by the Debtors, (b) previously shall have expired or terminated pursuant to its own terms before the Effective Date, (c) is the subject of a pending motion to assume or reject on the Confirmation Date, or (d) is identified in Exhibit C to the Plan as an insurance agreement of the Debtors; provided, however, that the Debtors may amend such Exhibit C at any time prior to the Confirmation Date; provided further, however, that listing an insurance agreement on such Exhibit shall not constitute an admission by a Debtor that such agreement is an executory contract or that any Debtor has any liability thereunder.

2. *Bar to Rejection Damages.*

If the rejection of an executory contract or unexpired lease pursuant to Article VIII.A. of the Plan gives rise to a Claim by the other party or parties to such contract or lease, such Claim shall be forever barred and shall not be enforceable against the applicable Debtor or its Estate, the Liquidating Trust, or their respective successors or properties unless a Proof of Claim is filed and served on the Liquidating Trust and counsel for the Liquidating Trustee within thirty (30) days after service of a notice of the Effective Date or such other date as is prescribed by the Bankruptcy Court.

3. *Assumed and Assigned Contracts and Leases.*

Except as otherwise provided in the Confirmation Order, the Plan, or any other Plan Document entered into after the Petition Date or in connection with the Plan, the Confirmation Order shall constitute an order under Bankruptcy Code section 365 assuming, as of the Effective Date, those insurance agreements listed on Exhibit C to the Plan; provided, however, that the Debtors may amend such Exhibit at any time prior to the Confirmation Date; provided further, however, that listing an insurance agreement on such Exhibit shall not constitute an admission by a Debtor that such agreement is an executory contract or that any Debtor has any liability thereunder.

J. Confirmation and Consummation of the Plan

1. *Conditions to Confirmation*

The following are conditions precedent to the occurrence of the Confirmation Date:

- (a) The entry of a Final Order finding that the Disclosure Statement contains adequate information pursuant to Bankruptcy Code section 1125;
- (b) The proposed Confirmation Order shall be, in form and substance, reasonably acceptable to the Debtors; and
- (c) All provisions, terms and conditions of the Plan are approved in the Confirmation Order.

2. *Conditions to Effective Date*

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in writing in accordance with Article IX.C of the Plan.

- (a) The Confirmation Order shall have been entered and become a Final Order and shall provide that the Debtors, the Liquidating Trust and the Liquidating Trustee are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with the Plan or effectuate, advance, or further the purposes thereof;
- (b) All Plan Exhibits shall be, in form and substance, reasonably acceptable to the Debtors and the Committee, and shall have been executed and delivered by all parties' signatory thereto;
- (c) The Debtors shall be authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures, and the agreements or documents created in connection with the Plan;
- (d) All other actions, documents, and agreements necessary to implement the Plan shall have been effected or executed; and
- (e) The Debtors shall have sufficient Cash to make all required payments to be made on the Effective Date and to fund the Liquidating Trust Operating Reserve, the Administrative Claims Reserve, and the Professional Fee Reserve.

3. *Waiver of Conditions*

Each of the conditions set forth in Articles IX.A and IX.B of the Plan may be waived in whole or in part by the Debtors, with the consent of the Creditors' Committee (which consent shall not be unreasonably withheld). The failure to satisfy or waive any condition to the

Effective Date may be asserted by the Plan Proponents regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of a party to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

4. *Consequences of Non-Occurrence of Effective Date*

In the event that the Effective Date does not timely occur, the Debtors reserve all rights to seek an order from the Bankruptcy Court directing that the Confirmation Order be vacated, that the Plan be null and void in all respects, and/or that any settlement of Claims provided for in the Plan be null and void. In the event that the Bankruptcy Court shall enter an order vacating the Confirmation Order, the time within which the Debtors may assume and assign, or reject all executory contracts and unexpired leases not previously assumed, assumed and assigned, or rejected, shall be extended for a period of thirty (30) days after the date the Confirmation Order is vacated, without prejudice to further extensions.

K. Allowance and Payment of Certain Administrative Claims

1. *Professional Fee Claims*

(a) Final Fee Applications

All final requests for payment of Professional Fee Claims (the "Final Fee Applications") must be filed no later than forty-five (45) days after the Effective Date. Objections, if any, to Final Fee Applications of such Professionals must be filed and served on the Debtors and/or the Liquidating Trustee and their respective counsel, the requesting Professional and the Office of the U.S. Trustee no later than forty-five (45) days from the date on which each such Final Fee Application is served and filed. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the allowed amounts of such Professional Fee Claims shall be determined by the Court.

(b) Employment of Professionals after the Effective Date

From and after the Effective Date, any requirement that professionals comply with Bankruptcy Code sections 327 through 331 or any order previously entered by the Bankruptcy Court in seeking retention or compensation for services rendered or expenses incurred after such date will terminate.

2. *Other Administrative Claims*

All other requests for payment of an Administrative Claim arising after September 15, 2007, other than Professional Fee Claims, must be filed with the Claims Agent (at the address provided in Article XIII.E herein) and served on counsel for the Plan Proponents and the Creditors' Committee no later than the Final Administrative Claims Bar Date. Unless the Debtors, the Liquidating Trustee, or any other party in interest objects to an Administrative Claim by the Administrative Claims Objection Deadline, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtors, the Liquidating Trustee,

or any other party in interest objects to an Administrative Claim, the Bankruptcy Court shall determine the allowed amount of such Administrative Claim.

L. Effect of Plan Confirmation

1. *Binding Effect*

The Plan shall be binding upon and inure to the benefit of the Debtors, all present and former Holders of Claims and Interests, and their respective successors and assigns, including, but not limited to, the Liquidating Trust and the Liquidating Trustee.

2. *Discharge of the Debtors*

Pursuant to Bankruptcy Code section 1141(d)(3), Confirmation will not discharge Claims against the Debtors; provided, however, that, other than as provided in the APA, no Claimholder or Interest Holder may, on account of such Claim or Interest, seek or receive any payment or other Distribution from, or seek recourse against, any Debtor, the Liquidating Trust, the Liquidating Trustee, the Creditors' Committee, the members of the Creditors' Committee, in their capacity as such, or the Professionals retained by the Creditors' Committee in connection with the Chapter 11 Cases, the Trust Advisory Board, the members of the Trust Advisory Board, in their capacity as such, or the Trust Advisory Board Professionals, and/or their respective successors, assigns and/or property, except as expressly provided in the Plan.

3. *Releases by the Debtors*

The Liquidating Trustee and any successors and/or assigns shall be bound, to the same extent the Debtors are bound, by all the releases and restrictions set forth in Article XI of the Plan and the releases, waivers and discharges provided for in the Sale Order, the APA, the Final Senior DIP Order, and the Final Junior DIP Order. Nothing in the Plan or in the Confirmation Order is intended to or shall be deemed in any way to affect the releases, waivers, and discharges provided by the Sale Order, the APA, the Final Senior DIP Order, and the Final Junior DIP Order.

4. *Injunction*

Except as otherwise provided in the Plan, the Confirmation Order shall provide, among other things, that from and after the Effective Date all Persons who have held, hold or may hold Claims against or Interests in the Debtors are permanently enjoined from taking any of the following actions against the Estate(s), the Liquidating Trust, the Liquidating Trustee, the Creditors' Committee, the members of the Creditors' Committee, in their capacity as such, the Professionals retained by the Creditors' Committee in connection with the Chapter 11 Cases, the Trust Advisory Board, the members of the Trust Advisory Board, in their capacity as such, or the Trust Advisory Board Professionals, the Purchaser or any of their property on account of any such Claims or Interests: (A) commencing or continuing, in any manner or in any place, any action or other proceeding; (B) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree or order; (C) creating, perfecting, or enforcing any lien or encumbrance; (D) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors; and (E) commencing or continuing, in any manner or in any

place, any action that does not comply with or is inconsistent with the provisions of the Plan; provided, however, that nothing contained herein shall preclude such Persons from exercising their rights pursuant to and consistent with the terms of the Plan, the Confirmation Order, the Sale Order, or the APA.

The Confirmation Order shall further provide that all Persons are permanently enjoined from obtaining any documents or other materials from current counsel for the Debtors and/or current counsel for the Creditors' Committee that is in the possession of such counsel as a result of or arising in any way out of their representation of the Debtors or the Creditors' Committee as applicable, except in accordance with Article VI.B.4. of the Plan.

5. *Term of Bankruptcy Injunction or Stays*

All injunctions or stays provided for in the Chapter 11 Cases under Bankruptcy Code section 105 or 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Upon the Effective Date, the injunction provided in Article XI.D of the Plan shall apply.

6. *Compromises and Settlements*

Pursuant to Bankruptcy Rule 9019(a), the Debtors may compromise and settle various Claims (a) against them and (b) 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 Claims against them and Claims that they may have against other Persons up to and including the Effective Date. After the Effective Date, such right shall pass to the Liquidating Trustee and the Liquidating Trust and shall be governed by the terms of Article VI.F.5(f) of the Plan and the Liquidating Trust Agreement.

7. *Satisfaction of Subordination Rights*

All Claims against the Debtors and all rights and claims between or among Claimholders relating in any manner whatsoever to Distributions on account of Claims against or Interests in the Debtors, based upon any subordination rights, whether asserted or unasserted, legal or equitable, shall be deemed satisfied by the Distributions under the Plan to Claimholders or Interest Holders having such subordination rights, and such subordination rights shall be deemed waived, released, discharged, and terminated as of the Effective Date. Distributions to the various Classes of Claims hereunder shall not be subject to levy, garnishment, attachment or like legal process by any Claimholder or Interest Holder by reason of any subordination rights or otherwise, so that, each Claimholder shall have and receive the benefit of the Distributions in the manner set forth in the Plan.

8. *Exculpation and Limitation of Liability*

Except as otherwise specifically provided in the Plan, the Debtors, the Liquidating Trustee, the Liquidating Trust, the Creditors' Committee, the members of the Creditors' Committee, the Trust Advisory Board, the members of the Trust Advisory Board, in their capacity as such, or the Trust Advisory Board Professionals, in their capacity as such, and any of such parties' respective present or former members, officers, directors, employees, advisors,

attorneys, representatives, financial advisors, investment bankers, or agents and any of such parties' successors and assigns, shall not have or incur any claim, action, proceeding, cause of action, Avoidance Action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment, or Claim (as defined in Bankruptcy Code Section 101(5)), whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured and whether asserted or assertable directly or derivatively, in law, equity, or otherwise to one another or to any Claimholder or Interest Holder, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, or any of their successors or assigns, for any act or omission originating or occurring on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of the Debtors, the Chapter 11 Cases, the negotiation and filing of the Plan or any prior plans of reorganization, the filing of the Chapter 11 Cases, the pursuit of Confirmation of the Plan or any prior plans of reorganization, the Sale Order, the consummation of the Plan, the administration of the Plan, or the property to be liquidated and/or distributed under the Plan, except for their willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan.

9. *Indemnification Obligations*

Except as otherwise provided in the Plan, the Sale Order, the APA, or any contract, instrument, release, or other agreement or document entered into in connection with the Plan, any and all Indemnification Obligations that the Debtors have pursuant to a contract, instrument, agreement, certificate of incorporation, by-law, comparable organizational document or any other document, or applicable law shall be rejected as of the Effective Date, to the extent executory.

10. *Settlement of Claims and Controversies*

Pursuant to Bankruptcy Code section 1123(b)(3) and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided under, described in, contemplated by and/or implemented by the Plan, including but not limited to the Distributions contemplated by the Plan shall constitute a good faith compromise and settlement of all claims or controversies relating to the rights and Claims of the parties entitled to receive such Distributions under the Plan, and shall constitute a good faith compromise and settlement of all controversies relating to Distributions on account of such Claims. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such controversies, and the Bankruptcy Court's finding that such compromises and settlements are fair, equitable and reasonable, and in the best interests of the Debtors, their Estates, and all Claimholders.

M. *Retention of Jurisdiction*

Under Bankruptcy Code sections 105(a) and 1142, and notwithstanding entry of the Confirmation Order, substantial consummation of the Plan and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and

related to, the Chapter 11 Cases and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

- (a) Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim, the resolution of any objections to the allowance or priority of Claims or Interests and the determination of requests for the payment of claims entitled to priority under Bankruptcy Code section 507(a)(1), including compensation of any reimbursement of expenses of parties entitled thereto;
- (b) Hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under Bankruptcy Code sections 330, 331, 503(b), 1103, and 1129(a)(4); provided, however, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Trust Advisory Board, the Liquidating Trust and/or the Liquidating Trustee shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;
- (c) Hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;
- (d) Effectuate performance of and payments under the provisions of the Plan;
- (e) Hear and determine any and all adversary proceedings, motions, applications and contested or litigated matters arising out of, under or related to the Chapter 11 Cases, the Plan or the Liquidating Trust Agreement;
- (f) Enter such orders as may be necessary or appropriate to execute, implement or consummate the provisions of the Plan and all contracts, instruments, releases and other agreements or documents created in connection with the Plan, the Disclosure Statement or the Confirmation Order;
- (g) Hear and determine disputes arising in connection with the interpretation, implementation, consummation or enforcement of the Plan, including disputes arising under agreements, documents or instruments executed in connection with the Plan;
- (h) Consider any modifications of the Plan, cure any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- (i) Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with implementation, consummation, or enforcement of the Plan or the Confirmation Order;
- (j) Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified or vacated;

(k) Hear and determine any matters arising in connection with or relating to the Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with the Plan, the Disclosure Statement or the Confirmation Order;

(l) Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases;

(m) Except as otherwise limited in the Plan, recover all assets of the Debtors and property of the Estates, wherever located;

(n) Hear and determine matters concerning state, local and federal taxes in accordance with Bankruptcy Code sections 346, 505 and 1146;

(o) Hear and determine all matters related to the property of the Estates from and after the Confirmation Date;

(p) Hear and determine the Causes of Action;

(q) Hear and determine all disputes involving the existence, nature or scope of the injunctions, indemnification, exculpation and releases granted pursuant to the Plan, the Sale Order and/or the APA;

(r) Hear and determine all disputes or other matters arising in connection with the interpretation, implementation or enforcement of the APA, the Sale Order, and/or the Transition Services Agreement;

(s) Hear and determine all matters related to (i) the property of the Estates from and after the Confirmation Date, (ii) the winding up of the Debtors' affairs, and (iii) the activities of the Trust Advisory Committee, the Liquidating Trust and/or the Liquidating Trustee, including (A) challenges to or approvals of the Liquidating Trustee's activities, (B) resignation, incapacity or removal of the Liquidating Trustee and successor Liquidating Trustees, (C) reporting by, termination of and accounting by the Liquidating Trustee, and (D) release of the Liquidating Trustee from its duties;

(t) Hear and determine disputes with respect to compensation of the Liquidating Trustee and the Liquidating Trustee Professionals;

(u) Hear and determine all disputes involving the existence, nature and/or scope of the injunctions and releases provided in the Plan, including any dispute relating to any liability arising out of any termination of employment or the termination of any employee or retiree benefit provision, regardless of whether such termination occurred prior to or after the Effective Date;

(v) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code;

- (w) Enforce all orders previously entered by the Bankruptcy Court;
- (x) Dismiss any and/or all of the Chapter 11 Cases; and
- (y) Enter a Final Decree closing the Chapter 11 Cases.

IX. CERTAIN FACTORS TO BE CONSIDERED

The Holder of a Claim against any of the Debtors should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or to reject the Plan.

A. General Considerations

The Plan sets forth the means for satisfying the Claims against each of the Debtors. Certain Claims and Interests receive no Distributions pursuant to the Plan.

B. Certain Bankruptcy Considerations

Even if all Impaired voting classes vote in favor of the Plan, and with respect to any Impaired Class deemed to have rejected the Plan the requirements for "cramdown" are met, the Bankruptcy Court may choose not to confirm the Plan. Bankruptcy Code section 1129 requires, among other things, a showing that the value of Distributions to dissenting Holders of Claims and Interests may not be less than the value such Holders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. See Article XI.D. Although the Debtors believe that the Plan will meet such tests, there can be no assurance that the Bankruptcy Court will reach the same conclusion. See Appendix D annexed hereto for a Liquidation Analysis of the Debtors.

The Plan provides for certain conditions that must be fulfilled prior to Confirmation of the Plan and the Effective Date. As of the date of this Disclosure Statement, there can be no assurance that any or all of the conditions in the Plan will be met (or waived) or that the other conditions to consummation, if any, will be satisfied. If a Chapter 7 liquidation were to occur, there is a substantial risk that the value of the Debtors' estates would be substantially eroded to the detriment of all stakeholders.

C. Administrative and Priority Claims

As discussed elsewhere in this Disclosure Statement, the Plan provides that additional Distributions under the Plan (in excess of Distributions made during the Chapter 11 Case and at the closing of the Sale) to Holders of General Unsecured Claims are entirely dependent on whether there will be net cash remaining after payment in full of all Allowed Other Secured, Administrative, Non-Tax Priority, and Priority Tax Claims, and all other costs and expenses of the wind-down of the Debtors' Estates.

While the Debtors currently estimate that there will be Cash available for Distribution to Unsecured Creditors, all Other Secured, Administrative, Non-Tax Priority, and Priority Tax

Claims have not yet been resolved or fixed in amount, and all costs and expenses of completing the wind-down of the Estates cannot be estimated with certainty. As a result, the actual allowed amounts of all such Claims could turn out to be substantially higher than the estimate made by the Debtors herein, and there can be no assurance that there will be Cash available for Distribution to Unsecured Creditors.

Additionally, as the number and amount of allowable Priority Tax Claims and Administrative Claims are presently unknown to the Debtors, it is possible that, if the actual number and amount of Priority Tax Claims and Administrative Claims exceeds the Debtors' estimates, the Debtors may not obtain enough cash to satisfy all Priority Tax Claims and Administrative Claims in full. Accordingly, should Priority Tax Claims and Administrative Claims exceed the amount of cash held by the Debtors and Holders of such Priority Tax Claims and Administrative Claims refuse to consent to less than payment in full, the Bankruptcy Court may deny Confirmation of the Plan. As set forth elsewhere in the Plan and the Disclosure Statement, the Debtors reserve their right to seek to dismiss or convert one or more of the Chapter 11 Cases.

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

TO ENSURE COMPLIANCE WITH TREASURY DEPARTMENT CIRCULAR 230, CLAIMHOLDERS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE RELIED UPON, AND CANNOT BE RELIED UPON, BY CLAIMHOLDERS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON CLAIMHOLDERS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS BEING USED IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF CIRCULAR 230) BY THE DEBTORS OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) CLAIMHOLDERS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

A. General

A summary description of certain material United States federal income tax consequences of the Plan is provided below. This description is for informational purposes only and, due to a lack of definitive judicial or administrative authority or interpretation, substantial uncertainties exist with respect to various tax consequences of the Plan as discussed herein. Only the principal consequences of the Plan for Claimholders who are entitled to vote to accept or reject the Plan are described below. No opinion of counsel has been sought or obtained with respect to any tax consequences of the Plan. No rulings or determinations of the Internal Revenue Service ("IRS") or any other tax authorities have been or will be sought or obtained with respect to any tax consequences of the Plan, and the discussion below is not binding upon the IRS or such other authorities. No representations are being made regarding the particular tax consequences of the Confirmation or implementation of the Plan as to any Claimholder. No assurance can be given that the IRS would not assert, or that a court would not sustain, a different position from any discussed herein.

The discussion of United States federal income tax consequences below is based on the Internal Revenue Code of 1986, as amended (the "IRC"), the Treasury Regulations promulgated thereunder, judicial authorities, published positions of the IRS, and other applicable authorities, all as in effect on the date hereof and all of which are subject to change or differing interpretations (possibly with retroactive effect).

The following discussion does not address foreign, state or local tax consequences of the Plan, nor does it purport to address the United States federal income tax consequences of the Plan to special classes of taxpayers (e.g., banks and certain other financial institutions, insurance companies, tax-exempt organizations, Claimholders who are (or who hold their Claims through) pass-through entities, persons whose functional currency is not the United States dollar, foreign persons, dealers in securities or foreign currency, and persons holding Claims that are a hedge against, or that are hedged against, currency risk or that are part of a straddle, constructive sale or conversion transaction). Furthermore, the following discussion does not address United States federal taxes other than income taxes. Each Claimholder is strongly urged to consult its own tax advisor regarding the United States federal, state, local and any foreign tax consequences of the transactions described herein or in the Plan.

B. United States Federal Income Tax Consequences to Certain Claimholders

Claimholders will generally recognize gain (or loss) to the extent that the amount realized under the Plan in respect of their Claims exceeds (or is exceeded by) their respective tax bases in their Claims. The amount realized for this purpose generally should equal the amount of cash and the fair market value of any other assets received or deemed received for federal income tax purposes under the Plan in respect of their respective Claims. A Claimholder that receives or is deemed to receive for federal income tax purposes a non-cash asset under the Plan in respect of its Claim generally should have a tax basis in such asset in an amount equal to the fair market value of such asset on the date of receipt for federal income tax purposes.

The tax treatment of Claimholders and the character, amount and timing of income, gain or loss recognized as a consequence of the Plan and the Distributions provided for by the Plan will depend upon, among other things, (i) whether the Claim (or portion thereof) constitutes a Claim for principal or interest; (ii) the type of consideration received by the Claimholder in exchange for the Claim; (iii) whether the Claimholder is a resident of the United States for tax purposes (or falls into any special class of taxpayers, such as those that are excluded from this discussion as noted above); (iv) the manner in which the Claimholder acquired the Claim; (v) the length of time that the Claim has been held; (vi) whether the Claim was acquired at a discount; (vii) whether the Claimholder has taken a bad debt deduction with respect to the Claim (or any portion thereof) in the current or prior years; (viii) whether the Claimholder has previously included accrued but unpaid interest with respect to the Claim; (ix) the method of tax accounting of the Claimholder; (x) whether the Claim is an installment obligation for United States federal income tax purposes; (xi) whether the Claim, and any instrument received in exchange therefore, is considered a "security" for federal income tax purposes; and (xii) whether the "market discount" rules are applicable to the Claimholder. Therefore, Claimholders should consult their tax advisors for information that may be relevant to their particular situation and circumstances and the particular tax consequences to them of the transactions contemplated by the Plan.

A Distribution to a Holder with respect to its Allowed General Unsecured Claim (with respect to Class 3) that is made on a Distribution Date after the Initial Distribution Date (a "Subsequent Distribution") may be treated as a payment under a contract for the sale or exchange of such Claim to which IRC section 483 applies. Under IRC section 483, a portion of the Subsequent Distribution made pursuant to the Claim may be treated as interest ("Section 483 Interest") which would be ordinary income to the Claimholder. The amount of Section 483 Interest will equal the excess of the amount of the Subsequent Distribution to which IRC section 483 applies over the present value of such Subsequent Distribution on the Effective Date, calculated using the applicable federal rate as the discount rate. Each Claimholder must include any Section 483 Interest into income using such Claimholder's regular method of accounting (such amount being taken into account when paid, in the case of a cash method Holder, and when fixed, in the case of an accrual method Holder).

In the event that the Claimholder's right to Subsequent Distributions is treated as a debt instrument for United States federal income tax purposes, the tax treatment would be as described above except that, instead of including interest income at the time of any Subsequent Distribution under IRC section 483, a Claimholder would be required to include currently an amount in income as interest (based on the yield of "comparable" debt instruments) in advance of the receipt of such Subsequent Distribution, regardless of the Claimholder's method of accounting.

C. United States Federal Income Tax Consequences with Regard to the Allocation of Plan Distributions Between Principal and Interest

The Plan provides that, to the extent that any Claim entitled to a Distribution under the Plan is composed of indebtedness and accrued but unpaid interest on such indebtedness, such Distribution will, to the extent permitted by applicable law, be allocated for United States federal income tax purposes first to the principal amount of the Claim and secondly, to the extent the Distribution exceeds the principal amount of the Claim, to the portion of the Claim representing accrued but unpaid interest. Current United States federal income tax law is unclear on this point, and no assurance can be given that the IRS will not challenge the Debtors' position. If, contrary to the Plan Proponents' intended position, such a Distribution were treated as allocated first to accrued but unpaid interest, a Claimholder would realize ordinary income with respect to such Distribution in an amount equal to the accrued but unpaid interest not already taken into income under the Claimholder's method of accounting, regardless of whether the Claimholder otherwise would realize a loss as a result of the Plan.

E. Information Reporting and Backup Withholding

Certain payments, including the payments with respect to Claims pursuant to the Plan, are generally subject to information reporting by the payor (the relevant Debtor) to the IRS. Moreover, under certain circumstances, Claimholders may be subject to "backup withholding" with respect to payments made pursuant to the Plan, unless such Claimholder either (i) comes within certain exempt categories (which generally include corporations) and, when required, demonstrates this fact, or (ii) provides a correct United States taxpayer identification number and certifies under penalty of perjury that the Claimholder is a United States person, the taxpayer

identification number is correct and that the taxpayer is not subject to backup withholding because of a failure to report all dividend and interest income.

Backup withholding is not an additional tax. Amounts withheld under the backup withholding rules may be credited against a Claimholder's United States federal income tax liability, and a Claimholder may obtain a refund of any excess amounts withheld under the backup withholding rules by filing an appropriate claim for refund with the IRS (generally, a United States federal income tax return).

F. Importance of Obtaining Professional Tax Assistance

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

XI. FEASIBILITY OF THE PLAN AND BEST INTERESTS OF CREDITORS

A. Feasibility of the Plan

The Debtors believe that the cash on hand and the proceeds from the Excluded Assets will be sufficient to pay all Administrative, Priority and Secured Claims that become Allowed, based upon the Debtors' estimates. Accordingly, the Debtors believe that the Plan is feasible.

B. Acceptance of the Plan

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

Bankruptcy Code Section 1126(c) defines acceptance of a plan by a class of impaired claims as acceptance by Holders of at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of claims in that class, but for that purpose counts only those who actually vote to accept or to reject a Plan. Thus, Impaired Classes under the Plan will have voted to accept such Plan only if two-thirds ($\frac{2}{3}$) in amount and a majority in number actually voting in each Class cast their Ballots in favor of acceptance. Holders of Claims who fail to vote for the Plan are not counted as either accepting or rejecting that Plan.

C. Best Interests Test

As noted above, even if the Plan is accepted by the Holders of each class of claims and interests, the Bankruptcy Code requires a bankruptcy court to determine that such Plan is in the best interests of all Holders of claims or interests that are impaired by that Plan and that have not accepted that Plan. The "best interests" test, as set forth in Bankruptcy Code section 1129(a)(7),

requires a bankruptcy court to find either that all members of an impaired class of claims or interests have accepted the Plan or that the Plan will provide a member who has not accepted the Plan with a recovery of property of a value, as of the effective date of the Plan, that is not less than the amount that such Holder would recover if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

To calculate the probable Distribution to Holders of each impaired class of claims and interests if the Debtors were liquidated under Chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from a debtor's assets if its Chapter 11 Cases were converted to Chapter 7 cases under the Bankruptcy Code. Because the Plan is a liquidating plan, the "liquidation value" in the hypothetical Chapter 7 liquidation analysis for purposes of the "best interests" test is substantially similar to the estimates of the results of the Chapter 11 liquidation contemplated by the Plan. However, the Debtors believe that in a Chapter 7 liquidation, there would be additional costs and expenses that the Estates would incur as a result of the ineffectiveness associated with replacing existing management and professionals in a Chapter 7 case.

Costs of liquidation under Chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as compensation of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the debtor in its Chapter 11 Cases (such as compensation of attorneys, financial advisors and accountants) that are allowed in the Chapter 7 cases, litigation costs, and claims arising from the operations of the debtor during the pendency of the Chapter 11 Cases.

D. Liquidation Analysis

In order to determine the amount of hypothetical Chapter 7 liquidation value available to creditors, the Debtors may prepare a liquidation analysis, a copy of which would then be annexed hereto as Appendix D (the "Liquidation Analysis"). The Debtors believe that such Liquidation Analysis would demonstrate that in a Chapter 7 liquidation, Holders of certain Claims against the Debtors, including but not limited to Allowed Administrative Claims, Allowed Non-Tax Priority Claims and Allowed Priority Tax Claims, would receive less of a recovery compared to the recovery under the Plan.

Notwithstanding the foregoing, the Debtors believe that any liquidation analysis with respect to the Debtors will be inherently speculative. The liquidation analysis for the Debtors necessarily contains estimates of the net proceeds that will be available after completion of a chapter 7 wind-down. Claims estimates would be based solely upon the Debtors' review of any Claims filed, a review that is ongoing, and the Debtors' books and records. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the Liquidation Analysis. Moreover, certain creditors of the Debtors including certain Holders of Administrative Expense Claims, Other Secured Claims, Priority Tax Claims and Non-Tax Priority Claims are entitled to payment of such Claims by the Purchaser. There is no guarantee that the Purchaser would believe itself obligated to make such payments.

E. Application of the "Best Interests" of Creditors Test to the Liquidation Analysis and the Plan

It is impossible for the Debtors to determine with any specificity the value each creditor will receive as a percentage of its Allowed Claim. This difficulty in estimating the value of recoveries is due to, among other things, the inherent uncertainty in estimating the amount of Priority Tax Claims, Administrative Claims, Other Secured Claims, and Non-Tax Priority Claims that will ultimately become Allowed, as well as to a lesser degree, the ultimate amount of Allowed Claims in any Impaired Class.

Notwithstanding the difficulty in quantifying recoveries to Holders of Allowed Claims with precision, the Debtors believe that the financial disclosures and proposed recoveries to each Class of Impaired Claims under the Plan implies a greater or equal recovery to Holders of Claims in Impaired Classes than the recovery available in a Chapter 7 liquidation. Accordingly, the Debtors believe that the "best interests" test of Bankruptcy Code section 1129 is satisfied.

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

Under the Plan, Classes 4, 5, 6 and 7 are deemed to have rejected the Plan. In view of the deemed rejection by such Holders, the Debtors will seek Confirmation of the Plan pursuant to the "cramdown" provisions of the Bankruptcy Code. Specifically, Bankruptcy Code section 1129(b) provides that a plan can be confirmed even if the Plan is not accepted by all impaired classes, as long as at least one impaired class of claims has accepted it. The Bankruptcy Court may confirm a plan at the request of the Debtors if the Plan "does not discriminate unfairly" and is "fair and equitable" as to each impaired class that has not accepted the Plan. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan is fair and equitable as to a class of claims which rejects a plan if the plan provides (a) for each holder of a claim included in the rejecting class to receive or retain on account of that claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; or (b) that the holder of any claim or interest that is junior to the claims of such class will not receive or retain on account of such junior claim or interest any property at all.

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

XII. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtors believe that the Plan affords Holders of Claims the potential for a better realization on the Debtors' assets than a Chapter 7 liquidation, and, therefore, is in the best interests of such Holders.

If, however, the requisite acceptances of voting classes of Claims are not received, or no Plan is confirmed and consummated, the theoretical alternatives include: (a) formulation of an alternative plan or plans of liquidation, (b) liquidation of the Debtors under Chapter 7 of the Bankruptcy Code, or (c) dismissal of the Chapter 11 Cases.

A. Alternative Plan(s) of Liquidation

If the requisite acceptances are not received or if the Plan is not confirmed, the Debtors or any other party in interest could attempt to formulate and propose a different plan or plans of liquidation.

However, if the Plan is not confirmed, the Debtors expect their Chapter 11 Cases will be converted to liquidating cases under Chapter 7 of the Bankruptcy Code, and that such conversion will result in less favorable treatment and Distributions to creditors than the treatments provided under the Plan.

With respect to an alternative liquidation plan, the Debtors have explored various other alternatives in connection with the extensive negotiation process involved in the formulation and development of the Plan. The Debtors believe that the Plan enables creditors to realize the greatest possible value under the circumstances, and, that as compared to any alternative plan of liquidation, to the extent that any such alternative plan could be prepared in light of the Sale Order, has the greatest chance to be confirmed and consummated.

B. Liquidation under Chapter 7

If no Plan is confirmed, the Chapter 11 Cases may be converted to cases under Chapter 7 of the Bankruptcy Code, pursuant to which a trustee would be elected or appointed to complete the liquidation of the Debtors' assets for Distribution to Creditors in accordance with the priorities established by the Bankruptcy Code. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective Holders of Claims against or Interests in the Debtors.

The Debtors believe that in a liquidation under Chapter 7, additional administrative expenses involved in the appointment of a trustee or trustees and attorneys, accountants and other professionals to assist such trustees would cause a diminution in the value of the Debtors' Estates. The assets available for Distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority. In such a case, the proceeds of the liquidation would be distributed by the Chapter 7 trustee in accordance with Chapter 7. The Debtors believe that such a result would reduce Distributions to all Holders of General Unsecured Claims compared to those under the Plan, because of additional administrative expenses for the Chapter 7 trustee and professionals retained by it.

C. Dismissal of the Chapter 11 Cases

If no Plan is confirmed, the Debtors or other parties in interest may seek dismissal of the Chapter 11 Cases pursuant to Bankruptcy Code section 1112. Without limitation, dismissal of the Chapter 11 Cases would terminate the automatic stay and would allow creditors to pursue recoveries against the Debtors' assets under applicable non-bankruptcy law, which could allow certain creditors to obtain recoveries in excess of their pro rata share of the Debtors' liabilities. Accordingly, the Debtors believe that dismissal of the Chapter 11 Cases would reduce the value of the Debtors' remaining assets, would lower the return to certain creditors and would likely eliminate any return to Holders of certain Claims.

XIII. THE SOLICITATION AND VOTING PROCEDURE

A. Parties in Interest Entitled to Vote

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

In general, a holder of a claim or interest may vote to accept or to reject a plan if (i) the claim or interest is "allowed," which means generally that no party in interest has objected to such claim or interest, and (ii) the claim or interest is impaired by the plan. If, however, the holder of an impaired claim or interest will not receive or retain any Distribution under the plan on account of such claim or interest, the Bankruptcy Code deems such holder to have rejected the plan, and, accordingly, holders of such claims and interests do not actually vote on the Plan. If a claim or interest is not impaired by the plan, the Bankruptcy Code deems the holder of such claim or interest to have accepted the plan and, accordingly, holders of such claims and interests are not entitled to vote on the plan.

B. Classes Impaired under the Plan

Class 3 is entitled to vote to accept or reject such Plan. By operation of law, each Unimpaired Class of Claims (Classes 1 and 2) is deemed to have accepted the Plan and, therefore, is not entitled to vote to accept or reject that Plan. By operation of law, Classes 4, 5, 6 and 7 are deemed to have rejected the Plan and therefore are not entitled to vote to accept or reject such Plan.

C. Waivers of Defects, Irregularities, Etc.

Unless otherwise directed by the Bankruptcy Court, all questions as to the validity, form, eligibility (including time of receipt), acceptance, and revocation or withdrawal of Ballots will be determined by the Voting Agent and the Debtors, in their sole discretion, which determination will be final and binding. As indicated below under "Withdrawal of Ballots; Revocation," effective withdrawals of Ballots must be delivered to the Voting Agent prior to the Voting Deadline. The Debtors reserve the absolute right to contest the validity of any such withdrawal.

The Debtors also reserve the right to seek to reject any and all Ballots not in proper form, the acceptance of which would, in the opinion of the Debtors or their counsel, be unlawful. The Debtors further reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. The interpretation (including the Ballot and the respective instructions thereto) by the Debtors, unless otherwise directed by the Bankruptcy Court, will be final and binding on all parties. Unless waived, any defects or irregularities in connection with deliveries of Ballots must be cured within such time as the Debtors (or the Bankruptcy Court) determine. Neither the Debtors nor any other person will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Unless otherwise directed by the Bankruptcy Court, delivery of such Ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (and as to which any irregularities have not theretofore been cured or waived) will be invalidated.

D. Withdrawal of Ballots; Revocation

Any party who has delivered a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Voting Agent at any time prior to the Voting Deadline. A notice of withdrawal, to be valid, must (i) contain the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s), (ii) be signed by the withdrawing party in the same manner as the Ballot being withdrawn, (iii) contain a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the vote sought to be withdrawn and (iv) be received by the Voting Agent in a timely manner at the address set forth below. The Debtors intend to consult with the Voting Agent to determine whether any withdrawals of Ballots were received and whether the Requisite Acceptances of the Plan have been received. As stated above, the Debtors expressly reserve the absolute right to contest the validity of any such withdrawals of Ballots.

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

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

E. Further Information; Additional Copies

If you have any questions or require further information about the voting procedure for voting your Claim or about the packet of material you received, or if you wish to obtain an additional copy of the Plan, the Disclosure Statement, or any exhibits or appendices to such documents (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d)), please contact the Voting Agent:

TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.), et al.
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245
(866) 381-9100 (telephone)
(310) 823-9133 (facsimile)

F. Internet Access to Bankruptcy Court Documents

Bankruptcy Court documents filed in these Chapter 11 Cases as well as the Bankruptcy Court's calendar and other administrative matters may be found, downloaded and printed from the Bankruptcy Court's website found at <http://www.deb.uscourts.gov>, as well as at the website maintained by the Voting Agent at <http://www.kccllc.net/tweeter>.

XIV. RECOMMENDATION AND CONCLUSION

For all of the reasons set forth in this Disclosure Statement, the Debtors believe that Confirmation and consummation of the Plan is preferable to all other alternatives. Consequently, the Debtors and the Creditors Committee urge all Holders of Claims in Class 3 to vote to ACCEPT the Plan, and to complete and return their ballots so that they will be RECEIVED by the Voting Agent on or before 4:00 p.m. (prevailing Eastern Time) on _____, 2014.

Dated: July 16, 2014

Respectfully submitted,

**TWTR, INC. (F/K/A TWEETER HOME
ENTERTAINMENT GROUP, INC.) AND ITS
SUBSIDIARIES AND AFFILIATES THAT
ARE ALSO DEBTORS AND DEBTORS IN
POSSESSION IN THE CHAPTER 11 CASES**

By: /s/ James P. Carroll
James P. Carroll
Chief Liquidating Officer

SKADDEN, ARPS, SLATE, MEAGHER & FLOM LLP

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Counsel for Debtors and Debtors in Possession

APPENDIX A

**PLAN OF LIQUIDATION OF TWTR, INC. (F/K/A TWEETER HOME
ENTERTAINMENT GROUP, INC.) AND ITS AFFILIATED DEBTORS AND DEBTORS
IN POSSESSION**

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

----- X		
	:	Chapter 11
In re:	:	
	:	Case No. 07-10787 (PJW)
TWTR, INC., <u>et al.</u> ,	:	
	:	Jointly Administered
Debtors.	:	
	:	
	:	
-----X		

**FIRST AMENDED JOINT PLAN OF LIQUIDATION PROPOSED BY TWTR, INC.
(F/K/A TWEETER HOME ENTERTAINMENT GROUP, INC.)
AND ITS AFFILIATED DEBTORS AND DEBTORS IN POSSESSION
AND THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

SKADDEN, ARPS, SLATE, MEAGHER & FLOM
LLP

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Dated: July 16, 2014
Wilmington, Delaware

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EXHIBITS

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EXHIBIT B	LIQUIDATING TRUST AGREEMENT
EXHIBIT C	NON-EXCLUSIVE LIST OF INSURANCE AGREEMENTS
EXHIBIT D	NON-EXCLUSIVE LIST OF RETAINED CAUSES OF ACTION

Note: To the extent that the foregoing Exhibits are not annexed to this Plan, such Exhibits will be filed with the Bankruptcy Court in Plan Supplement(s) filed on or before the date(s) set for the filing of such documents and forms of documents.

INTRODUCTION

TWTR, the Affiliate Debtors and the Creditors' Committee propose the following chapter 11 plan of liquidation. This Plan contemplates the liquidation of the Debtors' assets and the resolution of the outstanding Claims against and Interests in the Debtors. Reference is made to the Disclosure Statement, distributed contemporaneously herewith, for a discussion of (i) the Debtors' history, business, properties, and operations, (ii) a summary and analysis of this Plan, and (iii) certain related matters, including risk factors relating to the consummation of this Plan. All Holders of Claims who are eligible to vote on this Plan are encouraged to read this Plan and the accompanying Disclosure Statement (including all exhibits thereto) in their entirety before voting to accept or reject this Plan. Subject to certain restrictions and requirements set forth in Bankruptcy Code section 1127 and Bankruptcy Rule 3019, the Debtors reserve the right to alter, amend, modify, revoke, or withdraw this Plan prior to its substantial consummation. The Debtors and the Creditors' Committee are the proponents of this Plan within the meaning of Bankruptcy Code section 1129.

The Plan is a liquidating plan. Pursuant to prior orders of the Bankruptcy Court, the Debtors have sold substantially all of their assets. The Plan provides for the distribution of certain proceeds from such sale and the creation of a liquidating trust that will administer and liquidate all remaining property of the Debtors, including Causes of Action, not sold, transferred or otherwise waived or released on or before the Effective Date of this Plan. The Plan also provides for distribution to certain Holders of Administrative Expense Claims and Priority Claims and the funding of the Liquidating Trust. The Plan further provides for the termination of all Interests in the Debtors, the dissolution and wind-up of the affairs of the Debtors, and the issuance of New Common Stock to the Liquidating Trust.

No solicitation materials, other than the Disclosure Statement and related materials transmitted therewith have been approved for use in soliciting acceptances or rejections of this Plan. Nothing in this Plan should be construed as constituting a solicitation of acceptances of this Plan unless and until the Disclosure Statement has been approved and distributed to all Holders of Claims and Interests to the extent required by Bankruptcy Code section 1125.

ALL HOLDERS OF CLAIMS ENTITLED TO VOTE ON THE PLAN ARE ENCOURAGED TO READ CAREFULLY THE DISCLOSURE STATEMENT (INCLUDING ALL EXHIBITS THERETO) AND THE PLAN, EACH IN ITS ENTIRETY, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.

ARTICLE I

DEFINED TERMS AND RULES OF INTERPRETATION

A. Rules of Construction

For purposes of this Plan, except as expressly provided herein or unless the context otherwise requires, all capitalized terms not otherwise defined, including those capitalized terms used in the preceding Introduction, shall have the meanings ascribed to them in Article I of this Plan or any Exhibit hereto. Any term used in this Plan that is not defined herein, but is defined in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning ascribed to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable. To the extent that there is an inconsistency between a definition in this Plan and a definition set forth in the Bankruptcy Code, the definition set forth herein shall control. Whenever the context requires, such terms shall include the plural as well as the singular number, the masculine gender shall include the feminine, and the feminine gender shall include the masculine.

B. Definitions

1.1 503(b)(9) Claim means each Claim to the extent asserted against one or more of the Debtors pursuant to Bankruptcy Code section 503(b)(9).

1.2 503(b)(9) Claim Bar Date means the bar date for filing any 503(b)(9) Claim, which date was July 18, 2007.

1.3 Administrative Claim means a Claim for costs and expenses of administration of the Chapter 11 Cases under Bankruptcy Code sections 503(b), 507(b), or 1114(e)(2), including: (a) any actual and necessary costs and expenses, incurred after the Petition Date, of preserving the Estates and operating the businesses of the Debtors (such as wages, salaries and commissions for services and payments for inventory, leased equipment and premises) and Claims of governmental units for taxes (including tax audit Claims related to tax years commencing after the Petition Date, but excluding Claims relating to tax periods, or portions thereof, ending on or before the Petition Date); and (b) all other Claims entitled to administrative claim status pursuant to a Final Order of the Bankruptcy Court, but excluding 503(b)(9) Claims, Trustee Fee Claims and Professional Fee Claims.

1.4 Administrative Claims Bar Date means (a) with respect to Administrative Claims arising from and after the Petition Date through and including September 15, 2007, the Initial Administrative Claims Bar Date or, if the Administrative Claim is excluded from the Initial Administrative Claims Bar Date pursuant to a Final Order of the Bankruptcy Court, the date specified in such Final Order, and (b) with respect to an Administrative Claims arising on and after the September 16, 2007, the Final Administrative Claims Bar Date.

1.5 Administrative Claims Estimate means as of the Effective Date, the estimated amount of all Claims that will be Allowed Administrative Claims and that the Purchaser is not required to pay under the terms of the Asset Purchase Agreement in the sole judgment of the Debtors, that have not been paid by the Debtors.

1.6 Administrative Claims Objection Deadline means the last day for Filing an objection to any request for the payment of an Administrative Claim, which shall be (a) the later of (i) 180 days after the Effective Date or (ii) 90 days after the filing of such Administrative Claim or (b) such other date specified in this Plan or ordered by the Bankruptcy Court. The filing of a motion to extend the Administrative Claims Objection Deadline shall automatically extend the Administrative Claims Objection Deadline until a Final Order is entered on such motion. In the event that such motion to extend the Administrative Claims Objection Deadline is denied by the Bankruptcy Court, the Administrative Claims Objection Deadline shall be the later of the current Administrative Claims Objection Deadline (as previously extended, if applicable) or 30 days after the Bankruptcy Court's entry of an order denying the motion to extend the Administrative Claims Objection Deadline.

1.7 Administrative Claims Reserve means the reserve of Cash established and maintained by the Liquidating Trustee for Holders of Allowed Administrative Claims pursuant to Article VI.D.3. hereof (but exclusive of Holders of Professional Fee claims, the reserve for which Holders shall be the Holdback Reserve) to the extent that such Allowed Administrative Claims have not otherwise been paid in full (or in the manner agreed upon between the Holder of such Allowed Administrative Claim and the Debtors or Liquidating Trustee), in an amount equal to the Administrative Claims Estimate.

1.8 Affected Claimants means entities whose claims have been amended by one or more of the Debtors in the Schedules.

1.9 Affiliate Debtor(s) means, individually or collectively, the debtors and debtors-in-possession identified on Exhibit A annexed hereto.

1.10 Allowed Claim means a Claim or any portion thereof (a) that has been allowed by a Final Order of the Bankruptcy Court (or such court as the Liquidating Trustee and the Holders of any such Claim agree may adjudicate such Claim and any objections thereto), (b) that either (x) has been Scheduled as a liquidated, non-contingent, and undisputed Claim in an amount greater than zero on the Schedules, or (y) is the subject of a timely filed proof of claim as to which either (i) no objection to its allowance has been filed (either by way of objection or amendment to the Schedules) within the periods of limitation fixed by the Bankruptcy Code or by any order of the Bankruptcy Court or (ii) any objection to its allowance has been settled, waived through payment, or withdrawn, or has been denied by a Final Order, or (c) that is expressly allowed in a liquidated amount in this Plan; provided, however, that with respect to an Administrative Claim or 503(b)(9) Claim, "Allowed Claim" means an Administrative Claim or 503(b)(9) Claim as to which a timely written request for payment has been made in accordance with applicable bar dates for such requests set by the Bankruptcy Court (if such written request is

required) in each case as to which the Debtors, or any other party in interest (x) has not interposed a timely objection or (y) has interposed a timely objection and such objection has been settled, waived through payment, or withdrawn, or has been denied by a Final Order; provided, further, however, that for purposes of determining the status (i.e., Allowed or Disputed) of a particular Claim prior to the expiration of the period fixed for filing objections to the allowance or disallowance of Claims, any such Claim which has not been previously allowed or disallowed by a Final Order of the Bankruptcy Court or this Plan shall be deemed a Disputed Claim unless such Claim is specifically identified by the Debtors and/or the Liquidating Trustee as being an Allowed Claim.

1.11 "Allowed ... Claim" means an Allowed Claim of the particular type or Class described.

1.12 Amended Schedule Bar Date means the deadline by which Affected Claimants have to File a Proof of Claim in response to such amendment. An Affected Claimant shall have until the later of (i) the General Bar Date or (ii) 30 days after the date that notice of the applicable amendment to the Schedules is served on the Affected Claimant in which to File a Proof of Claim or amend any previously Filed Proofs of Claim in respect of the amended Scheduled Claim.

1.13 Asset Purchase Agreement means the Amended and Restated Asset Purchase Agreement dated as of June 26, 2007, by and among NewCo and the Debtors, as such Agreement has been or may be amended by the parties thereto.

1.14 Available Cash means all Cash held by the Liquidating Trustee as of the date ten (10) Business Days prior to (i) the Distribution Date and/or (ii) any Periodic Distribution Date, in each instance other than Restricted Cash.

1.15 Avoidance Actions means Causes of Action arising under Bankruptcy Code sections 502, 510, 541, 542, 544, 545, 547 through 551 and/or 553, or under state or federal statutes and common law, including, without limitation, fraudulent transfer laws, whether or not litigation is commenced to prosecute such Causes of Action.

1.16 Avoidance Action Proceeds means all proceeds of the Avoidance Actions.

1.17 Ballot means each of the ballot forms distributed to each Holder of a Claim or Interest entitled to vote to accept or reject this Plan.

1.18 Bankruptcy Code means title 11 of the United States Code, as now in effect or hereafter amended and as applicable to the Chapter 11 Cases.

1.19 Bankruptcy Court means the United States Bankruptcy Court for the District of Delaware, or any other court with jurisdiction over the Chapter 11 Cases.

1.20 Bankruptcy Rules means, collectively, the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended and as applicable to the Chapter 11 Cases or proceedings therein, as the case may be, and the Local Rules, as now in effect or hereafter amended.

1.21 Business Day means any day, other than a Saturday, Sunday or Legal Holiday.

1.22 Case Interest Rate means the federal judgment rate provided in 28 U.S.C. § 1961 in effect on the Petition Date, which is 4.98%.

1.23 Cash means legal tender of the United States of America and equivalents thereof, which may be conveyed by check or wire transfer.

1.24 Causes of Action means any and all claims, actions, proceedings, causes of action, Avoidance Actions, suits, accounts, controversies, agreements, promises, rights of action, rights to legal remedies,

rights to equitable remedies, rights to payment and Claims (as defined in Bankruptcy Code section 101(5)), whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, that any Debtor and/or Estate may hold against any Person.

1.25 Chapter 11 Case(s) means (a) when used with reference to a particular Debtor, the case under chapter 11 of the Bankruptcy Code commenced by such Debtor in the Bankruptcy Court and (b) when used with reference to all Debtors, the cases under chapter 11 of the Bankruptcy Code commenced by the Debtors in the Bankruptcy Court.

1.26 Claim has the meaning set forth in Bankruptcy Code section 101(5).

1.27 Claimholder means the Holder of a Claim.

1.28 Claims Agent means Kurtzman Carson Consultants, LLC.

1.29 Claims Objection Deadline means the last day for Filing objections to Claims, including but not limited to 503(b)(9) Claims and Reclamation Claims and other than Administrative Claims and Professional Fee Claims, which day shall be (a) the later of (i) 270 days after the Effective Date or (ii) 180 days after the filing of a proof of claim for, or request for payment of, such Claim or (b) such other date as the Bankruptcy Court may order. The filing of a motion to extend the Claims Objection Deadline shall automatically extend the Claims Objection Deadline until a Final Order is entered on such motion. In the event that such motion to extend the Claims Objection Deadline is denied, the Claims Objection Deadline shall be the later of the current Claims Objection Deadline (as previously extended, if applicable) or 30 days after entry of a Final Order denying the motion to extend the Claims Objection Deadline.

1.30 Class means a category of Holders of Claims or Interests, as described in Article II hereof.

1.31 Closing means the closing of the transactions contemplated by the Asset Purchase Agreement upon the terms and subject to the satisfaction of the conditions therein.

1.32 Collateral means any property or interest in property of a Debtor's Estate subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable state law.

1.33 Confirmation means entry by the Bankruptcy Court of a Final Order in the form of the Confirmation Order.

1.34 Confirmation Date means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the Bankruptcy Court docket in the jointly administered Chapter 11 Cases.

1.35 Confirmation Hearing means the hearing held by the Bankruptcy Court to consider confirmation of this Plan, as such hearing may be adjourned or continued from time to time.

1.36 Confirmation Order means the order entered by the Bankruptcy Court confirming this Plan under Bankruptcy Code section 1129.

1.37 Consummation or Consummate means the occurrence of or to achieve the Effective Date.

1.38 Contingent means, with reference to a Claim, a Claim that has not accrued or is not otherwise payable and the accrual of which, or the obligation to make payment on which, is dependent upon a future event that may or may not occur.

1.39 *Creditor* means any Person who holds a Claim against one or more of the Debtors.

1.40 *Creditors' Committee* means the Official Committee of Unsecured Creditors of TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.), et al., appointed by the United States Trustee in the Chapter 11 Cases pursuant to Bankruptcy Code section 1102.

1.41 *Debtor* means any of TWTR or the Affiliate Debtors in their individual capacity.

1.42 *Debtors* means, collectively, TWTR and all of the Affiliate Debtors.

1.43 *Deficiency Claims* means an unsecured deficiency Claim of a Holder of a Miscellaneous Secured Claim arising as a result of the Debtors' failure to pay such Miscellaneous Secured Claim in full, if any.

1.44 *DIP Facility Claims* means, collectively, the Senior DIP Facility Claims and the Junior DIP Facility Claims.

1.45 *Disallowed Claim* means a Claim, or any portion thereof, that (a) has been disallowed by a Final Order, (b) is Scheduled at zero or as contingent, disputed or unliquidated and as to which no Proof of Claim has been filed by the Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order, or otherwise deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order or under applicable law, or (c) is not Scheduled, and as to which (i) no Proof of Claim has been filed by the Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order or under applicable law, or (ii) no request for payment of an Administrative Claim has been filed by the Administrative Claims Bar Date or deemed timely filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order or under applicable law.

1.46 *Disclosure Statement* means the disclosure statement (including all exhibits and schedules thereto) dated July 16, 2014 relating to this Plan, distributed contemporaneously herewith in accordance with Bankruptcy Code sections 1125 and 1126(b) and Bankruptcy Rule 3018.

1.47 *Disputed Claim* means a Claim, or any portion thereof, that has not been Allowed pursuant to this Plan or a Final Order, and:

(a) if no Claim has been filed, or deemed to have been filed, by the applicable Bar Date, which has been or hereafter is listed on the Schedules as unliquidated, contingent or disputed, and which has not been resolved by written agreement of the parties or an order of the Bankruptcy Court;

(b) if a Claim has been filed, or deemed to have been filed, by the applicable Bar Date (i) a Claim for which a corresponding Claim has been listed on the Schedules as unliquidated, contingent or disputed; (ii) a Claim for which a corresponding Claim has been listed on the Schedules as other than unliquidated, contingent or disputed, but the amount of such Claim as asserted in the Claim varies from the amount of such Claim as listed in the Schedules; or (iii) a Claim as to which any party in interest has timely filed an objection or request for estimation in accordance with this Plan, the Bankruptcy Code, the Bankruptcy Rules and any orders of the Bankruptcy Court, or which is otherwise disputed by a Debtor and/or the Liquidating Trustee in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn, or determined by a Final Order;

(c) if a request for payment of an Administrative Claim has been filed or deemed to have been filed by the Administrative Claims Bar Date, an Administrative Claim as to which any party in interest has timely filed an objection or request for estimation in accordance with this Plan, the Bankruptcy Code, the Bankruptcy Rules, and any orders of the Bankruptcy Court, or which is otherwise disputed by a Debtor, Liquidating Trustee or any party in interest in accordance with applicable law, which objection, request for estimation or dispute has not been withdrawn or determined by a Final Order;

(d) for which a claim was required to be filed by order of the Bankruptcy Court, but as to which a Claim was not timely or properly filed; or

(e) that is disputed in accordance with the provisions of this Plan.

1.48 "Disputed ... Claim" means a Disputed Claim of the type described.

1.49 Disputed Claim Amount means (a) if a liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim, (i) the liquidated amount set forth in the Proof of Claim relating to the Disputed Claim; (ii) an amount agreed to by the Debtors and/or the Liquidating Trustee, as applicable, and the Holder of such Disputed Claim; or (iii) if a request for estimation is filed by any party, the amount at which such Claim is estimated by the Bankruptcy Court; (b) if no liquidated amount is set forth in the Proof of Claim relating to a Disputed Claim, (i) an amount agreed to by the Debtors and/or the Liquidating Trustee, as applicable, and the Holder of such Disputed Claim or (ii) the amount estimated by the Bankruptcy Court with respect to such Disputed Claim; or (c) if the Claim was listed on the Schedules as unliquidated, contingent or disputed and no Proof of Claim was filed, or deemed to have been filed, by the applicable Bar Date and the Claim has not been resolved by written agreement of the parties or an order of the Bankruptcy Court, zero.

1.50 Disputed Claim Reserve means the reserve established and maintained by the Liquidating Trustee in accordance with Article VI.D.3 hereof.

1.51 Distribution means any distribution pursuant to this Plan to the Holders of Allowed Claims.

1.52 Distribution Date means any date upon which a distribution is made by the Liquidating Trustee to Holders of Allowed Claims entitled to receive Distributions under this Plan.

1.53 Distribution Record Date means the record date for purposes of making Distributions under this Plan on account of Allowed Claims, which date shall be the Confirmation Date or such other date designated in the Confirmation Order.

1.54 Effective Date means the Business Day this Plan becomes effective as provided in Article IX.B hereof.

1.55 Estate(s) means, individually, the estate of TWTR or any of the Affiliate Debtors and, collectively, the estates of all of the Debtors created under Bankruptcy Code section 541.

1.56 Excluded Assets shall have the meaning ascribed in the Asset Purchase Agreement.

1.57 Exhibit means an exhibit annexed to either this Plan or as an appendix to the Disclosure Statement.

1.58 Exhibit Filing Date means the date on which Exhibits to this Plan or the Disclosure Statements shall be filed with the Bankruptcy Court, which date shall be at least five (5) days prior to the Voting Deadline or such later date as may be approved by the Bankruptcy Court without further notice to parties-in-interest.

1.59 Face Amount means (a) when used in reference to a Disputed Claim, the Disputed Claim Amount and (b) when used in reference to an Allowed Claim, the allowed amount of such Claim.

1.60 Final Administrative Claims Bar Date means the last date by which a request for payment of an Administrative Claim that arises after September 15, 2007, may be Filed, which date is sixty (60) days after the Effective Date.

1.61 File, Filed or Filing means file, filed, or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Cases.

1.62 Final Decree means the decree contemplated under Bankruptcy Rule 3022.

1.63 Final Junior DIP Order means the Final Order (1) Approving Post-Petition Financing, (2) Granting Liens and Providing Superpriority Administrative Expense Status Pursuant to 11 U.S.C. §§ 363 and 364, and (3) Modifying Automatic Stay Pursuant to 11 U.S.C. § 362 (Docket No. 449), entered by the Bankruptcy Court on July 13, 2007.

1.64 Final Order means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in any Chapter 11 Case, the operation or effect of which has not been stayed, reversed, or amended and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending.

1.65 Final Senior DIP Order means the Final Order (1) Approving Post-Petition Financing, (2) Authorizing Use of Cash Collateral Pursuant to 11 U.S.C. § 363, (3) Granting Liens and Providing Superpriority Administrative Expense Status Pursuant to 11 U.S.C. §§ 363 and 364, and (3) Modifying Automatic Stay Pursuant to 11 U.S.C. § 362 (Docket No. 253), entered by the Bankruptcy Court on June 29, 2007.

1.66 Final Trust Distribution Date means the date of the last Distribution from the Liquidating Trust under this Plan for and on account of an Allowed Claim.

1.67 General Bar Date means the bar date for Filing Proofs of Claim for Claims arising prior to the Petition Date against any and/or all of the Debtors in the Chapter 11 Cases, other than (i) those Claims expressly excluded from the General Bar Date pursuant to a Final Order of the Bankruptcy Court and (ii) Claims whose Filing deadline are otherwise governed by the Rejection Bar Date or the Amended Schedule Bar Date, which date was October 19, 2007.

1.68 General Unsecured Claim means a Claim that is not an Administrative Claim, 503(b)(9) Claim, Priority Tax Claim, Non-Tax Priority Claim, DIP Facility Claim, Miscellaneous Secured Claim, Old Equity Interest, or Professional Fee Claim; provided, however, that General Unsecured Claims shall include Deficiency Claims and Reclamation Claims.

1.69 Governmental Bar Date means the bar date for Governmental Units to file Proofs of Claim for Claims arising prior to the Petition Date against any and/or all of the Debtors, which date was December 10, 2007.

1.70 Holdback Amount means the amount equal to twenty percent (20%) of fees billed to the Debtors for a given month that were retained by the Debtors as a holdback on payment of Professional Fee Claims pursuant to the Professional Fee Order.

1.71 Holdback Reserve means the Cash to be reserved in an amount sufficient to fund the payment of all Professional Fee Claims, including but not limited to an amount sufficient to pay (i) all unpaid Holdback Amounts and other expenses billed by Professionals prior to the Effective Date; (ii) all outstanding fee applications of Professionals not ruled upon by the Bankruptcy Court as of the Effective Date; and (iii) the estimated aggregate amount of all reasonable fees and expenses due to Professionals for periods that have not been billed as of the Effective Date.

1.72 Holder means an entity holding a Claim or Interest.

1.73 Impaired means, when used in reference to a Claim, Interest, or Class, a Claim, Interest, or a Class that is impaired within the meaning of Bankruptcy Code section 1124.

1.74 Indemnification Obligation means any obligation of any of the Debtors to indemnify, reimburse, or provide contribution to any present or former officer, director, or employee, or any present or former Professionals, advisors, or representatives of the Debtors, pursuant to by-laws, articles of incorporation, contract, or otherwise as may be in existence immediately prior to the Petition Date.

1.75 Initial Administrative Claims Bar Date means the date for filing a request for payment of an Administrative Claim, other than those Administrative Claims excluded from the Initial Administrative Claims Bar Date pursuant to a Final Order of the Bankruptcy Court, arising from and after the Petition Date through and including September 15, 2007, which date was October 19, 2007.

1.76 Initial Trust Distribution Date means a Business Day, as determined by the Liquidating Trustee, as soon as practical after the Effective Date, that is at least ten (10) Business Days after the funding of the Liquidating Trust pursuant to Article V.G of this Plan.

1.77 Insured Claim means any Claim or portion of a Claim that is insured under the Debtors' insurance policies, but only to the extent of such coverage.

1.78 Intercompany Claim means (i) any Claim held by a Debtor against another Debtor, including, without limitation: (a) any account reflecting intercompany book entries by a Debtor with respect to another Debtor, (b) any Claim not reflected in such book entries that is held by a Debtor against another Debtor, and (c) any derivative Claim asserted by or on behalf of one Debtor against another Debtor and (d) any guarantee by a Debtor of another Debtor's liability; and (ii) any Subsidiary Interests.

1.79 Interest means the legal, equitable, contractual, and other rights of any Person with respect to any capital stock or other ownership interest in any Debtor, whether or not transferable, and any option, warrant or right to purchase, sell, or subscribe for an ownership interest or other equity security in any Debtor, including the Subsidiary Interests.

1.80 Junior DIP Agent has the meaning ascribed in the Final Junior DIP Order.

1.81 Junior DIP Facility means "Junior DIP Credit Agreement" as such term is defined in the Final Junior DIP Order.

1.82 Junior DIP Facility Claim means a Claim of the Junior DIP Agent and/or a Junior DIP Lender, arising under or as a result of the Junior DIP Facility and/or the Final Junior DIP Order.

1.83 Junior DIP Lenders has the meaning ascribed to it in the Final Junior DIP Order.

1.84 Legal Holiday has the meaning set forth in Bankruptcy Rule 9006(a).

1.85 Lien shall mean any lien, security interest, pledge, title retention agreement, encumbrance, charge, mortgage, or hypothecation to secure payment of a debt or performance of an obligation, other than, in the case of securities and any other equity ownership interests, any restrictions imposed by applicable United States or foreign securities laws.

1.86 Liquidating Trust means the trust established on the Effective Date pursuant to Article V.G of this Plan.

1.87 Liquidating Trust Agreement means the agreement to be executed as of the Effective Date establishing the Liquidating Trust pursuant to this Plan in substantially the form attached as Exhibit B hereto.

1.88 Liquidating Trustee means the Person appointed pursuant to Article VI.F.5 of this Plan to act as trustee of and administer the Liquidating Trust, which Person shall be Carroll Services LLC.

1.89 Liquidating Trust Operating Reserve means the reserve account to be established and maintained by the Liquidating Trustee into which the Liquidating Trustee shall from time to time deposit Cash to fund, among other things, the expenses of the Liquidating Trustee, the expenses of the Trust Advisory Board and its Professionals, and the expenses of the Liquidating Trustee Professionals, as set forth more fully in the Liquidating Trust Agreement.

1.90 Liquidating Trustee Professionals means the agents, financial advisors, attorneys, consultants, independent contractors, representatives, and other professionals of the Liquidation Trustee (in their capacities as such).

1.91 Local Rules means the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware.

1.92 Miscellaneous Secured Claim means a Claim that is (a) secured by a Lien on property in which a Debtor's Estate has an interest or (b) subject to setoff under Bankruptcy Code section 553 and such right of setoff has been asserted by the holder of such right prior to the Confirmation Date in a properly filed motion for relief from the automatic stay, to the extent of the value of the Claimholder's interest in the applicable Estate's interest in such property or to the extent of the amount subject to setoff, as applicable, as determined pursuant to Bankruptcy Code section 506(a) or, in the case of setoff, pursuant to Bankruptcy Code section 553.

1.93 Net Proceeds means such amounts collected from the sale or liquidation of assets after payment of all costs and expenses of such sale or liquidation, including, without limitation, attorney fees.

1.94 NewCo means Tweeter Newco, LLC.

1.95 Non-Tax Priority Claim means a Claim, other than an Administrative Claim or Priority Tax Claim, which is entitled to priority in payment pursuant to Bankruptcy Code section 507(a), including any 503(b)(9) Claim.

1.96 Old Common Stock means the class of shares of TWTR designated as its Common Shares that were issued and outstanding immediately prior to the Petition Date, and all options, warrants, calls, rights, puts, awards, commitments, or any other agreements of any character to acquire such common stock.

1.97 Periodic Class 3 Distribution Amount means, with respect to each Periodic Distribution Date, the amount of Cash equal to the aggregate Pro Rata amount of Available Cash and/or other consideration, including proceeds from the Causes of Action, to which Holders of Allowed General Unsecured Claims are entitled, if any.

1.98 Periodic Distribution Date means (a) the Distribution Date, as of the first distribution made by the Liquidating Trustee or (b) after the first Business Day occurring ninety (90) days after the immediately preceding Periodic Distribution Date or such other Business Day selected by the Liquidating Trustee, in its sole and absolute discretion; provided, however, that Distribution shall be no more than quarterly.

1.99 Person has the meaning set forth in Bankruptcy Code section 101(41).

1.100 Petition Date means June 11, 2007, the date on which the Debtors filed their petitions for relief commencing the Chapter 11 Cases.

1.101 Plan means this chapter 11 plan, including the Exhibits and all supplements, appendices, and schedules hereto, either in its current form or as the same may be altered, amended, or modified from time to time in accordance with the Bankruptcy Code and the Bankruptcy Rules.

1.102 Plan Document means this Plan, together with any contract, instrument, release, or other agreement or document entered in connection with Plan.

1.103 Plan Proponents means the Debtors and the Creditors' Committee.

1.104 Plan Supplement means the compilation(s) of documents and forms of documents, specified in this Plan, that the Debtors will file with the Bankruptcy Court on or before the date that is (a) five (5) days prior to the Voting Deadline or (b) set by the Bankruptcy Court for the filing of such documents and forms of documents.

1.105 Pre-Effective Period means the period from the Confirmation Date to the Effective Date.

1.106 Priority Claims means, collectively, all Priority Tax Claims and Non-Tax Priority Claims.

1.107 Priority Tax Claim means a Claim of a governmental unit of the kind specified in Bankruptcy Code sections 502(i) or 507(a)(8).

1.108 Priority Tax Claim Estimate means as of the Effective Date, the estimated amount of all Claims that will be Allowed Priority Tax Claims, in the sole judgment of the Debtors.

1.109 Priority Tax Reserve means the reserve of Cash established by the Liquidating Trustee for Holders of Allowed Priority Tax Claims to the extent that such Allowed Priority Tax Claims have not otherwise been paid in full (or in the manner agreed upon between the Holder of such Allowed Priority Tax claim and the Debtors) prior to the Effective Date, in an amount equal to the Priority Tax Claim Estimate.

1.110 Professional means (a) any professional employed in these Chapter 11 Cases pursuant to Bankruptcy Code sections 327, 328, or 1103 or otherwise, other than an Ordinary Course Professional, and (b) any professional or other entity seeking compensation or reimbursement of expenses in connection with the Chapter 11 Cases pursuant to Bankruptcy Code section 503(b)(4).

1.111 Professional Fee Claim means a Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses, or other charges incurred after the Petition Date and prior to and including the Effective Date.

1.112 Professional Fee Estimate means (i) with respect to any Professional, a good faith estimate of such Professional's accrued Unpaid Professional Fee Claims to be provided by each Professional in writing to the Debtors prior to the commencement of the Confirmation Hearing, or, in the absence of such a writing, to be prepared by the Debtors and (ii) collectively, the sum of all individual Professional Fee Estimates.

1.113 Professional Fee Reserve means the reserve established pursuant to Article VI.D.1 hereof of Cash sufficient to pay Allowed Professional Fee Claims to the extent, if any, unpaid as of the Effective Date, which shall include the Holdback Reserve.

1.114 Proof of Claim means the proof of claim that must be filed on or before the applicable 503(b)(9) Claim Bar Date, Administrative Claims Bar Date, Amended Schedule Bar Date, General Bar Date or Governmental Bar Date.

1.115 Pro Rata means, at any time, the proportion that the Face Amount of an Allowed Claim in a particular Class bears to the aggregate Face Amount of all Allowed Claims in such Class, unless this Plan provides otherwise.

1.116 Purchaser means NewCo, the purchaser of substantially all of the Debtors' assets pursuant to the Sale Order and the Asset Purchase Agreement.

1.117 Reclamation Claim means each Claim to the extent asserted against one or more of the Debtors pursuant to Bankruptcy Code section 546(c).

1.118 Reinstated or Reinstatement means (i) leaving unaltered the legal, equitable, and contractual rights to which a Claim or Interest entitles the Claimholder or Interest Holder so as to leave such Claim or Interest unimpaired in accordance with Bankruptcy Code section 1124 or (ii) notwithstanding any contractual provision or applicable law that entitles the Claimholder or Interest Holder to demand or receive accelerated payment of such Claim or Interest after the occurrence of a default (a) curing any such default that occurred before or after the Petition Date, other than a default of a kind specified in Bankruptcy Code section 365(b)(2); (b) reinstating the maturity of such Claim or Interest as such maturity existed before such default; (c) compensating the Claimholder or Interest Holder for any damages incurred as a result of any reasonable reliance by such Holder on

such contractual provision or such applicable law; and (d) not otherwise altering the legal, equitable, or contractual rights to which such Claim or Interest entitles the Claimholder or Interest Holder; provided, however, that any contractual right that does not pertain to the payment when due of principal and interest on the obligation on which such Claim or Interest is based, including, but not limited to, financial covenant ratios, negative pledge covenants, covenants or restrictions on merger or consolidation, and affirmative covenants regarding corporate existence prohibiting certain transactions or actions contemplated by this Plan, or conditioning such transactions or actions on certain factors, shall not be required to be reinstated in order to accomplish Reinstatement.

1.119 Rejection Bar Date shall have the meaning set forth in Article VIII.B of this Plan.

1.120 Released Claims means the claims or causes of actions described in Article XI.C of this Plan.

1.121 Reserves means, collectively, the Priority Tax Reserve, Non-Tax Priority Reserve, Administrative Claims Reserve, Liquidating Trust Operating Reserve, Unclaimed Distribution Reserve, Professional Fee Reserve, and such other reserves as may be deemed necessary by the Liquidating Trustee pursuant to the Liquidating Trust Agreement.

1.122 Restricted Cash means all Cash held by the Liquidating Trustee and physically segregated in separate accounts by the Liquidating Trustee to fund the Reserves.

1.123 Sale means the sale of substantially all of the Debtors' assets to the Buyer as approved by the Bankruptcy Court on July 13, 2007, pursuant to the Sale Order, and consummated on July 13, 2007.

1.124 Sale Order means the order entered by the Bankruptcy Court on July 13, 2007 (Docket No. 452) approving the Sale.

1.125 Scheduled means, with respect to any Claim, the status, priority and amount, if any, of such Claim as set forth in the Schedules.

1.126 Schedules means the schedules of assets and liabilities, the list of Holders of Interests, and the statements of financial affairs filed by the Debtors pursuant to Bankruptcy Code section 521 and the Bankruptcy Rules, as such schedules have been or may be further modified, amended or supplemented in accordance with Bankruptcy Rule 1009 or orders of the Bankruptcy Court.

1.127 Senior DIP Agent means "DIP Agent" as such term is defined in the Final Senior DIP Order.

1.128 Senior DIP Facility means "DIP Credit Agreement" as such term is defined in the Final Senior DIP Order.

1.129 Senior DIP Facility Claim means a Claim of the Senior DIP Agent and/or a Senior DIP Lender arising under or as a result of the Senior DIP Facility and/or the Senior Final DIP Order.

1.130 Solicitation means the solicitation by the Plan Proponents of acceptances of this Plan.

1.131 Subordinated 510(b) Claim means any Claim subordinated pursuant to Bankruptcy Code section 510(b), which shall include any Claim arising from the rescission of a purchase or sale of any Old Common Stock, any Claim for damages arising from the purchase or sale of any Old Common Stock, or any Claim for reimbursement, contribution or indemnification on account of any such Claim.

1.132 Subordinated 510(c) Claim means any Claim (i) subordinated pursuant to Bankruptcy Code section 510(c); or (ii) for punitive or exemplary damages or for a fine or penalty, to the extent permitted by applicable law.

1.133 *Subsidiary Interests* means, collectively, the equity interests in the respective Affiliate Debtors, including stock, membership, or partnership interests, as applicable.

1.134 *Tax Claim* means all or that portion of a Claim held by a Governmental Unit for a tax assessed or assessable against the Debtors, including income and employment taxes and any related penalties or interest.

1.135 *Taxes* means any and all taxes, levies, imposts, assessments, or other charges of whatever nature imposed at any time Governmental Unit or by any political subdivision or taxing authority thereof or therein and all interest, penalties, or similar liabilities with respect thereto.

1.136 *Transition Services Agreement* shall have the meaning ascribed to such term in the Sale Order and the Asset Purchase Agreement.

1.137 *Trust Advisory Board* means the board to be comprised of one or more members of the Creditors' Committee, as designated by the Creditors' Committee, which board shall be established under and governed by the provisions of Article VI.E of this Plan.

1.138 *Trust Advisory Board Professionals* means the agents, financial advisors, attorneys, consultants, independent contractors, representatives, and other professionals of the Trust Advisory Board (in their capacities as such).

1.139 *Trustee Fees* means all fees payable pursuant to 28 U.S.C. § 1930.

1.140 *Trustee Fee Claim* means a Claim of the Office of the United States Trustee for the payment of Trustee Fees.

1.141 *TWTR* means TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.).

1.142 *Unclaimed Distribution Reserve* means the reserve established pursuant to Article VII.C.2 of this Plan.

1.143 *Unclassified Claims* means Administrative Claims, DIP Facility Claims, Priority Tax Claims, and Professional Claims.

1.144 *Unimpaired* with respect to a Claim, Class, or Interest means a Claim, Class, or Interest that is not impaired within the meaning of Bankruptcy Code section 1124.

1.145 *Unpaid Professional Fee Claims* means Professional Fee Claims not otherwise paid by the Debtors or the Purchaser prior to the Effective Date.

1.146 *U.S. Trustee* means the Office of the United States Trustee for the District of Delaware.

1.147 *Voting Deadline* means the date and time, as fixed by an order of the Bankruptcy Court and set forth in the Disclosure Statement, by which all Ballots to accept or reject this Plan must be received in order to be counted.

C. Rules of Interpretation

For purposes of this Plan (a) any reference in this Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that such document shall be substantially in such form or substantially on such terms and conditions, (b) any reference in this Plan to an existing document or exhibit Filed or to be Filed means such document or exhibit as it may have been or may be amended, modified, or supplemented, (c) unless otherwise specified, all references in this Plan to sections, articles, Schedules and Exhibits are references to sections, articles, Schedules and Exhibits of or to this Plan, (d) the

words "herein" and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan, (e) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan, and (f) to the extent not modified herein, the rules of construction set forth in Bankruptcy Code section 102 and in the Bankruptcy Rules shall apply.

D. Computation of Time

In computing any period of time prescribed or allowed by this Plan, the provisions of Bankruptcy Rule 9006(a) shall apply.

E. Governing Law

Unless a rule of law or procedure is supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) and except as otherwise provided herein or therein, the laws of (i) the State of Delaware shall govern the construction and implementation of this Plan and any agreements, documents, and instruments executed in connection with this Plan and (ii) the laws of the state of incorporation of each Debtor shall govern corporate governance matters with respect to such Debtor, in either case without giving effect to the principles of conflicts of law thereof.

F. Exhibits and Plan Supplements

All Exhibits and Plan Supplements are incorporated into and are a part of this Plan as if set forth in full herein, and, to the extent not annexed hereto, such Exhibits and Plan Supplements shall be filed with the Bankruptcy Court on or before the Exhibit Filing Date. After the Exhibit Filing Date, copies of Exhibits and Plan Supplements can be obtained (at your own expense, unless otherwise specifically required by Bankruptcy Rule 3017(d)), by contacting the Claims Agent:

TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.), et al.
c/o Kurtzman Carson Consultants LLC
2335 Alaska Avenue
El Segundo, California 90245
(866) 381-9100 (telephone)
(310) 823-9133 (facsimile)

Copies can also be obtained by downloading such Exhibits and Plan Supplements from the Bankruptcy Court's website at <http://www.deb.uscourts.gov> (registration required) or the Claims Agent's website at www.kccllc.net/tweeter. To the extent any Exhibit and Plan Supplement is inconsistent with the terms of this Plan, unless otherwise ordered by the Bankruptcy Court, the non-Exhibit or non-Plan-Supplement portion of this Plan shall control.

ARTICLE II

CLASSIFICATION OF CLAIMS AND INTERESTS

A. Introduction

All Claims and Interests, except DIP Facility Claims, Administrative Claims, and Priority Tax Claims are placed in the Classes set forth below. In accordance with Bankruptcy Code section 1123(a)(1), DIP Facility Claims, Administrative Claims, and Priority Tax Claims, as described below, have not been classified.

A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest falls within the description of that Class, and is classified in other Classes to the extent that any portion of the Claim or Interest falls within the description of such other Classes. A Claim is also placed in a particular Class for the purpose of receiving distributions pursuant to this Plan only to the extent that such Claim is an Allowed Claim in that Class and such Claim has not been paid, released or otherwise settled prior to the Effective Date.

B. *Unsolicited and Unclassified Claims (not entitled to vote on this Plan)*

1. DIP Facility Claims
2. Administrative Claims
3. Priority Tax Claims
4. Professional Claims

C. *Unimpaired Classes of Claims (deemed to have accepted this Plan and are not entitled to vote on this Plan)*

1. Class 1: Miscellaneous Secured Claims
Class 1 consists of all Miscellaneous Secured Claims.
2. Class 2: Non-Tax Priority Claims
Class 2 consists of all Non-Tax Priority Claims, including 503(b)(9) Claims to the extent not required to be paid by the Purchaser under the terms of the Asset Purchase Agreement.

D. *Impaired Classes of Claims (entitled to vote on this Plan)*

1. Class 3: General Unsecured Claims
Class 3 consists of all General Unsecured Claims.

E. *Impaired Classes of Claims (deemed to have rejected this Plan and are not entitled to vote on this Plan)*

1. Class 4: Intercompany Claims
Class 4 consists of all Intercompany Claims.
2. Class 5: Subordinated 510(c) Claims
Class 5 consists of all Subordinated 510(c) Claims.
3. Class 6: Subordinated 510(b) Claims
Class 6 consists of all Subordinated 510(b) Claims.

F. *Impaired Classes of Interests (deemed to have rejected this Plan and are not entitled to vote on this Plan)*

1. Class 7: Interests
Class 7 consists of all Interests.

ARTICLE III

LIMITED CONSOLIDATION

For the purposes of effectuating the Plan, including for purposes of voting, Confirmation and Distributions to be made under the Plan, the Plan Proponents are seeking authority under section 105 of the

Bankruptcy Code consolidating the Debtors solely with respect to Creditors who hold Administrative Claims, Priority Claims, Non-Tax Priority Claims and Class 3 General Unsecured Claims.

Such consolidation (other than for the purpose of effectuating the Plan) will not affect: (1) the legal and corporate structures of the Debtors, subject to the right of the Debtors to effect restructurings as provided in Section 5.12 of the Plan; (2) pre- and post-Effective Date guarantees, liens and security interests that are required to be maintained (a) in connection with contracts or leases that were entered into during the Chapter 11 Cases or executory contracts and unexpired leases that have been or will be assumed or (b) pursuant to the Plan; and (3) distributions from any insurance policies or proceeds of such policies.

Pursuant to the limited consolidation set forth above, (i) any guarantee by a Debtor of an obligation of another Debtor shall be deemed one obligation of the Debtor for whom the guarantee was issued, and (ii) each Administrative Claim, Priority Claim, Non-Tax Priority Claim and Class 3 General Unsecured Claim filed or to be filed against any Debtor shall be deemed filed against the consolidated Debtors and shall be deemed a single Claim against and a single obligation of the consolidated Debtors.

The Plan Proponents do not seek approval of limited consolidation to deprive any creditor or group of creditors of their rights while providing a windfall to other creditors. The Plan Proponents propose the limited consolidation because they believe that, in view of the limited funding available to unsecured creditors and the expense involved in unraveling the Estates, the recovery by Creditors of the Debtors will, at best, be maximized, and at worst, be largely unaffected by the limited consolidation. Moreover, the Plan Proponents believe that limited consolidation is fair and equitable and in the best interests of the Debtors, their Estates, their Creditors and other parties in interest. Moreover, the pooling of Avoidance Action Proceeds amongst the Estates will benefit the creditor body as a whole and result in Holders of Allowed Claims receiving more under the Plan than such Holders would receive in Chapter 7. Accordingly, for these reasons and those to be set forth at the Confirmation Hearing, the Plan Proponents submit that limited consolidation is fair, equitable and reasonable and should be approved by the Bankruptcy Court.

The Plan will serve as a motion seeking entry of an order consolidating the Debtors, as described and to the limited extent set forth above. Unless an objection to such consolidation is made in writing by any Creditor affected by the Plan, Filed with the Bankruptcy Court and served on the Plan Proponents on or before five days before either the Voting Deadline or such other date as may be fixed by the Bankruptcy Court, the consolidation order (which may be the Confirmation Order) may be entered by the Bankruptcy Court. In the event any such objections are timely Filed, a hearing with respect thereto will occur at or before the Confirmation Hearing.

ARTICLE IV

TREATMENT OF CLAIMS AND INTERESTS

A. Unclassified Claims

1. DIP Facility Claims

All Senior DIP Facility Claims and Junior DIP Facility Claims shall be Allowed as provided in the Final Senior DIP Order and the Final Junior DIP Order, respectively. Pursuant to the terms of the Sale Order, as of the Closing Date, each Holder of an Allowed Senior DIP Facility Claim or Junior DIP Facility Claim received in full satisfaction, settlement, release, and discharge of, and in exchange for such Allowed Senior DIP Facility Claim or Allowed Junior DIP Facility Claim, Cash or other consideration equal to the unpaid portion of such Allowed Senior DIP Facility Claim or Junior DIP Facility Claim.

2. Administrative Claims

Except as otherwise provided in this Plan, and subject to the requirements of this Plan, on, or as soon as reasonably practicable after the later of (i) the Distribution Date or (ii) the date such Administrative Claim

becomes an Allowed Administrative Claim, a Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release, and discharge of and in exchange for such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim or (b) such other treatment as to which such Holder and the Debtors and/or the Liquidating Trustee shall have agreed upon in writing; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by a Debtor in the ordinary course of business during the Chapter 11 Cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto (x) prior to the Effective Date, by the Debtors and/or the Purchaser (as required by the terms of the Asset Purchase Agreement), and (y) subsequent to the Effective Date, by the Liquidating Trustee and/or the Purchaser (as required by the terms of the Asset Purchase Agreement).

3. Priority Tax Claims

Except to the extent that an Allowed Priority Tax Claim has been paid prior to the Distribution Date and subject to the occurrence of the Effective Date, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date or (ii) the Periodic Distribution Date immediately following the date such Priority Tax Claim becomes an Allowed Priority Tax Claim, a Holder of an Allowed Priority Tax Claim shall receive from the Liquidating Trustee, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Priority Tax Claim, (i) Cash equal to the unpaid portion of the Face Amount of such Allowed Priority Tax Claim or (ii) such other treatment as to which such Holder and the Liquidating Trustee shall have agreed upon in writing.

B. Unimpaired Claims

1. Class 1: Miscellaneous Secured Claims

Subject to the occurrence of the Effective Date, on, or as soon as reasonably practicable after, the later of (a) the Distribution Date or (b) the date on which a Miscellaneous Secured Claim becomes an Allowed Miscellaneous Secured Claim, a Holder of an Allowed Miscellaneous Secured Claim shall receive from the Liquidating Trustee, in full satisfaction, settlement, release, and discharge of and in exchange for, such Allowed Miscellaneous Secured Claim, (i) Cash equal to the value of its Allowed Miscellaneous Secured Claim, (ii) a return of the Holder's collateral securing the Miscellaneous Secured Claim or (iii) such other treatment as to which such Holder and the Debtors and/or the Liquidating Trustee shall have agreed upon in writing. Any Holder of a Miscellaneous Secured Claim shall retain its Lien in the Collateral or the proceeds of the Collateral (to the extent that such Collateral is sold by the Debtors, or the Liquidating Trustee free and clear of such Lien) to the same extent and with the same priority as such Lien held as of the Petition Date until such time as (A) the Holder of such Miscellaneous Secured Claim (i) has been paid Cash equal to the value of its Allowed Miscellaneous Secured Claim, (ii) has received a return of the Collateral securing the Miscellaneous Secured Claim or (iii) has been afforded such other treatment as to which such Holder and the Liquidating Trustee shall have agreed upon in writing; or (B) such purported Lien has been determined by an order of the Bankruptcy Court to be invalid or otherwise avoidable.

2. Class 2: Non-Tax Priority Claims

Subject to the occurrence of the Effective Date, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date or (ii) the Periodic Distribution Date immediately following the date such Non-Tax Priority Claim becomes an Allowed Non-Tax Priority Claim, a Holder of an Allowed Non-Tax Priority Claim shall receive from the Liquidating Trustee, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed Non-Tax Priority Claim, (i) Cash equal to the unpaid portion of the Face Amount of such Allowed Non-Tax Priority Claim or (ii) such other treatment as to which such Holder and the Liquidating Trustee shall have agreed upon in writing.

C. Impaired Claims

1. Class 3: General Unsecured Claims

Subject to the occurrence of the Effective Date, on, or as soon as reasonably practicable after, the later of (i) the Distribution Date, or (ii) the Periodic Distribution Date immediately following the date such General Unsecured Claim becomes an Allowed General Unsecured Claim, each Holder of an Allowed General Unsecured

Claim shall, in full satisfaction, settlement, release and discharge of and in exchange for such Allowed General Unsecured Claim, receive from the Liquidating Trustee, its Pro Rata share of the Initial Class 3 Distribution Amount. On each Periodic Distribution Date, each Holder of an Allowed General Unsecured Claim shall receive its Pro Rata share of the Periodic Class 3 Distribution Amount. Holders of Class 3 Claims are entitled to vote to accept or reject this Plan.

2. Class 4: Intercompany Claims

On the Effective Date, all Intercompany Claims shall be deemed eliminated, cancelled and/or extinguished and each Holder thereof shall not be entitled to, and shall not receive or retain any property under the Plan on account of such Intercompany Claims.

3. Class 5: Subordinated 510(c) Claims

On the Effective Date, all Subordinated 510(c) Claims shall be deemed eliminated, cancelled and/or extinguished and each Holder thereof shall not be entitled to, and shall not receive or retain any property under this Plan on account of such Subordinated 510(c) Claims. Class 5 is deemed to have rejected this Plan and, therefore, Holders of Subordinated 510(c) Claims are not entitled to vote to accept or reject this Plan.

4. Class 6: Subordinated 510(b) Claims

On the Effective Date, all Subordinated 510(b) Claims shall be deemed eliminated, cancelled, and/or extinguished and each Holder thereof shall not be entitled to, and shall not receive or retain any property under this Plan on account of such Subordinated 510(b) Claims. Class 6 is deemed to have rejected this Plan and, therefore, Holders of Subordinated 510(b) Claims are not entitled to vote to accept or reject this Plan.

D. Old Equity Interests

1. Class 7: Interests

On the Effective Date, the Interests, including but not limited to the Common Stock, shall be canceled and each Holder thereof shall not be entitled to, and shall not receive or retain any property or interest in property on account of, such Interests. Class 7 is deemed to have rejected this Plan and, therefore, Holders of Interests are not entitled to vote to accept or reject this Plan.

E. Special Provision Regarding Unimpaired Claims

Except as otherwise provided in this Plan, the Confirmation Order, any other order of the Bankruptcy Court, or any document or agreement enforceable pursuant to the terms of this Plan, nothing shall affect the rights and defenses, both legal and equitable, of the Liquidating Trustee with respect to any Unimpaired Claims, including, but not limited to, all rights with respect to legal and equitable defenses to setoffs or recoupments against Unimpaired Claims, provided that, Claimholders may contest setoff or recoupment in the Bankruptcy Court or any other court of competent jurisdiction.

F. Allowed Claims

The Liquidating Trustee shall only make Distributions to Holders of Allowed Claims. No Holder of a Disputed Claim will receive any Distribution on account thereof until (and then only to the extent that) its Disputed Claim becomes an Allowed Claim. The Liquidating Trustee may, in its reasonable discretion and with the consent of the Trust Advisory Board, withhold Distributions otherwise due hereunder to any Claimholder until the Claims Objection Deadline, to enable a timely objection thereto to be filed. Any Holder of a Claim that becomes an Allowed Claim after the Effective Date will receive its Distribution in accordance with the terms and provisions of this Plan and the Liquidating Trust Agreement.

G. Special Provisions Regarding Insured Claims

Distributions under this Plan to each Holder of an Insured Claim shall be in accordance with the treatment provided under this Plan for the Class in which such Insured Claim is classified; provided, however, that the maximum amount of any Distribution under this Plan on account of an Allowed Insured Claim shall be limited to an amount equal to: (a) the applicable deductible or self-insured retention under the relevant insurance policy minus (b) any reimbursement obligations of the Debtors to the insurance carrier for sums expended by the insurance carrier on account of such Claim (including defense costs); provided further, however, that, to the extent that a Claimholder has an Allowed Insured Claim, the amount of which exceeds the total coverage available from the relevant insurance policies of the Debtors, such Claimholder shall have an Allowed General Unsecured Claim in the amount by which such Allowed Insured Claim exceeds the coverage available from the relevant Debtors' insurance policies. Nothing in this Article IV.G of this Plan shall constitute a waiver of any Cause of Action the Debtors may hold against any Person, including the Debtors' insurance carriers, or is intended to, shall, or shall be deemed to preclude any Holder of an Allowed Insured Claim from seeking and/or obtaining a distribution or other recovery from any insurer of the Debtors in addition to any Distribution such Holder may receive under this Plan; provided further, however, that the Debtors do not waive, and expressly reserve their rights to assert that any insurance coverage is property of the Estates to which they are entitled.

The Plan shall not expand the scope of, or alter in any other way, the obligations of the Debtors' insurers under their policies, and the Debtors' insurers shall retain any and all defenses to coverage that such insurers may have. The Plan shall not operate as a waiver of any other Claims the Debtors' insurers have asserted or may assert in any Proof of Claim or the Debtors' rights and defenses with respect to such Proofs of Claim.

ARTICLE V**ACCEPTANCE OR REJECTION OF THE PLAN*****A. Impaired Classes of Claims Entitled to Vote.***

Subject to Article IV of this Plan, Claimholders in each Impaired Class of Claims are entitled to vote as a Class to accept or reject this Plan.

B. Acceptance by an Impaired Class.

In accordance with Bankruptcy Code section 1126(c) and except as provided in Bankruptcy Code section 1126(e), an Impaired Class of Claims shall have accepted this Plan if this Plan is accepted by the Holders of at least two-thirds ($\frac{2}{3}$) in dollar amount and more than one-half ($\frac{1}{2}$) in number of the Allowed Claims of such Class that have timely and properly voted to accept or reject this Plan.

C. Presumed Acceptances by Unimpaired Classes.

Classes 1 and 2 are Unimpaired by this Plan. Under Bankruptcy Code section 1126(f), such Claimholders are conclusively presumed to accept this Plan, and the votes of such Claimholders will not be solicited.

D. Classes Deemed to Reject Plan.

Holders of Claims in Classes 4, 5, and 6 and Interest Holders in Class 7 are not entitled to receive or retain any property under this Plan. Under Bankruptcy Code section 1126(g), Holders of Claims in Classes 4, 5, and 6 and Holders of Interests in Class 7 are deemed to reject this Plan, and the votes of such Claimholders or Interest Holders will not be solicited.

E. Summary of Classes Voting on this Plan.

As a result of the provisions of Articles II and IV of this Plan, the votes of Holders of Claims in Class 3 will be solicited with respect to this Plan.

F. Confirmation Pursuant to Bankruptcy Code Section 1129(b)

Because Classes 4, 5, 6, and 7 are deemed to reject this Plan, the Plan Proponents will seek Confirmation of this Plan from the Court by employing the Cramdown procedures set forth in section 1129(b) of the Bankruptcy Code. The Plan Proponents reserve the right to alter, amend, modify, revoke, or withdraw this Plan or any Plan Exhibit, schedule or Plan Supplement including to amend or modify this Plan or such exhibits, schedules or supplements to satisfy the requirements of Bankruptcy Code section 1129(b), if necessary.

ARTICLE VI**MEANS FOR IMPLEMENTATION OF THE PLAN****A. Corporate Action****1. Transfer of Assets to Liquidating Trust**

Upon the Effective Date, any and all remaining assets of the Debtors and their Estates, including (a) all Unencumbered Assets and (b) all Cash, shall be transferred to, and vest in, the Liquidating Trust, as set forth in the Liquidating Trust Agreement, subject to any Lien that is not waived, released or discharged on the Effective Date of the Plan. All such assets shall constitute the "Trust Estate", subject to those Liens. For all U.S. federal income tax purposes, all parties must treat the transfer of such assets to the Liquidating Trust as a transfer of such assets to the beneficiaries of the Liquidating Trust followed by a transfer of such assets by such beneficiaries to the Liquidating Trust, with the beneficiaries being treated as the grantors and owners of the Liquidating Trust. Accordingly, because a grantor trust is treated as a pass-through entity for U.S. federal income tax purposes, generally no tax should be imposed on the Liquidating Trust as a result of the transfer of assets thereto nor on income earned or gain recognized by the Liquidating Trust.

2. Dissolution of TWTR and the Affiliate Debtors

On the Effective Date, or as soon thereafter as is practicable, TWTR and the Affiliate Debtors shall be dissolved in accordance with the Delaware General Corporation Law or other applicable governing law without need for further Bankruptcy Court or other approvals. The Debtors' remaining officers and directors shall be deemed to have resigned upon the Effective Date, or as soon thereafter as the dissolution of TWTR and the Affiliate Debtors may be effected in accordance with the Delaware General Corporation Law; provided, however, that such resignations shall not be effective until such officers and directors have discharged all remaining responsibilities with respect to the dissolution of the Debtors in accordance with applicable state and federal law. If necessary or appropriate, the Liquidating Trustee shall file a certificate of dissolution for TWTR and/or the Affiliate Debtors and shall take all other actions necessary or appropriate to effect the dissolution of TWTR and/or the Affiliate Debtors under applicable state law.

3. Post-Effective Date Professional Fees; Final Fee Applications

The Professionals employed by the Debtors or the Creditors' Committee shall be entitled to reasonable compensation and reimbursement of actual, necessary expenses for post-Effective Date activities, including the preparation, filing, and prosecution of final fee applications, upon the submission of invoices to the Liquidating Trustee. Any time or expenses incurred in the preparation, filing, and prosecution of final fee applications shall be disclosed by each Professional in its final fee application and shall be subject to approval of the Bankruptcy Court.

4. Legal Representation of the Debtors and the Creditors' Committee After the Effective Date

Upon the Effective Date, the attorney-client relationship between the Debtors and their current counsel, Skadden, Arps, Slate, Meagher & Flom LLP, and between the Creditors' Committee and its current counsel, Otterbourg, Steindler, Houston & Rosen, P.C., and Pachulski, Stang, Ziehl & Jones LLP, shall be deemed terminated. No successor to the Debtors and/or the Creditors' Committee, whether under this Plan or otherwise,

including but not limited to the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee shall be deemed to succeed to the attorney-client relationship that currently exists between the Debtors and its counsel and the Creditors' Committee and its counsel. Subject only to the applicable ethical rules governing attorneys, their receipt of confidential information and their relationship with former clients, current counsel for the Debtors shall not be precluded from representing any party in any action that might be brought by or against the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee. Similarly, subject only to the applicable ethical rules governing attorneys, their receipt of confidential information and their relationship with former clients, current counsel and other professionals for the Creditors' Committee shall not be precluded from representing the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee or any other party in any action that might be brought by or against any former individual members of the Creditors' Committee.

In addition, upon the Effective Date, the Liquidating Trust and the Liquidating Trustee shall succeed to the attorney-client privilege formerly held by the Debtors. Accordingly, to the extent that documents are requested from current counsel to the Debtors by any Person, after the Effective Date, only the Liquidating Trust and the Liquidating Trustee shall have the ability to waive such attorney-client privilege. In addition, current counsel to the Debtors shall have no obligation to produce any documents currently in their possession as a result of or arising in any way out of their representation of the Debtors unless (i) the Person requesting such documents serves their request on the Liquidating Trust, and/or the Liquidating Trustee; (ii) the Liquidating Trust, and/or the Liquidating Trustee consent in writing to such production and any waiver of the attorney-client privilege such production might cause; and (iii) the Liquidating Trust, the Liquidating Trustee, or the Person requesting such production, agree to pay the reasonable costs and expenses incurred by current counsel for the Debtors in connection with such production. Upon the third (3rd) anniversary of the termination of the Liquidating Trust Agreement, any and all documents in the possession of the Debtors' current counsel and the Creditors' Committee's current counsel as a result of or arising in any way out of their representation of the Debtors and/or the Creditors' Committee, respectively, shall be deemed destroyed and no Person shall be entitled to obtain such documents.

Similarly, upon the Effective Date, the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee shall succeed to the attorney-client privilege formerly held by the Creditors' Committee. Accordingly, to the extent that documents are requested from current counsel to the Creditors' Committee by any Person, after the Effective Date, only the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee shall have the ability to waive such attorney-client privilege. In addition, current counsel to the Creditors' Committee shall have no obligation to produce any documents currently in their possession as a result of or arising in any way out of their representation of the Creditors' Committee unless (i) the Trust Advisory Committee, the Liquidating Trust, and/or the Liquidating Trustee consents in writing to such production and any waiver of the attorney-client privilege such production might cause and (ii) the Liquidating Trust and/or the Liquidating Trustee, or the Person requesting such production, agrees to pay the reasonable costs and expenses incurred by current counsel for the Creditors' Committee in connection with such production.

5. Termination of Liquidating Trust

As soon as practicable after the Liquidating Trust exhausts the assets of the Debtors' Estates by making the final Distribution of Cash under this Plan and the Liquidating Trust Agreement and has complied with and fulfilled its obligations under this Plan, the Asset Purchase Agreement, and the Sale Order, the Liquidating Trustee shall, at the expense of the Debtors' Estates, (a) provide for the retention and storage of the books and records, and files that shall have been delivered to or created by the Liquidating Trust until such time as all such books, records and files are no longer required to be retained under applicable law, and file a certificate informing the Bankruptcy Court of the location at which such books, records, and files are being stored; (b) file a certification stating that the assets of the Debtors' Estates have been exhausted and final Distributions of Cash have been made under this Plan; and (c) file tax returns.

6. Cancellation of Existing Securities and Agreements

Except as otherwise provided in this Plan, and in any contract, instrument or other agreement or document created in connection with this Plan, on the Effective Date and concurrently with the applicable Distributions made pursuant to Article VII of this Plan, the Old Common Stock and any other promissory notes, share certificates, whether for preferred or common stock (including treasury stock), other instruments evidencing

any Claims or Interests, other than a Claim that is being Reinstated and rendered unimpaired, and all options, warrants, calls, rights, puts, awards, commitments, or any other agreements of any character to acquire such Interests shall be deemed canceled and of no further force and effect, without any further act or action under any applicable agreement, law, regulation, order, or rule, and the obligations of the Debtors under the notes, share certificates, and other agreements and instruments governing such Claims and Interests shall be discharged; provided, however, that certain instruments, documents, and credit agreements related to Claims shall continue in effect solely for the purposes of allowing the agents to make Distributions to the beneficial holders and lenders thereunder. The holders of or parties to such canceled notes, share certificates and other agreements and instruments shall have no rights arising from or relating to such notes, share certificates and other agreements and instruments or the cancellation thereof, except the rights provided pursuant to this Plan.

7. No Further Action

Each of the matters provided for under this Plan involving the corporate or limited liability company structure of the Debtors or corporate or limited liability company action to be taken by or required of the Debtors shall, as of the Effective Date, be deemed to have occurred and be effective as provided herein, and shall be authorized and approved in all respects without any requirement of further action by any Person, including but not limited to, the Liquidating Trust, Holders of Claims or Interests against or in the Debtors, or directors or officers of the Debtors, as permitted by section 303 of the Delaware General Corporation Law.

8. Effectuating Documents; Further Transactions

Any appropriate officer of TWTR or any applicable Debtor or the Liquidating Trustee, as the case may be, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan. The Chief Liquidating Officer of TWTR or any applicable Debtor or the Liquidating Trustee, as the case may be, shall be authorized to certify or attest to any of the foregoing actions.

9. Single Satisfaction of Claims

Holders of Allowed Claims may assert such Claims against each Debtor obligated with respect to such Claim; however, each Claim filed against more than one Debtor shall be entitled to only a single satisfaction of such Claim and entitled to share in the recovery provided for the applicable Class of Claims against the primarily obligated Debtor based upon the full Allowed amount of the Claim.

B. Sources for Plan Distribution.

All Cash necessary for the Debtors or the Liquidating Trustee to make payments of Cash pursuant to this Plan shall be obtained from the following sources: (a) the Debtors' Cash on hand, (b) the proceeds of the Sale, (c) Cash received in liquidation of the Excluded Assets of the Debtors, and (d) proceeds of the Causes of Action, including the Avoidance Action Proceeds.

C. Funding of Reserves

1. Professional Fee Reserve

On or before the Effective Date, the Debtors shall fund the Professional Fee Reserve in the amount of the aggregate Professional Fee Estimate. The Liquidating Trustee shall (i) segregate and shall not commingle the Cash held therein and (ii) subject to the terms and conditions of the Liquidating Trust Agreement, pay each Allowed Professional Fee Claim from the Professional Fee Reserve upon entry of a Final Order allowing such Claim. In the event that Cash remains in the Professional Fee Reserve after payment of all Allowed Professional Fee Claims, such Cash shall become Available Cash and shall be distributed in accordance with the terms of this Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall not be permitted to distribute any of the Professional Fee Reserve to any Person other than a Professional entitled to payment from the Professional Fee Reserve (and then such payment shall only be permitted in accordance with the terms of this Plan) unless and until all Allowed Professional Fee Claims have been paid in full and all other Professional Fee Claims have been Disallowed or

otherwise resolved. Nothing in this Plan, including the establishment of the Professional Fee Reserve, is intended to or shall be deemed in any way to alter the priority of Professional Fee Claims afforded by the Bankruptcy Code.

2. Liquidating Trust Operating Reserve

On or before the Effective Date, the Debtors shall fund the Liquidating Trust Operating Reserve in an amount deemed by the Debtors in consultation with the Creditors' Committee to be sufficient to pay the fees and expenses of the Liquidating Trustee and the Liquidating Trustee Professionals, in light of any anticipated recovery from Excluded Assets and/or Causes of Action. The Liquidating Trustee shall be permitted, but not required, from time to time, to deposit Available Cash into the Liquidating Trust Operating Reserve to fund, among other things, the expenses of the Liquidating Trustee, the Liquidating Trustee Professionals, the Trust Advisory Board, and the Trust Advisory Board Professionals, as set forth more fully in the Liquidating Trust Agreement.

3. Administrative Claims Reserve

On or before the Effective Date, the Debtors shall fund the Administrative Claims Reserve in the amount of the Administrative Claims Estimate. The Liquidating Trustee shall (i) segregate and shall not commingle the Cash held therein and (ii) subject to the terms and conditions of the Liquidating Trust Agreement, pay each Allowed Administrative Claim (except Professional Fee Claims (which shall be paid from the Professional Fee Reserve)), upon entry of a Final Order allowing such Claim. In the event that Cash remains in the Administrative Claims Reserve after payment of all Allowed Administrative Claims (except Professional Fee Claims (which shall be paid from the Professional Fee Reserve)), such Cash shall become Available Cash and shall be distributed in accordance with the terms of this Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall not be permitted to distribute any of the Administrative Claims Reserve to any Person other than a Person entitled to payment from the Administrative Claims Reserve (and then such payment shall be permitted in accordance with the terms of this Plan) unless and until all Allowed Administrative Claims (except Professional Fee Claims (which shall be paid from the Professional Fee Reserve)) have been paid in full and all other Administrative Claims (except Professional Fee Claims (which shall be paid from the Professional Fee Reserve)) have been Disallowed or otherwise resolved.

D. Reconstitution of Creditors' Committee as Trust Advisory Board

1. Establishment of Trust Advisory Board

On and as of the Effective Date, all or less than all of the members of the Creditors' Committee shall be reconstituted as the Trust Advisory Board, whose members shall be selected by the Creditors' Committee, but in no event less than three members shall initially constitute the Trust Advisory Board. The members of the Creditors' Committee who are not selected as members of the Trust Advisory Board shall be released and discharged of and from all further authority, duties, responsibilities, and obligations related to and arising from and in connection with the Chapter 11 Cases. It is expected that Otterbourg P.C., shall serve as counsel for the Trust Advisory Board, which representation shall not preclude Otterbourg P.C. from also representing the Liquidating Trustee. The services of other Professionals retained by the Creditors' Committee shall terminate on the Effective Date. Notwithstanding the foregoing or any other provision of this Plan, in the absence of the ability of forming a Trust Advisory Board comprised of less than three members, no Trust Advisory Board shall be formed and the Liquidating Trustee may act independently.

2. Vacancies

In the event of the death or resignation of any member of the Trust Advisory Board after the Effective Date, a majority of the remaining members of the Trust Advisory Board shall have the right to designate a successor from among the Holders of General Unsecured Claims. Until a vacancy on the Trust Advisory Board is filled, the Trust Advisory Board shall function in its reduced number.

3. Investigation, Prosecution and Settlement of Claims

The Liquidating Trustee shall consult with the Trust Advisory Board on a regular basis concerning the Liquidating Trustee's investigation, prosecution, and proposed settlement of Claims. The Liquidating Trust Agreement shall contain protocols for the settlement of Claims by the Liquidating Trustee and the involvement of the Trust Advisory Board in such settlements.

4. Final Fee Applications

The duties of the Trust Advisory Board shall also include services related to any Final Fee Applications filed pursuant to Article X.A.1 of this Plan, and the Trust Advisory Board shall have the right to be heard on all issues relating to such Final Fee Applications.

5. Fees and Expenses of the Trust Advisory Board

The Liquidating Trustee shall pay the reasonable fees and expenses of the attorneys or other professionals of the Trust Advisory Board, which payments shall not require an order of the Bankruptcy Court approving such payments. The Trust Advisory Board's attorneys or other professionals shall deliver invoices for such fees and expenses to the Liquidating Trustee and the other Liquidating Trustee Professionals (if any), and payment shall be made within ten (10) Business Days following receipt. In the event of a dispute with respect to the fees and expenses of the professionals to the Trust Advisory Board, the undisputed portion of such fees and expenses may, at the Liquidating Trustee's sole discretion, be paid pending the resolution of the disputed portion of such fees and expenses, which payment shall not require an order of the Bankruptcy Court approving such payment. The Liquidating Trustee may be removed by the Bankruptcy Court for cause shown. In the event of the resignation or removal of the Liquidating Trustee, the Trust Advisory Board shall, by majority vote, designate a person to serve as successor Liquidating Trustee. Neither the Trust Advisory Board nor any of its members, designees, counsel, financial advisors or any duly designated agent or representatives of any such party shall be liable for the act, default or misconduct of any other member of the Trust Advisory Board, nor shall any member be liable for anything other than such members' own gross negligence or willful misconduct. The Trust Advisory Board may, in connection with the performance of its duties, and in its sole and absolute discretion, consult with its counsel, accountants or other professionals, and shall not be liable for anything done or omitted or suffered to be done in accordance with such advice or options. If the Trust Advisory Board determines not to consult with counsel, accountants or other professionals, such action or omission shall not be deemed to impose any liability on the Trust Advisory Board, or its members and/or designees.

6. Dissolution of the Trust Advisory Board

The Trust Advisory Board shall be dissolved and the members thereof shall be released and discharged of and from further authority, duties, responsibilities, and obligations relating to and arising from and in connection with the Chapter 11 Cases on the later of (i) the date on which final Distributions are made to Holders of Allowed General Unsecured Claims and (ii) the date on which all services related to Final Fee Applications are completed; provided, however, that the Bankruptcy Court may authorize, upon motion of the Trust Advisory Board, an earlier dissolution of the Trust Advisory Board and release and discharge of its members. The employment of the Trust Advisory Board's attorneys shall terminate upon such dissolution.

E. Liquidating Trust

1. Establishment of the Liquidating Trust

The Liquidating Trust shall be established and shall become effective on the Effective Date. All Distributions to the Holders of Allowed Claims shall be from the Liquidating Trust. The Liquidating Trust shall hold and administer the following assets and the Net Proceeds thereof (collectively, the "Liquidating Trust Assets"):

- (a) The Excluded Assets, including but not limited to the Causes of Action for liquidation and Distribution in accordance with this Plan;

- (b) the Reserves, which shall not constitute part of the res of the Liquidating Trust, except to the extent provided herein, but which shall be held separate by the Liquidating Trustee, to be administered in accordance with this Plan; and
- (c) all other property of the Debtors and the Estates, and each of them, which shall be deemed assigned by the Debtor to the Liquidating Trust on the Effective Date for liquidation and Distribution in accordance with this Plan.

2. Trust Distributions

Following the funding of the Reserves, the Liquidating Trustee shall liquidate all assets of the Debtors and the Estates (including, without limitation, all Causes of Action) and distribute the Net Proceeds of such liquidation from the Liquidating Trust in accordance with this Plan and the Liquidating Trust Agreement.

3. Duration of Trust

The Liquidating Trust shall continue to exist until such time as (a) the Bankruptcy Court has entered a Final Order closing the Chapter 11 Cases pursuant to Bankruptcy Code section 350(a) and (b) the Liquidating Trustee has administered all assets of the Liquidating Trust and performed all other duties required by this Plan and the Liquidating Trust Agreement. As soon as practicable after the Final Trust Distribution Date, the Liquidating Trustee shall seek entry of a Final Order closing the Chapter 11 Cases pursuant to Bankruptcy Code section 350.

4. Liquidation of Causes of Action

Notwithstanding any other term or provision of this Plan, the Liquidating Trustee shall have sole authority and responsibility, after consultation with the Trust Advisory Board, for investigating, analyzing, commencing, prosecuting, litigating, compromising, collecting, and otherwise administering the Causes of Action.

5. Liquidating Trustee

(a) Appointment

The Liquidating Trustee shall be Carroll Services LLC, who has been selected by the Debtors in conjunction with the Committee, as designated in the Confirmation Order. The appointment of the Liquidating Trustee shall be effective as of the Effective Date. Successor Liquidating Trustee(s) shall be appointed as set forth in the Liquidating Trust Agreement.

(b) Term

Unless the Liquidating Trustee resigns or dies earlier, the Liquidating Trustee's term shall expire upon termination of the Liquidating Trust pursuant to this Plan and/or the Liquidating Trust Agreement.

(c) Powers and Duties

The Liquidating Trustee shall have the rights and powers set forth in the Trust Agreement including, but not limited to, the powers of a debtor-in-possession under Bankruptcy Code sections 1107 and 1108; provided, however, the Liquidating Trustee shall have no authority to operate the Debtors' businesses. The Liquidating Trustee shall be governed in all things by the terms of the Liquidating Trust Agreement and this Plan. The Liquidating Trustee shall administer the Liquidating Trust, and its assets, and make Distributions from the proceeds of the Liquidating Trust in accordance with this Plan. In addition, the Liquidating Trustee shall, in accordance with the terms of this Plan, take all actions necessary to wind down the affairs of the Debtors consistent with this Plan and applicable non-bankruptcy law. Without limitation, the Liquidating Trustee shall (a) file final federal, state, and, to the extent applicable, local, tax returns; and (b) dissolve each of the Debtors in accordance with this Plan. The Liquidating Trustee shall be authorized, empowered and directed to take all actions necessary to

comply with this Plan and exercise and fulfill the duties and obligations arising thereunder, including, without limitation, to:

- (i) employ, retain, and replace one or more attorneys, accountants, auctioneers, brokers, managers, consultants, other professionals, agents, investigators, expert witnesses, consultants, and advisors as necessary to discharge the duties of the Liquidating Trustee under this Plan and the Liquidating Trust Agreement;
 - (ii) object to the allowance of Claims pursuant to the terms of this Plan;
 - (iii) establish the Reserves and open, maintain and administer bank accounts as necessary to discharge the duties of the Liquidating Trustee under this Plan and the Liquidating Trust Agreement;
 - (iv) pay reasonable and necessary professional fees, costs, and expenses as set forth in this Plan;
 - (v) investigate, analyze, commence, prosecute, litigate, compromise, and otherwise administer the Causes of Action and all related Liens for the benefit of the Liquidating Trust and its beneficiaries, as set forth in this Plan, and take all other necessary and appropriate steps to collect, recover, settle, liquidate, or otherwise reduce to Cash the Causes of Action, including all receivables, and to negotiate and effect settlements and lien releases with respect to all related Claims and all related Liens;
 - (vi) administer, sell, liquidate, or otherwise dispose of all Collateral and all other assets of the Estates in accordance with the terms of this Plan;
 - (vii) represent the Estates before the Bankruptcy Court and other courts of competent jurisdiction with respect to matters concerning the Liquidating Trust;
 - (viii) seek the examination of any entity under and subject to the provisions of Bankruptcy Rule 2004;
 - (ix) comply with applicable orders of the Bankruptcy Court and any other court of competent jurisdiction over the matters set forth in this Plan;
 - (x) comply with all applicable laws and regulations concerning the matters set forth in this Plan;
 - (xi) exercise such other powers as may be vested in the Liquidating Trust pursuant to the Liquidating Trust Agreement, this Plan, or other Final Orders of the Bankruptcy Court; and
 - (xii) execute any documents, instruments, contracts, and agreements necessary and appropriate to carry out the powers and duties of the Liquidating Trust.
- (d) Fees and Expenses

Except as otherwise provided in this Plan, compensation of the Liquidating Trustee and the costs and expenses of the Liquidating Trustee and the Liquidating Trust (including, without limitation, professional fees

and expenses) shall be paid (i) to the extent related to the administration, preservation, maintenance or liquidation of Collateral, from the Net Proceeds of the liquidation of such Collateral; (ii) to the extent related to the administration or liquidation of the Causes of Action, from the Net Proceeds of the Causes of Action; and (iii) from the Liquidating Trust Operating Reserve. The Liquidating Trustee shall pay the reasonable fees and expenses of the Liquidating Trustee or the Liquidating Trustee Professionals as necessary to discharge the Liquidating Trustee's duties under this Plan and the Liquidating Trust Agreement, which payments shall not require an order of the Bankruptcy Court approving such payments. The Liquidating Trustee Professionals shall deliver invoices for such fees and expenses to the Trust Advisory Board, the Liquidating Trustee and the other Liquidating Trustee Professionals (if any), and payment shall be made within ten (10) Business Days following receipt. In the event of a dispute with respect to the fees and expenses of the Liquidating Trustee or the Liquidating Trustee Professionals, the undisputed portion of such fees and expenses may, at the Liquidating Trustee's sole discretion, be paid pending the resolution of the disputed portion of such fees and expenses, which payment shall not require an order of the Bankruptcy Court approving such payment. The Liquidating Trustee is entitled to deduct all fees and expenses reasonably incurred by the Liquidating Trustee and/or the Liquidating Trustee Professionals in administering, preserving, maintaining or liquidating Collateral from the proceeds of such Collateral prior to making any Distribution of such proceeds under this Plan.

(e) Retention of Professionals and Compensation Procedure

On and after the Effective Date, the Liquidating Trustee may engage such professionals and experts as may be deemed necessary and appropriate by the Liquidating Trustee to assist the Liquidating Trustee in carrying out the provisions of this Plan and the Liquidating Trust Agreement. For services performed from and after the Effective Date, Liquidating Trustee Professionals shall receive compensation and reimbursement of expenses in a manner to be determined by the Liquidating Trustee, in consultation with the Trust Advisory Board.

(f) Compromising Claims

Pursuant to Bankruptcy Rule 9019(b), this Plan and the Liquidating Trust Agreement, as of the Effective Date the Liquidating Trustee is authorized, after consultation with the Trust Advisory Board, to approve compromises of the Causes of Action and all Claims, Disputed Claims, and Liens and to execute necessary documents, including Lien releases and stipulations of settlement or release, without notice to any party and without further order of the Bankruptcy Court.

(g) Vesting of Assets

On the Effective Date, and subject to the provisions of the Sale Order and the Asset Purchase Agreement, all property treated by this Plan, any minutes, and general corporate records of Debtors, and any books and records relating to the foregoing not otherwise treated by this Plan, shall vest in the Liquidating Trust free and clear of all Liens, Claims, encumbrances, and other interests and shall thereafter be administered, liquidated by sale, collection, recovery, or other disposition and distributed by the Liquidating Trust in accordance with the terms of the Liquidating Trust Agreement and this Plan.

F. Dissolution of Creditors' Committee

The Creditors' Committee shall continue in existence until the Effective Date, to exercise those powers and perform those duties specified in section 1103 of the Bankruptcy Code, and shall perform such other duties as it may have been assigned by the Bankruptcy Court prior to the Effective Date. Thereafter, the Creditors' Committee shall continue in existence until the latest of: (a) the Effective Date; and (b) the conclusion of any appeals or other challenges or matters with respect to the Confirmation Order. On the latest of such dates, the Creditors' Committee shall be dissolved and its members, Professionals and agents shall be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Cases or the Plan and its implementation, and the retention or employment of the Creditors Committee's attorneys, accountants and other agents shall terminate, provided, however, such attorneys and financial advisors shall be entitled to pursue their own Professional Fee Claims and represent the Creditors' Committee in connection with the review of and the right to be heard in connection with all Professional Fee Claims. All expenses of Creditors' Committee members and the fees and expenses of their professionals through the Effective Date shall be paid in accordance with the terms and conditions

of this Plan and any order of the Bankruptcy Court. Following the Effective Date, (a) the attorneys and financial advisors to the Creditors' Committee shall be entitled to request any reasonable claims for compensation for services rendered or reimbursement for expenses incurred after the Effective Date through and including the dissolution of the Committee in connection with the services to the Creditors' Committee and (b) the members of the Creditors' Committee shall be entitled to reimbursement of their reasonable expenses incurred in connection with their exercise of the foregoing duties and responsibilities. The Liquidating Trustee shall pay, within ten (10) Business Days after submission of a detailed invoice to the Liquidating Trustee, such reasonable claims for compensation or reimbursement of expenses incurred by the professionals of the Creditors' Committee. If the Liquidating Trustee disputes the reasonableness of any such invoice, the Liquidating Trustee or the affected professional may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of any such invoice, and the disputed portion of such invoice shall not be paid until the dispute is resolved. The undisputed portion of such reasonable fees and expenses shall be paid as provided herein.

G. No Revesting of Assets

The property of the Debtors' Estates shall not be vested in the Debtors on or following the Effective Date, but shall be vested in the Liquidating Trust and continue to be subject to the jurisdiction of the Bankruptcy Court following Confirmation of this Plan until such property is distributed to Holders of Allowed Claims in accordance with the provisions of this Plan, the Liquidating Trust Agreement, and the Confirmation Order. From and after the Effective Date, all such property shall be distributed in accordance with the provisions of this Plan, the Liquidating Trust Agreement, and the Confirmation Order. The Liquidating Trustee may, however, subject to the terms and conditions of the Liquidating Trust Agreement and this Plan, pay fees and expenses that it incurs after the Effective Date for Liquidating Trust Professionals, without application to or approval by the Bankruptcy Court.

H. Accounts and Reserves

The Debtors or the Liquidating Trustee shall (a) establish one or more general accounts into which shall be deposited all funds not required to be deposited into any other account or Reserve and (b) create, fund, and withdraw funds from, as appropriate, the Reserves and such other accounts maintained or established by Liquidating Trustee and/or the Liquidating Trustee.

I. Release of Liens

Except as otherwise provided in the Sale Order, the Asset Purchase Agreement, this Plan, the Confirmation Order, or in any document, instrument, or other agreement created in connection with this Plan, on the Effective Date, all mortgages, deeds of trust, liens, or other security interests against the property of the Estates shall be released.

J. Exemption from Certain Transfer Taxes

Pursuant to Bankruptcy Code section 1146(c), any transfers from any of the Debtors to the Liquidating Trust or to any other Person pursuant to this Plan in the United States shall not be subject to any stamp tax or similar tax, and the Confirmation Order shall direct the appropriate state or local governmental officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

K. Preservation of Causes of Action; Settlement of Causes of Action

1. Preservation of Causes of Action.

In accordance with Bankruptcy Code section 1123(b)(3) and except as otherwise provided in the Final DIP Order, the Sale Order, this Plan or the Confirmation Order, the Debtors and their Estates, the Liquidating Trust and/or the Liquidating Trustee as successors-in-interest, shall retain all of the Causes of Action, a nonexclusive list of which is set forth on Exhibit D, annexed to this Plan, and other similar claims arising under applicable state laws, including, without limitation, fraudulent transfer claims, if any, and all other causes of action of a trustee and debtor in possession under the Bankruptcy Code. The Liquidating Trustee and/or the Liquidating

Trust may, in accordance with the Liquidating Trust Agreement, enforce, sue on, settle or compromise (or decline to do any of the foregoing) any or all of the Causes of Action.

The Plan Proponents have not conducted an investigation into the Causes of Action. Accordingly, in considering this Plan, each party in interest should understand that any and all Causes of Action that may exist against such Person or entity may be pursued by the Liquidating Trust and/or the Liquidating Trustee, regardless of whether, or the manner in which, such Causes of Action are listed on Exhibit D to this Plan or described herein. The failure of the Plan Proponents to list a claim, right, cause of action, suit or proceeding on Exhibit D to this Plan shall not constitute a waiver or release by the Debtors or their Estates of such claim, right of action, suit or proceeding. The Causes of Action shall survive entry of the Confirmation Order for the benefit of the Debtors and their Estates, and, upon the Effective Date, for the benefit of the Liquidating Trust.

2. Settlement of Causes of Action

At any time after the Confirmation Date but before the Effective Date, notwithstanding anything in this Plan to the contrary, the Debtors, after consultation with the Trust Advisory Board for the settlement of any Cause of Action in the asserted amount of \$500,000.00 and above, may settle some or all of the Causes of Action with the approval of the Court pursuant to Bankruptcy Rule 9019. After the Effective Date, the Liquidating Trust and/or the Liquidating Trustee, in accordance with the terms of this Plan and the Liquidating Trust Agreement, and after consultation with the Trust Advisory Board for the settlement of any Cause of Action in the asserted amount of \$500,000.00 and above, will determine whether to bring, settle, release, compromise, enforce or abandon such rights (or decline to do any of the foregoing) in accordance with Article VI.F.5(f) of this Plan.

L. Effectuating Documents; Further Transactions

The Liquidating Trust and/or the Liquidating Trustee, subject to the terms and conditions of the Liquidating Trust Agreement, shall be authorized to execute, deliver, file or record such contracts, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

ARTICLE VII

PROVISIONS GOVERNING DISTRIBUTIONS

A. Distributions for Claims Allowed as of the Effective Date

Except as otherwise provided in this Plan, and only after the funding of the Reserves, or as ordered by the Bankruptcy Court, all Distributions to be made on account of Claims that are Allowed Claims as of the Effective Date shall be made on the Distribution Date by the Liquidating Trustee. Distributions on account of Claims that first become Allowed Claims after the Effective Date shall be made pursuant to the terms and conditions of this Plan. Notwithstanding any other provision of this Plan to the contrary, no Distribution shall be made on account of any Allowed Claim or portion thereof that (i) has been satisfied after the Petition Date pursuant to an order of the Bankruptcy Court; (ii) is listed in the schedules as contingent, unliquidated, disputed or in a zero amount, and for which a Proof of Claim has not been timely filed; or (iii) is evidenced by a Proof of Claim that has been amended by a subsequently filed Proof of Claim that purports to amend the prior Proof of Claim.

B. Liquidating Trustee as Disbursing Agent

The Liquidating Trustee shall make all Distributions required under this Plan, subject to the terms and provisions of this Plan and the Liquidating Trust Agreement. The Liquidating Trustee shall not be required to give any bond or surety or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court or required by the Bankruptcy Code or the Bankruptcy Rules. The Liquidating Trustee shall be authorized and directed to rely upon the Debtors' books and records and representatives and professionals in determining Allowed Claims not entitled to Distribution under this Plan in accordance with the terms of this Plan.

C. Delivery of Distributions and Undeliverable or Unclaimed Distributions**1. Delivery of Distributions in General**

Distributions to Holders of Allowed Claims shall be made by the Liquidating Trustee (a) at the addresses set forth on the Proofs of Claim filed by such Holders (or at the last known addresses of such Holders if no Proof of Claim is filed or if the Debtors have been notified of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Liquidating Trustee after the date of any related Proof of Claim, (c) at the addresses reflected in the Schedules if no Proof of Claim has been filed and the Liquidating Trustee has not received a written notice of a change of address, (d) at the addresses set forth in the other records of the Debtors or the Liquidating Trustee at the time of the Distribution or (e) in the case of the Holder of a Claim that is governed by an agreement and is administered by an agent or servicer, at the addresses contained in the official records of such agent or servicer.

Distributions shall be made from the Reserves, as applicable, in accordance with the terms of this Plan and the Liquidating Trust Agreement.

In making Distributions under this Plan, the Liquidating Trustee may rely upon the accuracy of the claims register maintained by the Claims Agent in the Chapter 11 Cases, as modified by any Final Order of the Bankruptcy Court disallowing Claims in whole or in part.

2. Undeliverable and Unclaimed Distributions

If the Distribution to any Holder of an Allowed Claim is returned to the Liquidating Trustee as undeliverable or is otherwise unclaimed, no further Distributions shall be made to such Holder unless and until the Liquidating Trustee is notified in writing of such Holder's then-current address, at which time all missed Distributions shall be made to such Holder without interest. Amounts in respect of undeliverable Distributions made by the Liquidating Trustee shall be returned to the Liquidating Trustee until such Distributions are claimed. The Liquidating Trustee shall segregate and, with respect to Cash, deposit in a segregated account designated as the Unclaimed Distribution Reserve undeliverable and unclaimed Distributions for the benefit of all such similarly situated Persons or Governmental Units until such time as a Distribution becomes deliverable or is claimed.

Any Holder of an Allowed Claim that does not assert a Claim pursuant to this Plan for an undeliverable or unclaimed Distribution within six (6) months after the last Periodic Distribution Date shall be deemed to have forfeited its Claim for such undeliverable or unclaimed Distribution and shall be forever barred and enjoined from asserting any such Claim for an undeliverable or unclaimed Distribution against the Debtors and their Estates, the Liquidating Trustee, the Liquidating Trust, and their respective agents, attorneys, representatives, employees or independent contractors, and/or any of its and their property. In such cases, any Cash otherwise reserved for undeliverable or unclaimed Distributions shall become the property of the Liquidating Trust free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary and shall be distributed in accordance with the terms of this Plan and the Liquidating Trust Agreement. Nothing contained in this Plan or the Liquidating Trust Agreement shall require the Debtors, or the Liquidating Trustee to attempt to locate any Holder of an Allowed Claim.

D. Prepayment

Except as otherwise provided in this Plan or the Confirmation Order, the Debtors or the Liquidating Trustee, as the case may be, shall have the right to prepay, without penalty, all or any portion of an Allowed Administrative Claim, Allowed Priority Tax Claim, Allowed Non-Tax Priority Claim, or Allowed Miscellaneous Secured Claim at any time.

E. Means of Cash Payment

Cash payments made pursuant to this Plan shall be in U.S. dollars and shall be made at the option and in the sole discretion of the Liquidating Trustee by (i) checks drawn on or (ii) wire transfers from a domestic bank selected by the Liquidating Trustee. In the case of foreign creditors, Cash payments may be made, at the

option of the Liquidating Trustee, in such funds and by such means as are necessary or customary in a particular jurisdiction.

F. Interest on Claims

Unless otherwise specifically provided for in the Asset Purchase Agreement, this Plan, or the Confirmation Order, or required by applicable bankruptcy law, postpetition interest shall not accrue or be paid on any Claims, and no Claimholder shall be entitled to interest accruing on or after the Petition Date on any Claim. Interest shall not accrue or be paid upon any Disputed Claim in respect of the period from the Petition Date to the date a final Distribution is made thereon if and after such Disputed Claim becomes an Allowed Claim.

G. Withholding and Reporting Requirements

In accordance with Bankruptcy Code section 346 and in connection with this Plan and all Distributions hereunder, the Liquidating Trustee shall, to the extent applicable, comply with all withholding and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority. The Liquidating Trustee shall be authorized to take any and all actions necessary and appropriate to comply with such requirements.

All Distributions made under this Plan shall be subject to the withholding and reporting requirements. As a condition of making any Distribution under this Plan, the Liquidating Trustee may require the Holder of an Allowed Claim to provide such Holder's taxpayer identification number, and such other information, certification, or forms as necessary to comply with applicable tax reporting and withholding laws. Notwithstanding any other provision of this Plan, each entity receiving a Distribution pursuant to this Plan shall have sole and exclusive responsibility for the satisfaction and payment of tax obligations on account of any such Distribution.

H. Setoffs

1. By a Debtor

The Liquidating Trustee may, pursuant to Bankruptcy Code section 553 or applicable nonbankruptcy laws, but shall not be required to, set off against any Claim, and the payments or other Distributions to be made pursuant to this Plan in respect of such Claim, Claims of any nature whatsoever that the Debtors may have against the Holder of such Claim; provided, however, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trust and/or the Liquidating Trustee, as the case may be, of any such Claim that the Debtors may have against such Holder; provided further, however, that a Claimholder may contest setoff in the Bankruptcy Court or any other court of competent jurisdiction.

2. By Non-Debtors

UNLESS OTHERWISE AUTHORIZED BY A FINAL ORDER, ANY HOLDER OF A CLAIM MUST ASSERT ANY SETOFF RIGHTS AGAINST A CLAIM BY A DEBTOR AGAINST SUCH ENTITY BY FILING AN APPROPRIATE MOTION SEEKING AUTHORITY TO SET OFF ON OR BEFORE THE CONFIRMATION DATE OR WILL BE DEEMED TO HAVE WAIVED AND BE FOREVER BARRED FROM ASSERTING ANY RIGHT TO SET OFF AGAINST A CLAIM BY A DEBTOR NOTWITHSTANDING ANY STATEMENT TO THE CONTRARY IN A PROOF OF CLAIM OR ANY OTHER PLEADING OR DOCUMENT FILED WITH THE BANKRUPTCY COURT OR DELIVERED TO THE DEBTORS.

I. Procedure for Treating and Resolving Disputed, Contingent and/or Unliquidated Claims

1. Objection Deadline; Prosecution of Objections

Except as set forth in this Plan with respect to Professional Fee Claims, 503(b)(9) Claims, and Administrative Claims, all objections to Claims must be filed and served on the Holders of such Claims by the Claims Objection Deadline, as the same may be extended by the Bankruptcy Court. If an objection has not been filed to a Proof of Claim or the Schedules have not been amended with respect to a Claim that (i) was Scheduled by the Debtors but (ii) was not Scheduled as contingent, unliquidated, and/or disputed, by the Claims Objection

Deadline, as the same may be extended by order of the Bankruptcy Court, the Claim to which the Proof of Claim or Scheduled Claim relates will be treated as an Allowed Claim if such Claim has not been allowed earlier. Notice of any motion for an order extending the Claims Objection Deadline shall be required to be given only to those persons or entities that have requested notice in the Chapter 11 Cases, or to such persons as the Bankruptcy Court shall order.

From the Confirmation Date through the Claims Objection Deadline, any party in interest, including the Liquidating Trustee, may file objections, settle, compromise, withdraw, or litigate to judgment objections to Claims. From and after the Effective Date, the Liquidating Trustee may settle or compromise any Disputed Claim without approval of the Bankruptcy Court, but otherwise subject to the terms of this Plan. Nothing contained herein, however, shall limit the right of the Liquidating Trustee to object to Claims, if any, filed or amended after the Effective Date.

2. No Distributions Pending Allowance

Notwithstanding any other provision of this Plan or the Liquidating Trust Agreement, no payments or Distributions shall 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 Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim. To the extent that a Claim is not a Disputed Claim but is held by a Holder that is or may be liable to the Debtors, the Liquidating Trustee, and/or the Liquidating Trust on account of a Cause of Action, no payments or Distributions shall be made with respect to all or any portion of such Claim unless and until such Claim and liability have been settled or withdrawn or have been determined by Final Order of the Bankruptcy Court or such other court having jurisdiction over the matter; provided, however that in its discretion, and in consultation with the Trust Advisory Board (if any), the Liquidating Trustee may make a Distribution with regard to that portion not subject to dispute.

On each Periodic Distribution Date, the Liquidating Trustee will make Distributions (a) on account of any Disputed Claim that has become an Allowed Claim since the preceding Periodic Distribution Date and (b) on account of previously Allowed Claims, from the Disputed Claim Reserve, of property that would have been distributed to such Claimholders on the dates Distributions previously were made to Holders of Allowed Claims had the Disputed Claims that have become Allowed Claims been Allowed on such dates. Such Distributions will be made pursuant to the provisions of this Plan governing the applicable Class.

3. Distributions After Allowance

Payments and Distributions from the Disputed Claim Reserve to each respective Claimholder on account of a Disputed Claim, to the extent that it ultimately becomes an Allowed Claim, will be made in accordance with provisions of this Plan that govern Distributions to such Claimholders. On the first Periodic Distribution Date following the date when a Disputed Claim becomes an undisputed, noncontingent, and liquidated Claim, or is estimated pursuant to Bankruptcy Code section 502(c) by a Final Order of the Bankruptcy Court, the Liquidating Trustee will distribute to the Claimholder any Cash from the Disputed Claim Reserve that would have been distributed on the dates Distributions were previously made to Claimholders had such Allowed Claim been an Allowed Claim on such dates. After a Final Order has been entered, or other final resolution has been reached with respect to all Disputed Claims, any remaining Cash held in the Disputed Claim Reserve shall constitute Available Cash that shall be distributed in accordance with the other provisions of this Plan. All Distributions made under Article VII of this Plan on account of an Allowed Claim will be made together with any dividends, payments, or other Distributions made on account of, as well as any obligations arising from, the distributed property as if such Allowed Claim had been an Allowed Claim on the dates Distributions were previously made to Holders of Allowed Claims included in the applicable Class.

4. De Minimis Distributions

The Liquidating Trustee shall not have any obligation to make a Distribution on account of an Allowed Claim from any Reserve or otherwise if (a) the aggregate amount of all Distributions authorized to be made from such Reserve or otherwise on the Periodic Distribution Date in question (other than the final Periodic Distribution Date) is or has a value less than \$100,000, or (b) if the amount to be distributed to the specific Holder of the Allowed Claim on the particular Periodic Distribution Date does not constitute a final Distribution to such

Holder and such Distribution has a value less than \$10.00. The Liquidating Trustee shall have no obligation to make any Distribution, whether final or not, unless and until the total amount of such Distribution to a specific Holder of an Allowed Claim is equal to or greater than \$5.00.

J. Fractional Dollars

Any other provision of this Plan notwithstanding, the Liquidating Trustee shall not be required to make Distributions or payments of fractions of dollars. Whenever any payment of a fraction of a dollar under this Plan would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up or down), with half dollars being rounded down.

K. Allocation of Plan Distributions Between Principal and Interest

To the extent that any Allowed Claim entitled to a Distribution under this Plan is composed of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for all income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

L. Distribution Record Date

The Liquidating Trustee will have no obligation to recognize the transfer of or sale of any participation in any Allowed Claim that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes herein to recognize and distribute only to those Holders of Allowed Claims who are Holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date. Instead, the Liquidating Trustee shall be entitled to recognize and deal for all purposes under this Plan with only those Holders stated on the official claims register as of the close of business on the Distribution Record Date.

ARTICLE VIII

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Rejected Contracts and Leases.

Except as otherwise provided in the Confirmation Order, this Plan, or any other Plan Document, the Confirmation Order shall constitute an order under Bankruptcy Code section 365 rejecting all prepetition executory contracts and unexpired leases to which any Debtor is a party, to the extent such contracts or leases are executory contracts or unexpired leases, on and subject to the occurrence of the Effective Date, unless such contract or lease (a) previously shall have been assumed, assumed and assigned, or rejected by the Debtors, (b) previously shall have expired or terminated pursuant to its own terms before the Effective Date, (c) is the subject of a pending motion to assume or reject on the Confirmation Date, or (d) is identified in Exhibit C to this Plan as an insurance agreement of the Debtors; provided, however, that the Debtors may amend such Exhibit C at any time prior to the Confirmation Date; provided further, however, that listing an insurance agreement on such Exhibit shall not constitute an admission by a Debtor that such agreement is an executory contract or that any Debtor has any liability thereunder.

B. Bar to Rejection Damages.

If the rejection of an executory contract or unexpired lease pursuant to Article VIII.A of this Plan gives rise to a Claim by the other party or parties to such contract or lease, such Claim shall be forever barred and shall not be enforceable against the applicable Debtor or its Estate, the Liquidating Trust, or their respective successors or properties unless a Proof of Claim is filed and served on the Liquidating Trust and counsel for the Liquidating Trustee within thirty (30) days after service of a notice of the Effective Date or such other date as is prescribed by the Bankruptcy Court (the "Rejection Bar Date").

C. Assumed and Assigned Contracts and Leases.

Except as otherwise provided in the Confirmation Order, this Plan, or any other Plan Document entered into after the Petition Date or in connection with this Plan, the Confirmation Order shall constitute an order under Bankruptcy Code section 365 assuming, as of the Effective Date, those insurance agreements listed on Exhibit C to this Plan; provided, however, that the Debtors may amend such Exhibit at any time prior to the Confirmation Date; provided further, however, that listing an insurance agreement on such Exhibit shall not constitute an admission by a Debtor that such agreement is an executory contract or that any Debtor has any liability thereunder.

ARTICLE IX**CONFIRMATION AND CONSUMMATION OF THE PLAN****A. Conditions to Confirmation**

The following are conditions precedent to the occurrence of the Confirmation Date:

1. The entry of a Final Order finding that the Disclosure Statement contains adequate information pursuant to Bankruptcy Code section 1125;
2. The proposed Confirmation Order shall be, in form and substance, reasonably acceptable to the Debtors; and
3. All provisions, terms and conditions of this Plan are approved in the Confirmation Order.

B. Conditions to Effective Date

The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in writing in accordance with Article IX.C of this Plan.

1. The Confirmation Order shall have been entered and become a Final Order and shall provide that the Debtors, the Liquidating Trust and the Liquidating Trustee are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures, and other agreements or documents created in connection with this Plan or effectuate, advance, or further the purposes hereof;
2. All Plan Exhibits shall be, in form and substance, reasonably acceptable to the Debtors and the Committee, and shall have been executed and delivered by all parties' signatory thereto;
3. The Debtors shall be authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures, and the agreements or documents created in connection with this Plan;
4. All other actions, documents, and agreements necessary to implement this Plan shall have been effected or executed; and
5. The Debtors shall have sufficient Cash to make all required payments to be made on the Effective Date and to fund the Liquidating Trust Operating Reserve, the Administrative Claims Reserve, and the Professional Fee Reserve.

C. Waiver of Conditions

Each of the conditions set forth in Articles IX.A and IX.B of this Plan may be waived in whole or in part by the Debtors, with the consent of the Creditors' Committee (which consent shall not be unreasonably withheld). The failure to satisfy or waive any condition to the Effective Date may be asserted by the Plan Proponents regardless of the circumstances giving rise to the failure of such condition to be satisfied. The failure of

a party to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right that may be asserted at any time.

D. Consequences of Non-Occurrence of Effective Date

In the event that the Effective Date does not timely occur, the Debtors reserve all rights to seek an order from the Bankruptcy Court directing that the Confirmation Order be vacated, that this Plan be null and void in all respects, and/or that any settlement of Claims provided for in this Plan be null and void. In the event that the Bankruptcy Court shall enter an order vacating the Confirmation Order, the time within which the Debtors may assume and assign, or reject all executory contracts and unexpired leases not previously assumed, assumed and assigned, or rejected, shall be extended for a period of thirty (30) days after the date the Confirmation Order is vacated, without prejudice to further extensions.

ARTICLE X

ALLOWANCE AND PAYMENT OF CERTAIN ADMINISTRATIVE CLAIMS

A. Professional Fee Claims

1. Final Fee Applications

All final requests for payment of Professional Fee Claims (the "Final Fee Applications") must be filed no later than forty-five (45) days after the Effective Date. Objections, if any, to Final Fee Applications of such Professionals must be filed and served on the Debtors and/or the Liquidating Trustee and their respective counsel, the Liquidating Trustee and its respective counsel, the requesting Professional and the Office of the U.S. Trustee no later than forty-five (45) days from the date on which each such Final Fee Application is served and filed. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the allowed amounts of such Professional Fee Claims shall be determined by the Court.

2. Employment of Professionals after the Effective Date

From and after the Effective Date, any requirement that professionals comply with Bankruptcy Code sections 327 through 331 or any order previously entered by the Bankruptcy Court in seeking retention or compensation for services rendered or expenses incurred after such date will terminate.

B. Other Administrative Claims

All other requests for payment of an Administrative Claim arising after September 15, 2007, other than Professional Fee Claims, must be filed with the Claims Agent (at the address indicated for the Claims Agent herein) and served on counsel for the Plan Proponents and the Creditors' Committee no later than the Final Administrative Claims Bar Date. Unless the Debtors, the Liquidating Trustee, or any other party in interest objects to an Administrative Claim by the Administrative Claims Objection Deadline, such Administrative Claim shall be deemed allowed in the amount requested. In the event that the Debtors, the Liquidating Trustee, or any other party in interest objects to an Administrative Claim, the Bankruptcy Court shall determine the allowed amount of such Administrative Claim.

ARTICLE XI

EFFECT OF PLAN CONFIRMATION

A. Binding Effect

The Plan shall be binding upon and inure to the benefit of the Debtors, all present and former Holders of Claims and Interests, and their respective successors and assigns, including, but not limited to, the Liquidating Trust and the Liquidating Trustee.

B. Discharge of the Debtors

Pursuant to Bankruptcy Code section 1141(d)(3), Confirmation will not discharge Claims against the Debtors; provided, however, that, other than as provided in the Asset Purchase Agreement, no Claimholder or Interest Holder may, on account of such Claim or Interest, seek or receive any payment or other Distribution from, or seek recourse against, any Debtor, the Liquidating Trust, the Liquidating Trustee, the Creditors' Committee, the members of the Creditors' Committee, in their capacity as such, or the Professionals retained by the Creditors' Committee in connection with the Chapter 11 Cases, the Trust Advisory Board, the members of the Trust Advisory Board, in their capacity as such, or the Trust Advisory Board Professionals, and/or their respective successors, assigns and/or property, except as expressly provided in this Plan.

C. Releases by the Debtors

The Liquidating Trustee, and any successors and/or assigns, shall be bound, to the same extent the Debtors are bound, by all the releases and restrictions set forth in Article XI of this Plan and the releases, waivers and discharges provided for in the Sale Order, the Asset Purchase Agreement, the Final Senior DIP Order, and the Final Junior DIP Order. Nothing in this Plan or in the Confirmation Order is intended to or shall be deemed in any way to affect the releases, waivers, and discharges provided by the Sale Order, the Asset Purchase Agreement, the Final Senior DIP Order, and the Final Junior DIP Order.

D. Injunction

Except as otherwise provided in this Plan, the Confirmation Order shall provide, among other things, that from and after the Effective Date all Persons who have held, hold or may hold Claims against or Interests in the Debtors are permanently enjoined from taking any of the following actions against the Estate(s), the Liquidating Trust, the Liquidating Trustee, the Creditors' Committee, the members of the Creditors' Committee, in their capacity as such, of the Professionals retained by the Creditors' Committee in connection with the Chapter 11 Cases, the Trust Advisory Board, the members of the Trust Advisory Board, in their capacity as such, or the Trust Advisory Board Professionals, the Purchaser or any of their property on account of any such Claims or Interests: (A) commencing or continuing, in any manner or in any place, any action or other proceeding; (B) enforcing, attaching, collecting, or recovering in any manner any judgment, award, decree or order; (C) creating, perfecting, or enforcing any lien or encumbrance; (D) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to the Debtors; and (E) commencing or continuing, in any manner or in any place, any action that does not comply with or is inconsistent with the provisions of this Plan; provided, however, that nothing contained herein shall preclude such Persons from exercising their rights pursuant to and consistent with the terms of this Plan, the Confirmation Order, the Sale Order, or the Asset Purchase Agreement.

The Confirmation Order shall further provide that all Persons are permanently enjoined from obtaining any documents or other materials from current counsel for the Debtors and/or current counsel for the Creditors' Committee that is in the possession of such counsel as a result of or arising in any way out of their representation of the Debtors or the Creditors' Committee as applicable, except in accordance with Article VI.B.4 of this Plan.

E. Term of Bankruptcy Injunction or Stays

All injunctions or stays provided for in the Chapter 11 Cases under Bankruptcy Code section 105 or 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Upon the Effective Date, the injunction provided in Article XI.D of this Plan shall apply.

F. Compromises and Settlements

Pursuant to Bankruptcy Rule 9019(a), the Debtors may compromise and settle various Claims (a) against them and (b) 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 Claims against them and Claims that they may have against other Persons up to and including the Effective Date. After the Effective Date, such right shall pass to the Liquidating Trustee and the Liquidating Trust and shall be governed by the terms of Article VI.F.5(f) of this Plan and the Liquidating Trust Agreement.

G. Satisfaction of Subordination Rights

All Claims against the Debtors and all rights and claims between or among Claimholders relating in any manner whatsoever to Distributions on account of Claims against or Interests in the Debtors, based upon any subordination rights, whether asserted or unasserted, legal or equitable, shall be deemed satisfied by the Distributions under this Plan to Claimholders or Interest Holders having such subordination rights, and such subordination rights shall be deemed waived, released, discharged, and terminated as of the Effective Date. Distributions to the various Classes of Claims hereunder shall not be subject to levy, garnishment, attachment or like legal process by any Claimholder or Interest Holder by reason of any subordination rights or otherwise, so that, each Claimholder shall have and receive the benefit of the Distributions in the manner set forth in this Plan.

H. Exculpation and Limitation of Liability

Except as otherwise specifically provided in this Plan, the Debtors, the Liquidating Trustee, the Liquidating Trust, the Creditors' Committee, the members of the Creditors' Committee, in their capacity as such, the Trust Advisory Board, the members of the Trust Advisory Board, in their capacity as such, and any of such parties' respective present or former members, officers, directors, employees, advisors, attorneys, representatives, financial advisors, investment bankers, or agents and any of such parties' successors and assigns, shall not have or incur any claim, action, proceeding, cause of action, Avoidance Action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment, or Claim (as defined in Bankruptcy Code Section 101(5)), whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured, or unsecured and whether asserted or assertable directly or derivatively, in law, equity, or otherwise to one another or to any Claimholder or Interest Holder, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or Affiliates, or any of their successors or assigns, for any act or omission originating or occurring on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of the Debtors, the Chapter 11 Cases, the negotiation and filing of this Plan or any prior plans of reorganization, the filing of the Chapter 11 Cases, the pursuit of Confirmation of this Plan or any prior plans of reorganization, the Sale Order, the consummation of this Plan, the administration of this Plan, or the property to be liquidated and/or distributed under this Plan, except for their willful misconduct or gross negligence as determined by a Final Order of a court of competent jurisdiction, and in all respects shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under this Plan.

I. Indemnification Obligations

Except as otherwise provided in this Plan, the Sale Order, the Asset Purchase Agreement, or any contract, instrument, release, or other agreement or document entered into in connection with this Plan, any and all Indemnification Obligations that the Debtors have pursuant to a contract, instrument, agreement, certificate of incorporation, by-law, comparable organizational document or any other document, or applicable law shall be rejected as of the Effective Date, to the extent executory.

J. Settlement of Claims and Controversies

Pursuant to Bankruptcy Code section 1123(b)(3) and Bankruptcy Rule 9019 and in consideration for the Distributions and other benefits provided under, described in, contemplated by and/or implemented by this Plan, including but not limited to the Distributions contemplated by this Plan shall constitute a good faith compromise and settlement of all claims or controversies relating to the rights and Claims of the parties entitled to receive such Distributions under this Plan, and shall constitute a good faith compromise and settlement of all controversies relating to Distributions on account of such Claims. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of the compromise or settlement of all such controversies, and the Bankruptcy Court's finding that such compromises and settlements are fair, equitable and reasonable, and in the best interests of the Debtors, their Estates, and all Claimholders.

ARTICLE XII

RETENTION OF JURISDICTION

Under Bankruptcy Code sections 105(a) and 1142, and notwithstanding entry of the Confirmation Order, substantial consummation of this Plan and occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, and related to, the Chapter 11 Cases and this Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

- A. Allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim, the resolution of any objections to the allowance or priority of Claims or Interests and the determination of requests for the payment of claims entitled to priority under Bankruptcy Code section 507(a)(1), including compensation of any reimbursement of expenses of parties entitled thereto;
- B. Hear and determine all applications for compensation and reimbursement of expenses of Professionals under this Plan or under Bankruptcy Code sections 330, 331, 503(b), 1103, and 1129(a)(4); provided, however, that from and after the Effective Date, the payment of the fees and expenses of the retained Professionals of the Trust Advisory Board, the Liquidating Trust and/or the Liquidating Trustee shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;
- C. Hear and determine all matters with respect to the assumption or rejection of any executory contract or unexpired lease to which a Debtor is a party or with respect to which a Debtor may be liable, and to hear, determine and, if necessary, liquidate any Claims arising therefrom;
- D. Effectuate performance of and payments under the provisions of this Plan;
- E. Hear and determine any and all adversary proceedings, motions, applications and contested or litigated matters arising out of, under or related to the Chapter 11 Cases, this Plan or the Liquidating Trust Agreement;
- F. Enter such orders as may be necessary or appropriate to execute, implement or consummate the provisions of this Plan and all contracts, instruments, releases and other agreements or documents created in connection with this Plan, the Disclosure Statement or the Confirmation Order;
- G. Hear and determine disputes arising in connection with the interpretation, implementation, consummation or enforcement of this Plan, including disputes arising under agreements, documents or instruments executed in connection with this Plan;
- H. Consider any modifications of this Plan, cure any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order;
- I. Issue injunctions, enter and implement other orders or take such other actions as may be necessary or appropriate to restrain interference by any entity with implementation, consummation, or enforcement of this Plan or the Confirmation Order;
- J. Enter and implement such orders as may be necessary or appropriate if the Confirmation Order is for any reason reversed, stayed, revoked, modified or vacated;

- K. Hear and determine any matters arising in connection with or relating to this Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release or other agreement or document created in connection with this Plan, the Disclosure Statement or the Confirmation Order;
- L. Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications and rulings entered in connection with the Chapter 11 Cases;
- M. Except as otherwise limited in this Plan, recover all assets of the Debtors and property of the Estates, wherever located;
- N. Hear and determine matters concerning state, local and federal taxes in accordance with Bankruptcy Code sections 346, 505 and 1146;
- O. Hear and determine all matters related to the property of the Estates from and after the Confirmation Date;
- P. Hear and determine the Causes of Action;
- Q. Hear and determine all disputes involving the existence, nature or scope of the injunctions, indemnification, exculpation and releases granted pursuant to this Plan, the Sale Order and/or the Asset Purchase Agreement;
- R. Hear and determine all disputes or other matters arising in connection with the interpretation, implementation or enforcement of the Asset Purchase Agreement, the Sale Order, and/or the Transition Services Agreement;
- S. Hear and determine all matters related to (i) the property of the Estates from and after the Confirmation Date, (ii) the winding up of the Debtors' affairs, and (iii) the activities of the Trust Advisory Committee, the Liquidating Trust and/or the Liquidating Trustee, including (A) challenges to or approvals of the Liquidating Trustee's activities, (B) resignation, incapacity or removal of the Liquidating Trustee and successor Liquidating Trustees, (C) reporting by, termination of and accounting by the Liquidating Trustee, and (D) release of the Liquidating Trustee from its duties;
- T. Hear and determine disputes with respect to compensation of the Liquidating Trustee and the Liquidating Trustee Professionals;
- U. Hear and determine all disputes involving the existence, nature and/or scope of the injunctions and releases provided in this Plan, including any dispute relating to any liability arising out of any termination of employment or the termination of any employee or retiree benefit provision, regardless of whether such termination occurred prior to or after the Effective Date;
- V. Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under, or not inconsistent with, provisions of the Bankruptcy Code;
- W. Enforce all orders previously entered by the Bankruptcy Court;
- X. Dismiss any and/or all of the Chapter 11 Cases; and
- Y. Enter a Final Decree closing the Chapter 11 Cases.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

A. *Modifications and Amendments*

The Plan Proponents may alter, amend or modify this Plan or any Exhibits hereto under Bankruptcy Code section 1127(a) at any time prior to the Confirmation Date. After the Confirmation Date and prior to substantial consummation of this Plan as defined in Bankruptcy Code section 1101(2), the Plan Proponents may, under Bankruptcy Code section 1127(b), institute proceedings in the Bankruptcy Court to remedy any defect or omission or reconcile any inconsistencies in this Plan, the Disclosure Statement or the Confirmation Order, and such matters as may be necessary to carry out the purpose and effect of this Plan so long as such proceedings do not adversely affect the treatment of Holders of Claims under this Plan; provided, however, that prior notice of such proceedings shall be served in accordance with the Bankruptcy Rules or order of the Court.

B. *Severability of Plan Provisions*

If, prior to Confirmation, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, then the Bankruptcy Court, at the request of the Plan Proponents, shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan shall remain in full force and effect and shall in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

C. *Successors and Assigns*

The rights, benefits and obligations of any Person named or referred to in this Plan shall be binding on, and shall inure to the benefit of, any heir, executor, administrator, successor or assign of that Person.

D. *Payment of Statutory Fees*

All fees then due and payable pursuant to 28 U.S.C. § 1930, as determined by the Court at the Confirmation Hearing, shall be paid on or before the Effective Date by the Debtors. All such fees that become due and payable thereafter by a Debtor shall be paid by the Liquidating Trustee. The Liquidating Trustee shall pay quarterly fees to the U.S. Trustee until the Chapter 11 Cases are closed or converted and/or the entry of Final Decrees. The Debtors, through the Liquidating Trustee, shall file post-confirmation quarterly reports or any pre-confirmation monthly operating reports not filed as of the Confirmation Hearing in conformance with the U.S. Trustee Guidelines. The U.S. Trustee shall not be required to file a request for payment of its quarterly fees, which shall be paid by the Debtors and/or the Liquidating Trustee.

E. *Revocation, Withdrawal or Non-Consummation*

The Plan Proponents reserve the right to revoke or withdraw this Plan as to any or all of the Debtors prior to the Confirmation Date and to file subsequent plans. If the Plan Proponents revoke or withdraw this Plan as to any or all of the Debtors, or if Confirmation of this Plan or the Effective Date as to any or all of the Debtors does not occur, then, with respect to such Debtors, (a) this Plan shall be null and void in all respects, (b) any settlement or compromise embodied in this Plan (including the fixing or limiting to an amount certain any Claim or Class of Claims), assumption or rejection of executory contracts or leases effected by this Plan, and any document or agreement executed pursuant to this Plan, shall be deemed null and void, and (c) nothing contained in this Plan, and no acts taken in preparation for consummation of this Plan, shall (i) constitute or be deemed to constitute a waiver or release of any Claims by or against, or any Interests in, such Debtors or any other Person, (ii) prejudice in any manner the rights of such Debtors or any other Person, or (iii) constitute an admission of any sort by such Debtors or any other Person.

F. Substantial Consummation

Substantial consummation of this Plan, as defined in Bankruptcy Code section 1101(2), shall not be deemed to have occurred unless and until the Face Amount of all Administrative Claims, Priority Claims and Miscellaneous Secured Claims has been paid in full or, to the extent not paid in full, funds sufficient to satisfy the Face Amount of all such Claims have been placed in a segregated reserve.

G. Service of Documents

Any notice, request or demand required or permitted to be made or provided to or upon a Debtor, the Creditors' Committee, the Trust Advisory Board, and/or the Liquidating Trustee under this Plan shall be (a) in writing, (b) served by (i) certified mail, return receipt requested, (ii) hand delivery, (iii) overnight delivery service, (iv) first class mail, or (v) facsimile transmission, (c) deemed to have been duly given or made when actually delivered or, in the case of notice by facsimile transmission, when received and telephonically confirmed, and (d) addressed as follows:

The Debtors:

Mr. James P. Carroll
Chief Liquidating Officer
TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.)
c/o Carroll Services LLC
197M Boston Post Road West #367
Marlboro, MA 01752
Tel: (508) 229-3366
Fax: (508) 229-3365

with a copy to:

Mark S. Chehi, Esq.
Sarah E. Pierce, Esq.
Kristhy M. Peguero, Esq.
Skadden, Arps, Slate, Meagher & Flom LLP
One Rodney Square
P.O. Box 636
Wilmington, DE 19899-0636
Tel: (302) 651-3000
Fax: (302) 651-3001

The Creditors' Committee:

Peter J. Keane, Esq.
Pachulski Stang Ziehl & Jones LLP
919 North Market Street
17th Floor
Wilmington, DE 19899
Tel: (302) 652-4100
Fax: (302) 652-4400

Scott L. Hazan, Esq.
Jenette A. Barrow-Bosshart, Esq.
Otterbourg P.C.
230 Park Avenue
New York, NY 10169
Tel: (212) 661-9100
Fax: (212) 682-6104

The Liquidating Trust/The Liquidating Trustee:

Mr. James P. Carroll
Liquidating Trustee for TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.)
c/o Carroll Services LLC
197M Boston Post Road West #367
Marlboro, MA 01752
Tel: (508) 229-3366
Fax: (508) 229-3365

The Trust Advisory Board:

Scott L. Hazan, Esq.
Jenette A. Barrow-Bosshart, Esq.
Otterbourg P.C.
230 Park Avenue
New York, NY 10169
Tel: (212) 661-9100
Fax: (212) 682-6104

H. Plan Supplement(s)

Exhibits to this Plan not attached hereto shall be filed in one or more Plan Supplements by the Exhibit Filing Date. Any Plan Supplement (and amendments thereto) filed by the Plan Proponents shall be deemed an integral part of this Plan and shall be incorporated by reference as if fully set forth herein. Substantially contemporaneously with their filing, the Plan Supplements may be viewed at the office of the clerk of the Court or its designee during normal business hours, by visiting the Court's website at www.deb.uscourts.gov (PACER account required) or by visiting www.kccllc.net/tweeter. Holders of Claims and/or Interests may obtain a copy of any Plan Supplements upon written request to TWTR or by visiting www.kccllc.net/tweeter. The documents contained in any Plan Supplements shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

I. Effect on Sale Order, Asset Purchase Agreement, Transition Services Agreement, Final Senior DIP Order and Final Junior DIP Order

Nothing contained in this Plan or any Confirmation Order shall be deemed to conflict with, or derogate from, the terms of the Final Junior DIP Order, the Final Senior DIP Order, the Sale Order, the Asset Purchase Agreement, or the Transition Services Agreement, such that, to the extent that there are any inconsistencies between the terms of the Final Junior DIP Order, the Final Senior DIP Order, the Sale Order, the Asset Purchase Agreement, or the Transition Services Agreement, on the one hand, and this Plan and the Confirmation Order, on the other hand, the terms of the Final Junior DIP Order, the Final Senior DIP Order, the Sale Order, the Asset Purchase Agreement, and the Transition Services Agreement shall govern.

J. Plan Exhibits

Any and all Plan Exhibits, or other lists or schedules not filed with this Plan shall be filed with the Clerk of the Bankruptcy Court at least five (5) Business Days prior to date of the commencement of the Confirmation Hearing. Upon such filing, such documents may be inspected in the office of the Clerk of the Bankruptcy Court during normal court hours. Holders of Claims or Interests may obtain a copy of any such document upon written request to the Debtors in accordance with Article XIII.G. of this Plan.

K. Tax Reporting And Compliance

The Liquidating Trustee is hereby authorized, on behalf of each of the Debtors, to request an expedited determination under Bankruptcy Code section 505(b) of the tax liability of the Debtors for all taxable periods ending after the Petition Date through and including the Effective Date.

L. Filing Of Additional Documents

On or before substantial consummation of this Plan, the Debtors shall file such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

Dated: Wilmington, Delaware
July 16, 2014

TWTR, INC. (F/K/A TWEETER HOME ENTERTAINMENT
GROUP, INC.), et al.
(for itself and on behalf of the Affiliate Debtors)

By: /s/ James P. Carroll
Name: James P. Carroll
Title: Chief Liquidating Officer

Exhibit A

Sound Advice of Arizona, Inc.
New England Audio Co., Inc.
NEA Delaware, Inc.
Hillcrest High Fidelity, Inc.
Sound Advice, Inc.
Sumarc Electronics, Inc.
THEG USA, L.P.

Exhibit B

(To Be Filed On Or Before The Exhibit Filing Date)

Liquidating Trust Agreement

Exhibit C

(To Be Filed On Or Before The Exhibit Filing Date)

Non-Exclusive List of Insurance Agreements

Exhibit D

(To Be Filed On Or Before The Exhibit Filing Date)

Non-Exclusive List of Causes of Action

APPENDIX B

SCHEDULE OF DEBTORS

TWTR, Inc. (f/k/a Tweeter Home Entertainment Group, Inc.)

Sound Advice of Arizona, Inc.

New England Audio Co., Inc.

NEA Delaware, Inc.

Hillcrest High Fidelity, Inc.

Sound Advice, Inc.

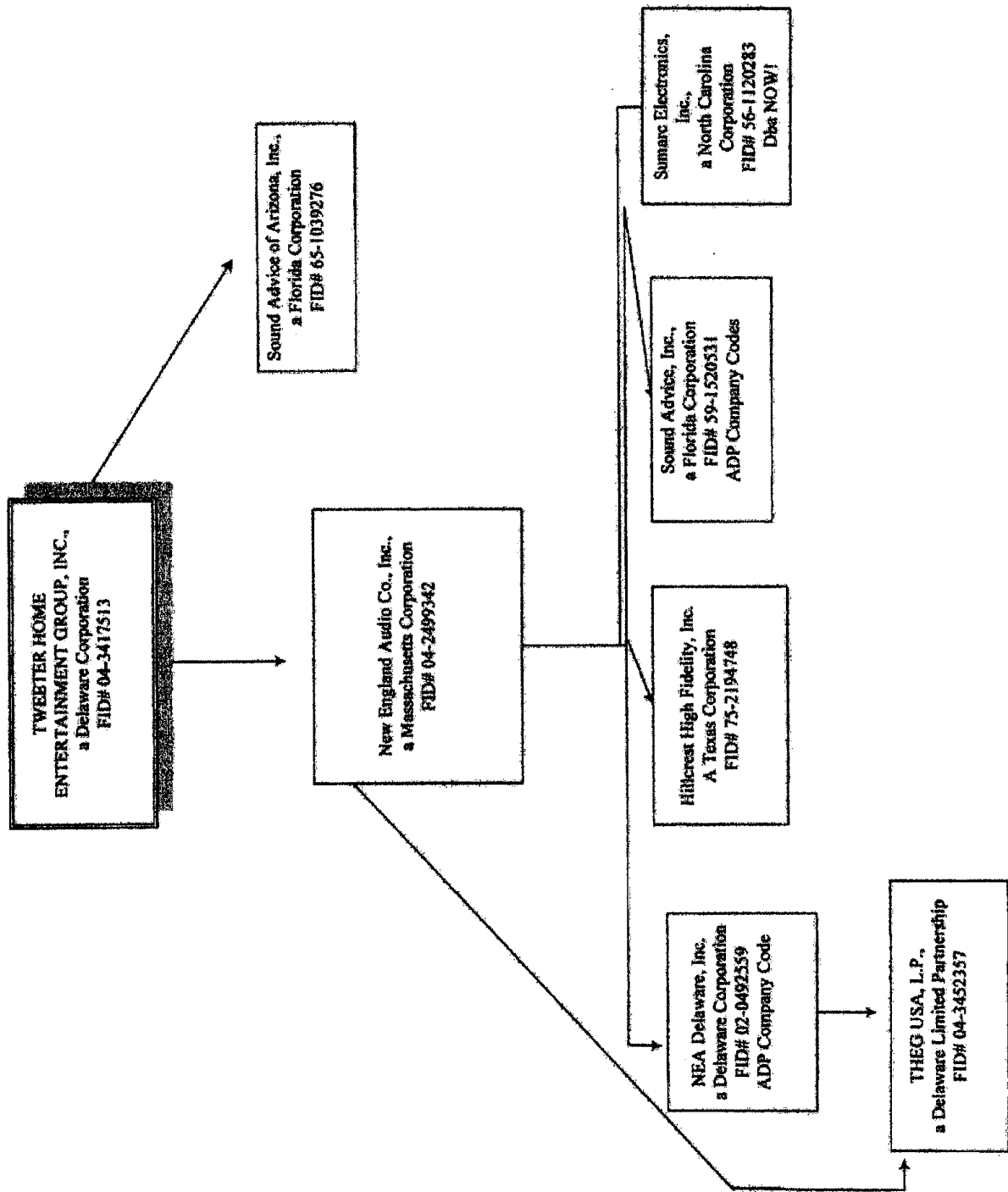
Sumarc Electronics, Inc.

THEG USA, L.P.

APPENDIX C

**DEBTORS' CORPORATE STRUCTURE
AS OF THE PETITION DATE**

TWEETER HOME ENTERTAINMENT GROUP, INC. ENTITY ORGANIZATIONAL STRUCTURE



APPENDIX D
LIQUIDATION ANALYSIS